

CITY OF JENNINGS, LOUISIANA

Annual Financial Statements

As of and for the Year Ended June 30, 2022



CITY OF JENNINGS, LOUISIANA

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CITY OF JENNINGS, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

The Mayor and Members of the City Council
City of Jennings, Louisiana

Adverse, Qualified, and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jennings, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Jennings, Louisiana's basic financial statements as listed in the table of contents.

Summary of Opinions

| <u>Opinion Unit</u> | <u>Type of Opinion</u> |
|--|------------------------|
| Governmental Activities | Unmodified |
| Business-Type Activities | Unmodified |
| Aggregate Discretely Presented Component Units | Adverse |
| Governmental Fund – General Fund | Unmodified |
| Governmental Fund – 1994 1% Sales Tax Fund | Unmodified |
| Enterprise Fund – Utility Fund | Unmodified |
| Aggregate Remaining Fund Information | Qualified |

Adverse Opinion on Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Jennings, Louisiana, as of June 30, 2022, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Qualified Opinion on Aggregate Remaining Fund Information

In our opinion, except for the matter described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate remaining fund information of the City of Jennings, Louisiana, as of June 30, 2022, and the changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, and Each Major Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of the City of Jennings, Louisiana, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse, Qualified, and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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 adverse, qualified, and unmodified audit opinions.

Matters Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units and Qualified Opinion on the Aggregate Remaining Fund Information

The financial statements do not include financial data for the City of Jennings, Louisiana's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City of Jennings, Louisiana also issues financial statements for the financial reporting entity that include the financial data for its component units. The City of Jennings, Louisiana has not issued such reporting entity financial statements. The effects of not including the City of Jennings, Louisiana's legally separate component units on the aggregate discretely presented component units and the aggregate remaining fund information have not been determined.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City 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 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, employer's share of net pension liability and employee contributions 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 the 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are 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 of Jennings, Louisiana’s basic financial statements. The combining and individual nonmajor fund financial statements, schedule of compensation, benefits and other payments to agency head or chief executive officer and the schedule of collections of court costs, fines and fees 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, the combining and individual nonmajor fund financial statements, schedule of compensation, benefits and other payments to agency head or chief executive officer and the schedule of collections of court costs, fines and fees 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 February 15, 2023, on our consideration of the City 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 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 of Jennings, Louisiana’s internal control over financial reporting and compliance.



Jennings, Louisiana
February 20, 2023

Government-Wide Financial Statements

CITY OF JENNINGS, LOUISIANA
Statement of Net Position
June 30, 2022

| | PRIMARY GOVERNMENT | | |
|---|----------------------------|-----------------------------|----------------------|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| ASSETS | | | |
| Cash and cash equivalents | \$ 16,954,278 | \$ 3,786,203 | \$ 20,740,481 |
| Investments | 18,157 | - | 18,157 |
| Receivables, net of allowances for uncollectibles | 1,058,202 | 490,465 | 1,548,667 |
| Due from other funds | 198,510 | - | 198,510 |
| Inventory | 5,912 | - | 5,912 |
| Prepaid items | 186,598 | 136,842 | 323,440 |
| Restricted cash and cash equivalents | 1,048,310 | 355,244 | 1,403,554 |
| Other assets | 956 | - | 956 |
| Lease receivable | 214,422 | - | 214,422 |
| Capital assets, net accumulated depreciation | 15,237,346 | 8,162,320 | 23,399,666 |
| TOTAL ASSETS | <u>34,922,691</u> | <u>12,931,074</u> | <u>47,853,765</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension related deferrals | 1,152,082 | 120,648 | 1,272,730 |
| LIABILITIES | | | |
| Accounts, salaries, and other payables | 907,890 | 321,498 | 1,229,388 |
| Due to other funds | - | 198,510 | 198,510 |
| Interest payable | 60,247 | - | 60,247 |
| Current lease liability | 7,735 | - | 7,735 |
| Lease liability | 22,337 | - | 22,337 |
| Compensated absences payable | 92,999 | 24,675 | 117,674 |
| Current portion of bonds payable | 325,000 | - | 325,000 |
| Bonds payable | 4,455,000 | - | 4,455,000 |
| Net pension liability | 3,024,018 | 394,327 | 3,418,345 |
| TOTAL LIABILITIES | <u>8,895,226</u> | <u>939,010</u> | <u>9,834,236</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred lease revenue | 214,422 | - | 214,422 |
| Pension related deferrals | 1,887,905 | 123,464 | 2,011,369 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | <u>2,102,327</u> | <u>123,464</u> | <u>2,225,791</u> |
| NET POSITION | | | |
| Net investment in capital assets | 10,427,274 | 8,162,320 | 18,589,594 |
| Restricted for: | | | |
| Public works | 1,059,240 | - | 1,059,240 |
| Culture and recreation | 539,371 | - | 539,371 |
| Debt service | 750,135 | - | 750,135 |
| Capital projects | 4,863 | - | 4,863 |
| Tax resolution | 1,940,079 | - | 1,940,079 |
| Special police operations | 458,972 | - | 458,972 |
| Unrestricted | 9,897,286 | 3,826,928 | 13,724,214 |
| TOTAL NET POSITION | <u>\$ 25,077,220</u> | <u>\$ 11,989,248</u> | <u>\$ 37,066,468</u> |

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2022

| | Program Revenues | | | | Net (Expenses) Revenues and Changes of Primary Government | | |
|---------------------------------------|----------------------|-------------------------|-----------------------------|-----------------------------|--|-----------------------------|----------------------|
| | Expenses | Charges for Services | Operating | Capital | Governmental Activities | Business-type Activities | Total |
| | | | Grants and Contributions | Grants and Contributions | | | |
| Governmental Activities | | | | | | | |
| General government | \$ 1,980,989 | 242,751 | \$ - | \$ - | \$ (1,738,238) | \$ - | \$ (1,738,238) |
| Public safety | 4,103,914 | 359,974 | 303,239 | - | (3,440,701) | - | (3,440,701) |
| Public works | 3,420,742 | 946,941 | 304,090 | - | (2,169,711) | - | (2,169,711) |
| Cultural and recreation | 1,179,651 | 63,704 | 74,914 | - | (1,041,033) | - | (1,041,033) |
| Health and welfare | 1,570 | - | - | - | (1,570) | - | (1,570) |
| Community development | 7,750 | - | - | - | (7,750) | - | (7,750) |
| Economic development | 300,000 | - | 10,000 | - | (290,000) | - | (290,000) |
| Interest on long-term debt | 191,632 | - | - | - | (191,632) | - | (191,632) |
| Total governmental activities | <u>11,186,248</u> | <u>1,613,370</u> | <u>692,243</u> | <u>-</u> | <u>(8,880,635)</u> | <u>-</u> | <u>(8,880,635)</u> |
| Business-type Activities | | | | | | | |
| Utilities administration | 304,030 | - | - | - | - | (304,030) | (304,030) |
| Water | 1,488,933 | 1,342,994 | 1,844,843 | 53,500 | - | 1,752,404 | 1,752,404 |
| Sewer | 1,237,767 | 1,116,447 | - | - | - | (121,320) | (121,320) |
| Rental | - | 24,597 | - | - | - | 24,597 | 24,597 |
| Total business-type activities | <u>3,030,730</u> | <u>2,484,038</u> | <u>1,844,843</u> | <u>53,500</u> | <u>-</u> | <u>1,351,651</u> | <u>1,351,651</u> |
| Total primary government | <u>\$ 14,216,978</u> | <u>\$ 4,097,408</u> | <u>\$ 2,537,086</u> | <u>\$ 53,500</u> | <u>(8,880,635)</u> | <u>1,351,651</u> | <u>(7,528,984)</u> |
| General revenues: | | | | | | | |
| Property taxes | | | | | 1,392,874 | - | 1,392,874 |
| Sales taxes | | | | | 6,405,078 | - | 6,405,078 |
| Franchise taxes | | | | | 784,599 | - | 784,599 |
| Occupational licenses & permits | | | | | 566,610 | - | 566,610 |
| Intergovernmental revenue | | | | | 526,564 | - | 526,564 |
| Interest earnings | | | | | 32,924 | 7,889 | 40,813 |
| Landfill revenue | | | | | 1,182,436 | - | 1,182,436 |
| Insurance proceeds | | | | | 904,591 | - | 904,591 |
| Other general revenues | | | | | 81,266 | 80,584 | 161,850 |
| Gain (loss) on sale of capital assets | | | | | 9,056 | (12,887) | (3,831) |
| Total general revenues and transfers | | | | | <u>11,885,998</u> | <u>75,586</u> | <u>11,961,584</u> |
| Change in net position | | | | | 3,005,363 | 1,427,237 | 4,432,600 |
| Net position-beginning | | | | | 22,071,222 | 10,562,011 | 32,633,233 |
| Prior period adjustment | | | | | 635 | - | 635 |
| Net position-beginning, restated | | | | | <u>22,071,857</u> | <u>10,562,011</u> | <u>32,633,868</u> |
| Net position-ending | | | | | <u>\$ 25,077,220</u> | <u>\$ 11,989,248</u> | <u>\$ 37,066,468</u> |

See accompanying notes and independent auditors' report.

Fund Financial Statements

CITY OF JENNINGS, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2022

| | MAJOR GOVERNMENTAL FUNDS | | | |
|---|--------------------------|------------------------|-----------------------------|--------------------------|
| | SPECIAL REVENUE FUND | | | |
| | GENERAL FUND | 1994 1% SALES TAX FUND | NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 13,541,856 | \$ 1,738,558 | \$ 1,673,864 | \$ 16,954,278 |
| Investments | - | - | 18,157 | 18,157 |
| Receivables, net of allowances for uncollectibles | 732,200 | 263,461 | 62,541 | 1,058,202 |
| Due from other funds | 188,393 | 10,117 | - | 198,510 |
| Inventory | 5,912 | - | - | 5,912 |
| Prepaid items | 162,483 | - | 24,115 | 186,598 |
| Restricted cash and cash equivalents | 458,972 | - | 589,338 | 1,048,310 |
| Other assets | 956 | - | - | 956 |
| TOTAL ASSETS | \$ 15,090,772 | \$ 2,012,136 | \$ 2,368,015 | \$ 19,470,923 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts, salaries, and other payables | \$ 821,427 | \$ 72,057 | \$ 14,406 | \$ 907,890 |
| Total liabilities | 821,427 | 72,057 | 14,406 | 907,890 |
| Fund balances: | | | | |
| Restricted for: | | | | |
| Public works | - | - | 1,059,240 | 1,059,240 |
| Culture and recreation | - | - | 539,371 | 539,371 |
| Debt service | - | - | 750,135 | 750,135 |
| Capital projects | - | - | 4,863 | 4,863 |
| Tax resolution | - | 1,940,079 | - | 1,940,079 |
| Special police operations | 458,972 | - | - | 458,972 |
| Unassigned | 13,810,373 | - | - | 13,810,373 |
| Total fund balances | 14,269,345 | 1,940,079 | 2,353,609 | 18,563,033 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 15,090,772 | \$ 2,012,136 | \$ 2,368,015 | \$ 19,470,923 |

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2022

Total fund balances for governmental funds at June 30, 2022 \$ 18,563,033

Total net position reported for governmental activities in the Statement of Net Position is different because:

Certain long-term assets are not reported in the fund financial statements because they are not available to pay current-period expenditures, but they are reported as assets in the statement of net position.

| | | |
|-------------------------------------|--------------|-----------|
| Deferred outflows - pension related | \$ 1,152,082 | |
| | | 1,152,082 |

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Those assets consist of:

| | | |
|--------------------------------|--------------|------------|
| Capital assets and land | 31,262,220 | |
| Less: Accumulated depreciation | (16,024,874) | |
| | | 15,237,346 |

Long-term liabilities are not reported in the fund financial statements because they are not due and payable in the current-period, but they are present as liabilities in the statement of net position.

| | | |
|---|-------------|-------------|
| Long-term liabilities at June 30, 2022: | | |
| Compensated absences | (92,999) | |
| Bonds payable | (4,780,000) | |
| Lease liability | (30,072) | |
| Net pension liability | (3,024,018) | |
| Deferred inflows of resources | (1,887,905) | |
| Accrued interest payable | (60,247) | |
| | | (9,875,241) |

| | | |
|---|--|---------------|
| Net Position of Governmental Activities | | \$ 25,077,220 |
|---|--|---------------|

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2022

| | GENERAL FUND | 1994 1% SALES TAX FUND | NONMAJOR GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|----------------------|------------------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | |
| Local sources: | | | | |
| Taxes: | | | | |
| Ad valorem | \$ 498,981 | \$ - | \$ 893,893 | \$ 1,392,874 |
| Sales and use | 3,202,539 | 3,202,539 | - | 6,405,078 |
| Franchise tax | 784,599 | - | - | 784,599 |
| Other taxes, penalties, interest, etc. | 16,628 | - | 2,653 | 19,281 |
| Licenses and permits | 566,610 | - | - | 566,610 |
| Fees, charges, and commissions for services | 1,139,754 | 195,415 | - | 1,335,169 |
| Fines and forfeitures | 278,174 | - | 27 | 278,201 |
| Investment earnings | 25,606 | 3,831 | 3,487 | 32,924 |
| Landfill revenue | 1,182,436 | - | - | 1,182,436 |
| Insurance proceeds | 904,591 | - | - | 904,591 |
| Other revenues | 26,911 | - | 63,412 | 90,323 |
| State sources: | | | | |
| State revenue sharing | 23,353 | - | - | 23,353 |
| Other state funds | 839,000 | 291,000 | 28,004 | 1,158,004 |
| Federal sources | - | - | 18,169 | 18,169 |
| Total revenues | <u>9,489,182</u> | <u>3,692,785</u> | <u>1,009,645</u> | <u>14,191,611</u> |
| EXPENDITURES | | | | |
| General government | 1,816,541 | - | 1,200 | 1,817,741 |
| Public safety | 3,913,940 | 176,256 | - | 4,090,196 |
| Public works | 1,126,606 | 825,104 | 1,166,105 | 3,117,815 |
| Cultural and recreation | 738,583 | - | 293,398 | 1,031,981 |
| Health and welfare | 1,570 | - | - | 1,570 |
| Community development | 7,750 | - | - | 7,750 |
| Economic development | 300,000 | - | - | 300,000 |
| Debt service | - | - | 499,553 | 499,553 |
| Capital outlay | 410,731 | - | - | 410,731 |
| Total expenditures | <u>8,315,721</u> | <u>1,001,360</u> | <u>1,960,256</u> | <u>11,277,337</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,173,461</u> | <u>2,691,425</u> | <u>(950,611)</u> | <u>2,914,274</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,302,220 | - | 1,009,577 | 2,311,797 |
| Transfers out | - | (2,311,797) | - | (2,311,797) |
| Proceeds from sale of capital assets | 10,392 | - | 9,200 | 19,592 |
| Total other financing sources and uses | <u>1,312,612</u> | <u>(2,311,797)</u> | <u>1,018,777</u> | <u>19,592</u> |
| Excess of revenues and other sources over expenditures and other uses | 2,486,073 | 379,628 | 68,166 | 2,933,867 |
| Fund balances - beginning | 11,783,272 | 1,560,451 | 2,285,443 | 15,629,166 |
| Fund balances - ending | <u>\$ 14,269,345</u> | <u>\$ 1,940,079</u> | <u>\$ 2,353,609</u> | <u>\$ 18,563,033</u> |

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2022

| | | |
|--|--------------------|----------------------------|
| Net change in fund balances, governmental funds | | \$ 2,933,867 |
| <p>The change in net position reported for governmental activities in the Statement of Activities is different because:</p> | | |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> | | |
| Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and changes in fund balances | \$ 410,731 | |
| Right of use lease | 16,049 | |
| Depreciation expense | <u>(1,262,797)</u> | (836,017) |
| <p>The net effect of various miscellaneous transactions involving capital assets, such as sales, trade-ins, and donations is to increase (decrease) net assets.</p> | | |
| | | (10,531) |
| <p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p> | | |
| Principal repayments | | 310,000 |
| <p>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.</p> | | |
| Change in compensated absences | 7,348 | |
| Change in pension liability and related deferrals | 608,886 | |
| Change in lease liability | <u>(10,269)</u> | 605,965 |
| <p>Interest on long-term debt in Statement of Activities is reported as it is incurred, however, in the governmental funds interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources:</p> | | |
| Change in accrued interest payable | | <u>2,079</u> |
| Change in Net Position of Governmental Activities | | <u><u>\$ 3,005,363</u></u> |

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Statement of Net Position, Proprietary Funds
June 30, 2022

| | <u>BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS</u> |
|---|---|
| | <u>UTILITY FUND</u> |
| ASSETS | |
| Current assets: | |
| Cash and cash equivalents | \$ 3,786,203 |
| Receivables, net of allowances for uncollectibles | 490,465 |
| Prepaid items | 136,842 |
| Restricted cash and cash equivalents | 355,244 |
| Total current assets | <u>4,768,754</u> |
| Non-current assets: | |
| Capital assets, net of accumulated depreciation | <u>8,162,320</u> |
| Total non-current assets | <u>8,162,320</u> |
| TOTAL ASSETS | 12,931,074 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension related deferrals | <u>120,648</u> |
| LIABILITIES | |
| Current liabilities: | |
| Accounts, salaries, and other payables | 321,498 |
| Due to other funds | 198,510 |
| Compensated absences | 24,675 |
| Total current liabilities | <u>544,683</u> |
| Non-current liabilities: | |
| Net pension liability | <u>394,327</u> |
| Total non-current liabilities | <u>394,327</u> |
| TOTAL LIABILITIES | <u>939,010</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension related deferrals | <u>123,464</u> |
| NET POSITION | |
| Net investment in capital assets | 8,162,320 |
| Unrestricted | <u>3,826,928</u> |
| TOTAL NET POSITION | <u>\$ 11,989,248</u> |

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

| | BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS |
|---|--|
| | UTILITY FUND |
| Operating revenues | |
| Charges for services: | |
| Water sales | \$ 1,342,994 |
| Sewer charges | 1,116,447 |
| Rental services | 24,597 |
| Other income | 21,261 |
| Other services | 59,323 |
| Total operating revenues | 2,564,622 |
| Operating expenses | |
| Cost of sales and services | 2,150,698 |
| Administration | 304,030 |
| Depreciation | 575,682 |
| Miscellaneous | 320 |
| Total operating expenses | 3,030,730 |
| Operating loss | (466,108) |
| Nonoperating revenues (expenses) | |
| Interest earnings | 7,889 |
| Loss on sale of capital assets | (12,887) |
| Federal sources | 1,844,843 |
| Other intergovernmental revenue | 53,500 |
| Total nonoperating revenues | 1,893,345 |
| Change in net position | 1,427,237 |
| Total net position-beginning | 10,562,011 |
| Total net position-ending | \$ 11,989,248 |

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Statement of Cash Flows, Proprietary Funds
For the Year Ended June 30, 2022

| | BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS |
|---|--|
| | UTILITY FUND |
| Cash flows from operating activities | |
| Receipts from customers and users | \$ 2,467,322 |
| Payments to suppliers of goods and services | (1,695,642) |
| Payments to employees for services | (896,625) |
| Other receipts | 21,261 |
| Net cash used by operating activities | (103,684) |
| Cash flows from noncapital financing activities | |
| Subsidy from state appropriation | 53,500 |
| Subsidy from federal grants | 1,844,843 |
| Net cash provided by financing activities | 1,898,343 |
| Cash flows from capital and related financing activities | |
| Acquisition and construction of capital assets | (131,948) |
| Proceeds from sales of capital assets | 1,283 |
| Net cash used by capital and related financing activities | (130,665) |
| Cash flows from investing activities | |
| Interest on investments | 7,889 |
| Net cash provided by investing activities | 7,889 |
| Net increase in cash and cash equivalents | 1,671,883 |
| Cash and cash equivalents and restricted, beginning of year | 2,469,564 |
| Cash and cash equivalents and restricted , end of year | \$ 4,141,447 |
| Reconciliation of operating loss to net cash provided (used) by operating activities | |
| Operating loss | \$ (466,108) |
| Depreciation expense | 575,682 |
| Difference between retirement contribution & pension expense | (83,914) |
| (Increase) decrease in accounts receivable | (45,761) |
| (Increase) decrease in prepaid items | (73,373) |
| Increase (decrease) in customer deposits | 3,835 |
| Increase (decrease) in accounts payable | (71,358) |
| Increase (decrease) in salary and payroll expense payable | 2,781 |
| Increase (decrease) in compensated absences | 4,731 |
| Loss on capital assets | 12,887 |
| Total adjustments | 362,424 |
| Net cash used by operating activities | \$ (103,684) |

See accompanying notes and independent auditors' report.

Notes to the Financial Statements

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Jennings, Louisiana (“City”) was incorporated May 2, 1888, and has adopted a Home Rule Charter according to Title 33 of the Louisiana Revised Statutes. The City operates under a Mayor-City Council form of government and provides the following services as authorized by its charter: public safety (police and fire), public works (streets and lighting), sanitation, health, culture-recreation, public improvements, planning and general administrative services.

The accounting and reporting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The Government Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting policies. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. FINANCIAL REPORTING ENTITY

The financial reporting entity consists of (a) the primary government (City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

Government Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 61 defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations of which the nature and significance of their relationship with the primary government is such that exclusion of these organizations from the primary government’s financial statements would be misleading. Therefore, an organization is considered to be a component unit of the City if one of the following criteria is met:

1. The primary government can appoint a voting majority of the organization’s governing body and
 - a. The ability of the City to impose its will on the organization or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City and there is the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
3. Organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

A. FINANCIAL REPORTING ENTITY – (Continued)

Based on the previous criteria, the City has determined that the following component units are part of the reporting entity:

| <u>Component Unit</u> | <u>Fiscal Year End</u> | <u>Criteria Used</u> |
|------------------------------|----------------------------|--------------------------|
| Industrial Development Board | June 30 | 1a and 3 |
| City Court and City Marshall | June 30 | 2 and 3 |

The City has chosen to issue financial statements of the primary government (City) only; therefore, none of the previously listed component units are included in the accompanying financial statements. Financial statements for these component units can be obtained from the individual component units.

These primary government (City) financial statements include all major funds, aggregate non-major funds, and organizations for which the City maintains the accounting records.

GASB Statement 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (City) financial statements are not a substitute for the reporting entity's financial statements. The City has chosen to issue financial statements of the primary government only. As such, these financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government (City).

Related Organization

Jennings Housing Authority (“Authority”) - The Commissioners of the Authority are appointed by the Mayor, but the City does not provide funding, has no obligation for the debt issued by the Authority, and cannot impose its will. This authority has not been included in the reporting entity.

Joint Venture

Jefferson Davis Parish Landfill Commission - A joint venture with the Jefferson Davis Parish Police Jury and the Towns of Welsh and Lake Arthur was formed to provide a solid waste disposal facility for its member-owners. This commission has not been included in the reporting entity. Financial statements for this joint venture can be obtained from the Jefferson Davis Parish Landfill Commission.

Jefferson Davis Parish Economic Development Commission - A joint venture with the Jefferson Davis Parish Tourist Commission and the Town of Welsh was formed to enhance the economic development of Jefferson Davis Parish. This commission has not been included in the reporting entity. Financial statements for this joint venture can be obtained from the Jefferson Davis Parish Economic Development Commission.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

B. BASIS OF PRESENTATION

Government-Wide Financial Statements:

The government-wide financial statements include the statement of net position and the statement of activities that report financial information for the primary government (City). For the most part, the effect of interfund activity has been removed from these statements. Individual funds are not displayed but governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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) operating grants and contributions which finance annual operating activities; and 3) capital grants and contributions which fund the acquisition, contribution, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major proprietary funds are reported as separate columns in the fund financial statements.

FUND FINANCIAL STATEMENTS (FFS)

The accounts of the City are organized on the basis of funds each of which is considered a separate accounting entity with a separate set of self-balancing accounts. The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Non-major funds (by category) are summarized into a single column in the fund financial statements. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the City are described below:

MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those in another fund.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. BASIS OF PRESENTATION - (Continued)

Special Revenue Funds

-1994 1% Sales Tax Fund-

The 1994 1% Sales Tax Fund is used to account for the receipt of a 1% sales tax. The previous 1% sales tax was authorized in 1994. This tax is to be collected for a period not to exceed twenty-two (22) years. At least \$500,000 annually is to be used for acquiring, constructing, extending, improving, maintaining, and operating sewage collection and disposal facilities for the City, and/or to pay any bonded or funded indebtedness of the City incurred for sewage collection and disposal facilities. The balance is to be used for street construction and maintenance, drainage, heavy equipment purchases, jail operations, and police pension payments. In 1998, a referendum was approved to expand the authorized uses of excess funds over previous dedication to include acquiring, constructing, improving and/or maintaining the City's waterworks facilities. It further authorized the issuing of any bonded or funded indebtedness to accomplish the expanded purpose.

A sales and use tax of 1% was levied as of January 1, 2013, after approval by the registered voters of the City of Jennings in lieu of the 1% sales and use tax approved July 16, 1994, rededicated November 15, 1997. The tax is to be collected for a period not to exceed twenty-five (25) years. At least \$500,000 annually is to be used to pay any bonded or funded indebtedness of the City incurred for sewage collection and disposal facilities. The remaining proceeds of the tax is to be used for acquiring, constructing, improving, operating and maintaining streets, garbage, parks, fire and police departments, public buildings, drainage, heavy equipment purchases, jail operations, police pension payments, economic development purposes and activities, sewage collection and disposal facilities, and the City's waterworks facilities, including payment of any bonded or funded indebtedness of the City incurred for such purposes, and including salaries of city employees for any one or more of said purposes. It further authorized the City to fund the proceeds of the tax into bonds to pay the cost of capital improvements for the aforesaid purposes.

MAJOR ENTERPRISE FUNDS

-Utility Fund-

The Utility Fund is used to account for the operation of the City's water and sewer system, which are supported by user charges and special taxes.

The Utility Fund is financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. BASIS OF PRESENTATION - (Continued)

revenues are charges to customers for water and sewer service. Operating expenses for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first, then unrestricted resources as they are needed.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

On the government-wide financial statements both governmental and business-type activities are reported using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures.

-Revenues-

Ad valorem taxes, franchise taxes, sales taxes, interest income, intergovernmental revenues and charges for service are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other governmental fund revenue items are recognized when cash is received by the government.

-Expenditures-

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on long-term obligations, which are recognized when due.

-Other Financing Sources (Uses)-

Sale of fixed assets, increases in capital lease purchases, and transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. BUDGET AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in these primary government financial statements:

1. The City Clerk prepares an operating departmentalized budget, a pay plan budget, and a capital improvements budget and submits these budgets to the Mayor and City Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the total proposed budgets is published, and the public notified that the proposed budgets are available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. The City Clerk is authorized to transfer budgeted amounts within departments, within any fund except for salary items and capital improvement items which cannot be amended without City Council approval. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated requires the approval of the City Council.
6. Formal budgetary integration is used as a management control device by the general fund and major special revenue funds during the year.
7. Budgets for the general fund and major special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The original budget was adopted by the City Council.
8. All budgetary appropriations lapse at the end of each fiscal year.

E. DEPOSITS AND INVESTMENTS

Under state law, the City may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the law of any other state in the union, or the laws of the United States. The City may invest in government backed securities, commercial paper, the state sponsored investment pool, mutual funds consisting solely of government backed securities, or certificates and time deposits of state banks organized under Louisiana Law and national banks having principal offices in Louisiana.

The municipality's cash and cash equivalents include demand deposits (including restricted assets), interest-bearing demand deposits, and short-term investments with original maturities of 90 days or less, including deposits held by the Louisiana Asset Management Pool (LAMP). LAMP is a statewide investment pool in which the City participates and operates in accordance with appropriate state laws and regulations. The fair value of the City's position in the pool is the same as the value of the pool shares. LAMP is a component unit of the State of Louisiana, and its operations are regulated by state law and are overseen by a board consisting of the state treasurer and members elected from the pool participants.

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," investments meeting the criteria specified in the Statement are stated at fair value. Investments which do not meet the requirements are stated at cost.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. DEPOSITS AND INVESTMENTS - (Continued)

These investments include certificates of deposit with maturities exceeding 90 days and are reported at cost which approximates fair value. Further information regarding deposits and investments are disclosed in Note 4.

F. INTERFUND RECEIVABLES AND PAYABLES

Short-term cash loans between funds are considered temporary in nature. These amounts are reported as “due from/to other funds” on the balance sheet.

G. RECEIVABLES

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Sales and use taxes collected in June 2022 are accrued at year end. Business-type activities report customer’s utility service receivables as their major receivables. Uncollectible amounts due for customers’ utility receivables, since they are immaterial, are recognized as bad debts through a direct write-off at the time information becomes available which would indicate the uncollectability of the particular receivable. If ad valorem taxes become uncollectible, the property involved is seized and sold as of May 31 of the effected fiscal year, and therefore, all material ad valorem taxes are collected as of the end of the current fiscal year.

H. UNCOLLECTIBLE ALLOWANCE

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

I. INVENTORY

Inventories in the General and Special Revenue Funds consist of expendable supplies held for consumption. Inventories are priced at cost (first-in, first-out).

J. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items consist of unexpired portions of insurance premiums. Prepaid items in the governmental funds and enterprise funds are recorded in both the government-wide financial statements and the fund financial statements.

K. RESTRICTED ASSETS

Certain proceeds of governmental fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Also, cash deposited in a special water and sewer deposit account has been restricted to provide for the return of customer utility deposits. In addition, cash deposited in narcotics evidence account, and police asset forfeiture accounts has been restricted for their use and is limited to certain police and jail operations.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) acquired after June 30, 2003, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. In the fund financial statements, capital assets used in governmental fund operations are reported as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. During the current year, the municipality adopted a policy to increase the threshold level from \$1,000 to \$5,000 or more for capitalizing capital assets.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|------------------------------------|------------------------|
| Roads, bridges, and infrastructure | 30 years |
| Infrastructure improvements | 10 years |
| Building improvements | 10 years |
| Buildings | 30 years |
| Computers and office equipment | 5-10 years |
| Machinery and equipment | 5-15 years |
| Sewer and sewer improvements | 10-40 years |

M. COMPENSATED ABSENCES

The City provides leave for vacation, sickness and illness, personal business and as an award in their safety program. Vacation leave is provided for all employees with one or more years of service. It ranges from 10 to 20 days per year depending on length of service. Sickness and illness leave of 5 to 365 days is provided depending on length of service and the department in which the employee serves. Sick leave is not paid upon termination of employment. Three days of leave is provided for personal business each year and two to four days of leave is awarded to employees annually for safety on their job. It is the City's policy that leave does not accumulate except the amount earned in the current calendar year. Any leave not utilized by December 31st is lost.

Compensatory time may also be granted in lieu of overtime pay. Employees may accumulate up to a maximum of forty hours of unused compensatory time which is paid to the employee in the form of time off or at the employee's current rate of pay upon separation from service.

The entire accrued vacation leave and compensatory time liability for both governmental and proprietary fund employees are reported on the government-wide financial statements. The accrued vacation leave

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. COMPENSATED ABSENCES – (Continued)

and compensatory time as of the end of the fiscal year for proprietary fund employees are also recorded as a liability in the appropriate enterprise fund financial statement.

There are no accumulated and vested benefits relating to sick leave that require disclosure to conform with generally accepted accounting principles.

N. LONG-TERM OBLIGATIONS

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

O. PENSION PLANS

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 City's four pension plans and additions to / deductions from the plans' fiduciary net position have been determined on the accrual basis, which is the same basis as they are reported by the plans. 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.

P. EQUITY CLASSIFICATIONS

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

- a. Net investment in capital assets - Consists of capital assets 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 improvements of these 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."

In the fund statements, governmental fund equity is classified as fund balance. The City adopted GASB Statement 54 in the year ended June 30, 2011. As such, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. EQUITY CLASSIFICATIONS - (Continued)

Committed - amounts that can be used for specific purposes determined by a formal action of the City Council. The City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by Council members.

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. Under the City's policy, only Council members may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

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

Business-type fund equity at the fund level is classified the same as in the government-wide statements.

Q. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

R. INTERFUND TRANSFERS

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

S. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

In June 2017, GASB issued Statement No. 87, "Leases." The statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 was implemented by the City for the year ended June 30, 2022. See additional implementation details in footnote 1(U).

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

T. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

In May 2020, the Governmental Accounting Standards Board (GASB) approved Statement No. 96, “*Subscription-Based Information Technology Arrangements*.” The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The provisions of GASB No. 96 must be implemented by the City’s for periods beginning after June 15, 2022, with the earlier adoption encouraged. The effect of implementation of the statement of the City’s financial statements has not yet been determined.

U. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT

For the year ended June 30, 2021, the City implemented GASB Statement No. 87, “*Leases*”. GASB Statement No. 87 enhances the relevance of consistency of information of the government’s lease activities. It establishes requirements for lease accounting based on the principle that leases are financing of the right to use an underlying asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources. These changes were incorporated in the City’s June 30, 2022, financial statements and had an effect on the beginning net position of the Governmental Activities. The City recognized \$20,438 in net book value for the intangible right to use and lease liability of \$19,803 for various office equipment and real estate prior to July 1, 2021.

The implementation of GASB Statement No. 87, *Leases*, had the following effect on the net position as reported June 30, 2021:

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Net position June 30, 2021 | \$ 22,071,222 |
| Adjustments: | |
| Net book value - leased assets | 20,438 |
| Lease liability | <u>(19,803)</u> |
| Restatement net position June 30, 2021 | <u>\$ 22,071,857</u> |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(2) AD VALOREM TAXES

A. MILLAGE

Taxes are levied on November 15 and become delinquent if not paid by December 31. The Jefferson Davis Parish Sheriff's Office bills and collects the property taxes on behalf of the City.

The property tax millage in effect at June 30, 2022, according to Ordinance No. 1769, was as follows:

| | | |
|---------------------|--------------|-------|
| General Alimony | 7.24 | Mills |
| Street Maintenance | 8.96 | |
| Library Maintenance | <u>4.01</u> | |
| Total | <u>20.21</u> | Mills |

There are no material ad valorem tax receivables as of June 30, 2022, as all taxes have either been collected or properties have been seized and sold.

(3) DEDICATION OF SALES TAX REVENUES

In addition to the 1994 1% Sales Tax Fund, discussed in Note 1(B), a sales and use tax of 1 percent was levied as of April 1, 2010 after approval by the registered voters of the City. This tax is to be collected for a period of twenty-five (25) years. Revenues to be derived from the tax are dedicated to establishing, acquiring, constructing, improving, operating, and maintaining streets, drainage, waterworks, sewer, garbage, parks, fire department, police department, and public buildings, including salaries of city employees for any one or more of said purposes, within the City.

(4) DEPOSITS AND INVESTMENTS

A. DEPOSITS

As of June 30, 2022, the City has deposits (book balances) as follows:

| <u>Deposit Type</u> | <u>Reported Amount</u> |
|--|----------------------------|
| Cash on hand | \$ 2,221 |
| Cash-demand deposits | 13,054,986 |
| Deposits with LAMP | 8,597,490 |
| Time deposits (maturities less than 90 days) | 489,338 |
| | <u>\$ 22,144,035</u> |

Additionally, the City has certificates of deposit totaling \$18,157 on deposit in local banks which are presented as investments in the financial statements.

The City periodically invests in the LAMP, a local government investment pool (see Summary of Significant Accounting Policies). In accordance with GASB codification Section I50.165 investments in LAMP are not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(4) DEPOSITS AND INVESTMENTS - (Continued)

A. DEPOSITS - (Continued)

physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPAs. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted-average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The City's balance with LAMP at June 30, 2022 is \$8,597,490.

Credit Risk - LAMP is rated AAAM by Standard & Poor's.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be recovered. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the City or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. LAMP participant investments in the pool are evidenced by shares of the pool.

As of June 30, 2022, the City has \$13,744,887 in deposits (collected bank balances) in local financial institutions, including certificates of deposit. These deposits are secured from risk by \$633,002 of federal deposit insurance and \$13,111,885 of pledged securities held by the custodial bank in the name of the City. As such, these deposits are not considered subject to custodial credit risk according to GASB Statement No. 3.

B. INVESTMENTS

At June 30, 2022, the City had the following investments and maturities:

| <u>Investment Type</u> | <u>% of Portfolio</u> | <u>Fair Value</u> | <u>Investments Maturities (in Years)</u> | |
|---|---------------------------|-------------------|--|------------|
| | | | <u>Less than 1</u> | <u>1-5</u> |
| Certificates of deposits- (maturities exceeding 90 days) | 100.0% | \$ 18,157 | \$ 18,157 | \$ - |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(4) DEPOSITS AND INVESTMENTS - (Continued)

B. INVESTMENTS – (Continued)

Credit Risk - Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have a written investment policy, but does adhere to state laws regarding allowable investments. The certificates of deposit are not rated.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As discussed in Note 4A, certificates of deposit are considered fully collateralized under the provisions of GASB Statement No. 3. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not with the securities that make up the pool; therefore, no disclosure is required. Accordingly, the City had no custodial credit risk related to its investments as of June 30, 2022.

Concentration of Credit Risk - The City places no limit on the amount it may invest in any one issuer. More than 5 percent of the City's investments at June 30, 2022 are invested in certificates of deposit held at one financial institution. These investments are 100% of the City's total investments at June 30, 2022.

(5) RECEIVABLES

The receivables of \$1,548,667 at June 30, 2022, are as follows:

| Class of Receivable | Governmental Activities | | | Business-Type | Total Government Balance |
|--|-------------------------|------------------------|-------------------------------|---------------|--------------------------|
| | General Fund | 1994 1% Sales Tax Fund | Other Governmental Activities | Utility Fund | |
| Local sources: | | | | | |
| Taxes: | | | | | |
| Ad valorem | \$ 1,332 | \$ - | \$ 1,648 | \$ - | \$ 2,980 |
| Sales and use | 263,461 | 263,461 | - | - | 526,922 |
| Franchise | 173,231 | - | - | - | 173,231 |
| Other taxes, penalty, interest, etc. | 87 | - | 893 | - | 980 |
| Fees, charges, and commissions for services | 289 | - | - | - | 289 |
| Fines and forfeiture | 29,699 | - | - | - | 29,699 |
| Utilities | 102,071 | - | - | 409,023 | 511,094 |
| Other local funds | 9,572 | - | 60,000 | 44,528 | 114,100 |
| State sources: | | | | | |
| Other state funds | 189,372 | - | - | - | 189,372 |
| Total as reported in government-wide statement | \$ 769,114 | \$ 263,461 | \$ 62,541 | \$ 453,551 | \$ 1,548,667 |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(6) INTERFUND RECEIVABLES/PAYABLES

Details related to interfund receivables and payables balances as of June 30, 2022, are presented as follows:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|---------------------------------|---------------------------------|------------------------------|
| Major Governmental Activities: | | |
| General Fund | \$ 188,393 | \$ - |
| 1994 1% Sales Tax Fund | 10,117 | - |
| Major Business Type Activities: | | |
| Utility Fund | - | 198,510 |
| Total | <u>\$ 198,510</u> | <u>\$ 198,510</u> |

In the course of ordinary operations, the General Fund pays certain costs that are reimbursed by the Utility Fund. Of the amounts shown, \$ 49,465 represents the reimbursements that are due at year end. The \$10,117 results from the reimbursement to 1994 1% Sales Tax Fund for an expenditure paid on behalf of the Utility Fund. The remaining \$151,479 represents reimbursement to the General Fund for its share of customer deposits applied to utility receivable for garbage collections.

(7) RESTRICTED ASSETS

At June 30, 2022, restricted assets consisted of the following:

Governmental Activities:

| | |
|---|---------------------|
| Cash-Facilities Improvements Bond Sinking Reserve | \$ 584,475 |
| Cash-Facilities Improvements Bond Proceeds | 4,863 |
| Cash-Narcotics Evidence | 413,271 |
| Cash-Police Asset Forfeiture | 45,701 |
| Total Governmental Activities | <u>\$ 1,048,310</u> |

The Narcotics Evidence, and Police Asset Forfeiture accounts included in the General Fund, are restricted to pay for police and jail operations. The Facilities Improvements Bond Proceeds are restricted to pay for the costs of construction of certain capital improvements for improving public buildings within the City of Jennings. The Facilities Improvements Bond Sinking Reserve was established to insure the payment of bond principal and interest as required by the bond agreement.

Business Type Activities:

| | |
|--|-------------------|
| Cash-Water and Sewer Deposit Account | \$ 130,033 |
| Cash-LAMP, Water and Sewer Deposit Account | 225,211 |
| Total Business Type Activities | <u>\$ 355,244</u> |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(7) RESTRICTED ASSETS – (Continued)

The Water and Sewer Deposit account assets, a component of the Utility Fund, are restricted to pay customer deposits in the amount of \$355,244 as of June 30, 2022. When a customer withdraws from the system, this deposit is refunded less the amount of any charges outstanding against the account.

(8) LEASE RECEIVABLE AND DEFERRED LEASE REVENUE

The City leases building space to the Zigler Museum under a long-term lease for 5 years with indefinite renewal options. The lease maybe terminated at anytime, but there is no indication this will take place. The City has determined the recognize the lease over the remaining life of the building in which the leased space is located. Monthly rent payments of \$1,000 are due at the beginning of each month.

During the year ended June 30, 2022 rental income and interest was \$5,000. Future obligations over the remaining expected terms as of June 30, 2022 are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|-----------|----------|------------|
| 2023 | \$ 5,140 | \$ 6,860 | \$ 12,000 |
| 2024 | 5,309 | 6,691 | \$ 12,000 |
| 2025 | 5,485 | 6,515 | \$ 12,000 |
| 2026 | 5,666 | 6,334 | \$ 12,000 |
| 2027 and thereafter | 192,822 | 78,178 | \$ 271,000 |

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CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(9) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2022, for the City is as follows:

| | Beginning Balance | Additions | Deletions | Transfers | Ending Balance |
|---|----------------------|---------------------|------------------|---------------------|----------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 1,150,520 | \$ - | \$ - | \$ - | \$ 1,150,520 |
| Construction in progress | 441,289 | - | - | (441,289) | - |
| Total capital assets, not being depreciated | <u>\$ 1,591,809</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (441,289)</u> | <u>\$ 1,150,520</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | \$ 12,078,176 | \$ - | \$ 368,537 | \$ - | \$ 11,709,639 |
| Building improvements | 3,527,467 | - | - | - | 3,527,467 |
| Computers | 324,731 | - | 50,184 | (1,485) | 273,062 |
| Office equipment | 215,103 | - | 20,639 | - | 194,464 |
| Furniture | 36,649 | - | - | - | 36,649 |
| Machinery and equipment | 3,005,630 | 123,437 | 126,363 | - | 3,002,704 |
| Vehicles | 3,174,242 | 210,885 | 297,764 | 18,529 | 3,105,892 |
| Infrastructure | 7,696,291 | 76,414 | - | 441,289 | 8,213,994 |
| Right of use lease - equipment | 14,423 | 16,049 | - | - | 30,472 |
| Right of use lease - building | 17,357 | - | - | - | 17,357 |
| Total capital assets being depreciated | <u>30,090,069</u> | <u>426,785</u> | <u>863,487</u> | <u>458,333</u> | <u>30,111,700</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 4,572,788 | 334,809 | 358,573 | - | 4,549,024 |
| Building improvements | 1,864,994 | 242,108 | - | - | 2,107,102 |
| Computers | 258,114 | 24,400 | 48,699 | (1,485) | 232,330 |
| Office equipment | 180,053 | 12,775 | 20,639 | - | 172,189 |
| Furniture | 33,881 | 2,766 | - | - | 36,647 |
| Machinery and equipment | 2,534,547 | 145,518 | 127,241 | - | 2,552,824 |
| Vehicles | 2,231,556 | 248,639 | 297,799 | 18,529 | 2,200,925 |
| Infrastructure | 3,910,708 | 245,824 | - | - | 4,156,532 |
| Right of use lease - equipment | 3,966 | 4,222 | - | - | 8,188 |
| Right of use lease - building | 7,377 | 1,736 | - | - | 9,113 |
| Total accumulated depreciation | <u>15,597,984</u> | <u>1,262,797</u> | <u>852,951</u> | <u>17,044</u> | <u>16,024,874</u> |
| Total capital assets being depreciated, net | <u>\$ 14,492,085</u> | <u>\$ (836,012)</u> | <u>\$ 10,536</u> | <u>\$ 441,289</u> | <u>\$ 14,086,826</u> |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(9) CAPITAL ASSETS - (Continued)

| | Beginning Balance | Additions | Deletions | Transfers | Ending Balance |
|---|----------------------|---------------------|------------------|--------------------|---------------------|
| Business-type Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 211,021 | \$ - | \$ - | \$ - | \$ 211,021 |
| Construction in progress | 28,523 | 97,415 | - | (28,523) | 97,415 |
| Total capital assets, not being depreciated | <u>\$ 239,544</u> | <u>\$ 97,415</u> | <u>\$ -</u> | <u>\$ (28,523)</u> | <u>\$ 308,436</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | \$ 13,865 | \$ - | \$ - | \$ - | \$ 13,865 |
| Building improvements | 558,264 | - | 17,964 | - | 540,300 |
| Computers | 114,632 | - | 21,677 | 1,485 | 94,440 |
| Office equipment | 26,927 | - | 6,138 | - | 20,789 |
| Machinery and equipment | 13,266,924 | 6,380 | 181,817 | - | 13,091,487 |
| Vehicles | 185,036 | 28,153 | - | 9,994 | 223,183 |
| Infrastructure | 7,105,900 | - | - | - | 7,105,900 |
| Total capital assets being depreciated | <u>21,271,548</u> | <u>34,533</u> | <u>227,596</u> | <u>11,479</u> | <u>21,089,964</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 5,382 | 462 | - | - | 5,844 |
| Building improvements | 545,872 | 2,122 | 17,964 | - | 530,030 |
| Computers | 101,000 | 8,299 | 20,192 | 1,485 | 90,592 |
| Office equipment | 22,690 | 1,590 | 6,138 | - | 18,142 |
| Machinery and equipment | 8,947,744 | 227,924 | 169,132 | - | 9,006,536 |
| Vehicles | 141,053 | 112,733 | - | (18,529) | 235,257 |
| Infrastructure | 3,128,612 | 222,600 | - | - | 3,351,212 |
| Total accumulated depreciation | <u>12,892,353</u> | <u>575,730</u> | <u>213,426</u> | <u>(17,044)</u> | <u>13,237,613</u> |
| Total capital assets being depreciated, net | <u>\$ 8,379,195</u> | <u>\$ (541,197)</u> | <u>\$ 14,170</u> | <u>\$ 28,523</u> | <u>\$ 7,852,351</u> |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(9) CAPITAL ASSETS - (Continued)

Depreciation expense of \$1,838,527 for the year ended June 30, 2022, was charged to the following governmental functions:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|------------------------|------------------------------------|-------------------------------------|
| Culture and recreation | \$ 149,757 | \$ - |
| General government | 267,798 | - |
| Public safety | 544,891 | - |
| Public works | 300,351 | - |
| Utility system | - | 575,730 |
| | | |
| Total | <u>\$ 1,262,797</u> | <u>\$ 575,730</u> |

(10) CONSTRUCTION COMMITMENTS

The municipality has active construction projects as of June 30, 2022. At year end the commitments with contractors are as follows:

| <u>Project</u> | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|---|--------------------------|---------------------------------|
| Phase 1 hurricane repairs: Project City Hall, City Court, and Tourist Office | <u>\$ 420,524</u> | <u>\$ 518,450</u> |
| | <u>\$ 420,524</u> | <u>\$ 518,450</u> |

(11) ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$1,229,388 as of June 30, 2022, are as follows:

| | <u>Governmental Activities</u> | | | | <u>Business-Type Activities</u> |
|------------------|--------------------------------|---------------------------------------|--|--|-------------------------------------|
| | <u>General Fund</u> | <u>1994 1% Sales Tax Fund</u> | <u>Other Governmental Activities</u> | <u>Total Governmental Activities</u> | <u>Utility Fund</u> |
| Accounts | \$ 143,323 | \$ 72,057 | \$ 5,452 | \$ 220,832 | \$ 955 |
| Retainage | 22,133 | - | - | 22,133 | - |
| Withholdings | 87,997 | - | 8,953 | 96,950 | 14,975 |
| Due to customers | - | - | - | - | 305,568 |
| Other | 567,975 | - | - | 567,975 | - |
| Total | <u>\$ 821,428</u> | <u>\$ 72,057</u> | <u>\$ 14,405</u> | <u>\$ 907,890</u> | <u>\$ 321,498</u> |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(12) LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligations for the year ended June 30, 2022:

| | Balance, Beginning of year, restated | Additions | Retirements | Balance, End of Year | Current Portion |
|---------------------------|--|------------------|-----------------------|-------------------------|--------------------|
| Governmental activities: | | | | | |
| Revenue bonds payable | \$ 5,090,000 | \$ - | \$ (310,000) | \$ 4,780,000 | \$ 325,000 |
| Lease payable | 19,802 | 16,050 | (5,780) | 30,072 | 7,735 |
| Net pension liability | 5,056,084 | - | (2,032,066) | 3,024,018 | - |
| | <u>10,165,886</u> | <u>16,050</u> | <u>(2,347,846)</u> | <u>7,834,090</u> | <u>332,735</u> |
| Business-type activities: | | | | | |
| Net pension liability | <u>623,970</u> | <u>-</u> | <u>(229,643)</u> | <u>394,327</u> | <u>-</u> |
| | <u>\$ 10,789,856</u> | <u>\$ 16,050</u> | <u>\$ (2,577,489)</u> | <u>\$ 8,228,417</u> | <u>\$ 332,735</u> |

Bonds payable as of June 30, 2022, are comprised of the following individual issues:

| Bond | Original Issue | Interest Rate | Final Payment Due | Interest to Maturity | Principal Outstanding | Funding Source |
|-------------------------------|---------------------|------------------|-------------------------|----------------------------|--------------------------|-------------------------|
| Governmental Activities: | | | | | | |
| Facilities Improvements Bonds | \$ 6,000,000 | .30 to 5.00% | 3-1-2033 | \$ 1,137,570 | \$ 4,000,000 | 1% Sales Tax Revenue |
| Facilities Improvements Bonds | <u>1,000,000</u> | .65 to 3.50% | 3-1-2035 | <u>201,802</u> | <u>780,000</u> | 1% Sales Tax Revenue |
| Total | <u>\$ 7,000,000</u> | | | <u>\$ 1,339,372</u> | <u>\$ 4,780,000</u> | |

In August 2013, the City Council authorized and issued Public Improvement Sales Tax Revenue Bonds, Series ST-2013 to the Jeff Davis Bank in the amount of \$6,000,000. The proceeds of this issue are to be used to pay a portion of the costs of construction of certain capital improvements for improving public buildings within the City of Jennings, and to pay the costs of issuance associated with the Bonds.

The bonds were issued on a complete parity with the outstanding Public Improvement Sales Tax Bonds, Series 1995 and Public Improvement Sales Tax Bonds, Series 1997. The bonds, equally with the Outstanding Parity Bonds, are payable from and secured by an irrevocable pledge and dedication of the net proceeds of a 1% sales and use tax approved in December 2012.

The bonds purchased by Jeff Davis Bank shall bear interest starting at .30% in 2014 to 5.00% in 2033. Interest shall be due and payable on March 1 and September 1 of each year beginning on March 1, 2014. Principal will be due on March 1 of each year beginning on March 1, 2014.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(12) LONG-TERM OBLIGATIONS - (Continued)

In November 2015, the City Council authorized and issued Public Improvement Sales Tax Revenue Bonds, Series ST-2015 to Jeff Davis Bank in the amount of \$1,000,000. The proceeds of this issue are to be used to pay a portion of the costs of construction of certain capital improvements for improving public buildings within the City of Jennings, and to pay the costs of issuance associated with the Bonds.

The bonds were issued on a complete parity with the outstanding Series ST-2013 Bonds, Public Improvement Sales Tax Bonds, Series 1995 and Public Improvement Sales Tax Bonds, Series 1997. The bonds, equally with the Outstanding Parity Bonds, are payable from and secured by an irrevocable pledge and dedication of the net proceeds of a 1% sales and use tax approved in December 2012.

The bonds purchased by Jeff Davis Bank shall bear interest starting at .65% in 2016 to 3.50% in 2035. Interest shall be due and payable on March 1 and September 1 of each year beginning on March 1, 2016. Principal will be due on March 1 of each year beginning on March 1, 2016.

The annual requirements to amortize all bonds payable as of June 30, 2022, are as follows:

| <u>Year Ending June 30,</u> | <u>Principal Payments</u> | <u>Interest Payments</u> | <u>Total</u> |
|-----------------------------|-------------------------------|------------------------------|-------------------------|
| 2023 | \$ 325,000 | \$ 183,233 | \$ 508,233 |
| 2024 | 340,000 | 175,248 | 515,248 |
| 2025 | 355,000 | 165,943 | 520,943 |
| 2026 | 380,000 | 155,405 | 535,405 |
| 2027 | 390,000 | 143,585 | 533,585 |
| 2028-2032 | 2,285,000 | 475,455 | 2,760,455 |
| 2033-2036 | 705,000 | 40,503 | 745,503 |
| Total | <u>\$ 4,780,000</u> | <u>\$ 1,339,372</u> | <u>\$ 6,119,372</u> |

In accordance with R.S. 39:562, the City is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property. As of June 30, 2022, the statutory limit is \$24,179,503 and the City has no outstanding bonded debt funded by ad valorem taxes including interest.

In addition, the City is legally restricted from incurring long-term bonded debt secured by sales and use taxes in excess of 75% of the avails of the tax. The municipality was within this 75% limitation when the sales tax bonds were issued.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(13) INTERFUND TRANSFERS

Details related to interfund transfers as of June 30, 2022, are presented as follows:

| Fund | Transfer In | Transfer Out |
|-----------------------------------|---------------------|-----------------------|
| Major Governmental Activities: | | |
| General Fund | \$ 1,302,220 | \$ - |
| 1994 1% Sales Tax Fund | - | (2,311,797) |
| Non-major Governmental Activities | <u>1,009,577</u> | <u>-</u> |
| Total | <u>\$ 2,311,797</u> | <u>\$ (2,311,797)</u> |

The transfers are movements of money from one fund to another. These merely serve as a means to finance activities in the receiving fund.

(14) PENSION PLANS

Substantially all employees of the City are members of the following statewide retirement systems: Municipal Employees' Retirement System of Louisiana, Municipal Police Employees' Retirement System of Louisiana, Firefighters' Retirement System of Louisiana, or Louisiana State Employees' Retirement System. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (MERS)

Plan Description

Employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:1731 to provide retirement, disability and survivor benefits to employees of all incorporated villages, towns and cities throughout the State of Louisiana. MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City, except for policemen, firemen, and the City Judge, are members of Plan B. MERS issues a publicly available financial report that may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, calling (225) 925-4810, or by downloading from www.mersla.com.

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 OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

A. Municipal Employees Retirement System of Louisiana (MERS) - (Continued)

Retirement Benefits

Any member of Plan B, who commenced participation in the MERS prior to January 1, 2013, can retire providing the member meets one of the following criteria:

- a. Any age with thirty (30) years of creditable service.
- b. Age 60 with a minimum of ten (10) or more years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B hired on or after January 1, 2013 (Tier 2) shall be eligible for retirement if he meets one of the following criteria:

- a. Age 67 with seven (7) or more years of creditable service.
- b. Age 62 with ten (10) or more years of creditable service.
- c. Age 55 with thirty (30) or more years of creditable service.
- d. Any age with twenty five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Deferred Retirement Option Plan (DROP) Benefits

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of MERS has been terminated for at least one full year.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

A. Municipal Employees Retirement System of Louisiana (MERS) - (Continued)

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in MERS.

Disability Benefits

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a

member of Plan B shall be shall be paid a disability benefit equal to the lesser of an amount equal to two percent of his final compensation multiplied by his years of creditable service, but not less than thirty percent of his final compensation or an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Survivor's Benefits

Upon the death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Cost-of-Living Increases

MERS is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows MERS to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

A. Municipal Employees Retirement System of Louisiana (MERS) - (Continued)

Deferred Benefits

Plan B provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Contributions

Contributions for all members are established by statute. Member contributions are at 5% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating municipality.

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending June 30, 2021, the employer contribution rate was 15.50% of member's earnings for Plan B.

In accordance with state statute, MERS receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

The City's contractually required contribution rate for the year ended June 30, 2022 was 15.50% of annual 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 City were \$263,944 for the year ended June 30, 2021.

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

At June 30, 2022, the City reported a liability of \$1,283,611 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 City's proportion of the Net Pension Liability was based on a projection of the City'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 City's proportion was 2.215764%, which was an increase of .076589 percentage points from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$191,021 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$7,015.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

A. Municipal Employees Retirement System of Louisiana (MERS) - (Continued)

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to MERS from the following sources:

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | |
|--|--------------------------------|---------------------|---------------------------------|---------------------|
| | <u>Deferred</u> | <u>Deferred</u> | <u>Deferred</u> | <u>Deferred</u> |
| | <u>Outflows of</u> | <u>Inflows of</u> | <u>Outflows of</u> | <u>Inflows of</u> |
| | <u>Resources</u> | <u>Resources</u> | <u>Resources</u> | <u>Resources</u> |
| Differences between expected and actual experience | \$ - | \$ (35,048) | \$ - | \$ (17,923) |
| Changes of assumptions | 34,370 | - | 17,577 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (229,512) | - | (117,371) |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 29,983 | (1,353) | 15,333 | (692) |
| Employer contributions subsequent to the measurement date | <u>195,493</u> | <u>-</u> | <u>99,975</u> | <u>-</u> |
| Total | <u>\$ 259,847</u> | <u>\$ (265,912)</u> | <u>\$ 132,884</u> | <u>\$ (135,987)</u> |

Deferred outflows of resources of \$295,468 related to MERS resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MERS will be recognized in pension expense as follows:

| <u>Year Ended</u> | |
|-------------------|-------------------|
| <u>June 30</u> | |
| 2023 | \$ 257,924 |
| 2024 | (55,218) |
| 2025 | (89,976) |
| 2026 | <u>(121,898)</u> |
| | <u>\$ (9,168)</u> |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

A. Municipal Employees Retirement System of Louisiana (MERS) - (Continued)

Actuarial Assumptions

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

| | |
|----------------------------------|--|
| Valuation date | June 30, 2021 |
| Actuarial cost method | Entry Age Normal |
| Expected remaining service lives | 3 years for Plan B |
| Actuarial assumptions: | |
| Investment rate of return | 6.85% |
| Inflation rate | 2.50% |
| Projected salary increases | 7.40% for 1 to 4 years of service 4.90% for more than 4 years of service |
| Mortality rates | Annuitant and beneficiary - PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP 2018 scales Employees - PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their repective male and female MP2018 scales Disabled annuitants - PubNS-2010(B) Disabled Retiree Table set equal to 120% fro males and females with the full generational MP2018 scale |

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 and an adjustment for the effect of rebalancing/diversification.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

A. Municipal Employees Retirement System of Louisiana (MERS) - (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized in the following table:

| Asset Class | Target Asset Allocation | Long-Term Expected Portfolio Real Rate of Return |
|------------------------------------|-------------------------|--|
| Public equity | 53% | 2.31% |
| Public fixed income | 38% | 1.65% |
| Alternatives | 9% | 0.39% |
| Totals | 100% | 4.35% |
| Inflation | | 2.60% |
| Expected arithmetic nominal return | | 6.95% |

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

The following presents the City's proportionate share of the MERS net pension liability calculated using the discount rate of 6.85%, as well as what the City'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 as of June 30, 2021:

| | One Percentage Point Decrease 5.850% | Current Discount Rate 6.850% | One Percentage Point Increase 7.850% |
|-----------------------|---|---------------------------------|---|
| Net pension liability | \$ 1,969,326 | \$ 1,283,611 | \$ 703,625 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Employees' Retirement System of Louisiana Annual Financial Report at www.mersla.com or www.la.state.la.us.

Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$40,310, which is the legally required contribution due at June 30, 2022. This amount is recorded in accrued expenses.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

B. Municipal Police Employees' Retirement System of Louisiana (MPERS)

Plan Description

The City contributes to MPERS which is a cost-sharing multiple-employer defined benefit pension plan. MPERS was established by Act 189 of the 1973 regular session of the Legislature of the State of Louisiana to provide retirement, disability, and survivor benefits to municipal police officers in Louisiana.

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211- 11:2233.

MPERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.lampers.org or www.la.state.la.us.

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.

Retirement Benefits

Any member prior to January 1, 2013, can retire providing he/she meets one of the following criteria:

- a. At any age after 25 years of creditable service
- b. At age 55 after 12 years of creditable service
- c. At age 50 after 20 years of creditable service
- d. At any age after 20 years of creditable service, with an actuarially reduced benefit

Any member after January 1, 2013, under Hazardous Duty sub plan can retire providing he/she meets one of the following criteria:

- a. At any age after 25 years of creditable service
- b. At age 55 after 12 years of creditable service
- c. At any age after 20 years of creditable service, with an actuarially reduced benefit from age 55

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

B. Municipal Police Employees' Retirement System of Louisiana (MPERS) - (Continued)

Any member after January 1, 2013, under Non-Hazardous Duty sub plan can retire providing he/she meets one of the following criteria:

- a. At any age after 30 years of creditable service
- b. At age 60 after 10 years of creditable service
- c. At age 55 after 25 years of creditable service
- d. At any age after 20 years of creditable service, with an actuarially reduced benefit from age 55

Benefit rates for membership prior to January 1, 2013, are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Benefit rates for membership after January 1, 2013, are based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Deferred Retirement Option Plan (DROP) Benefits

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he/she is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty- six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefits based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

B. Municipal Police Employees' Retirement System of Louisiana (MPERS) - (Continued)

Disability Benefits

The Board of Trustees may award benefits to those eligible members who have been certified as disabled by the State Medical Disability Board. The application must be filed with the Board of Trustees through the office of the Director prior to the date of termination of employment. Please see specific procedures for disability retirement as described and provided for in R.S. 11:208, R.S. 11:216 through R.S. 11:224 and R.S. 11:223.

Survivor's Benefits

Upon the death of an active contributing member (membership prior to January 1, 2013), or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Upon the death of an active contributing member (membership after January 1, 2013), or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater. If the deceased member had less than ten years of service, the beneficiary will receive a refund of employee contributions only.

Cost-of-Living Increases

The Board of Trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary, or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor, or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a COLA until they reach retirement age. A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Initial Benefit Option Plan

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefits, plus a reduced

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

B. Municipal Police Employees' Retirement System of Louisiana (MPERS) - (Continued)

monthly retirement benefit for life. Interest is computed on the balance based on the same criteria as DROP.

Contributions

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2021, total contributions due for employers and employees were 43.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013, and Hazardous Duty members hired after January 1, 2013, were 33.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013, were 33.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 36.25% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2022, and excluded from pension expense.

The City's contractually required contribution rate for the year ended June 30, 2021, was 29.75% of annual 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 City were \$303,525 for the year ended June 30, 2021.

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

At June 30, 2022, the City reported a liability of \$1,571,360 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 City's proportion of the Net Pension Liability was based on a projection of the City'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 City's proportion was .294784%, which was an increase of .014458 percentage points from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$86,248 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$130,909.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

B. Municipal Police Employees' Retirement System of Louisiana (MPERS) - (Continued)

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to MPERS from the following sources:

| | <u>Governmental Activities</u> | |
|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ - | \$ (48,393) |
| Changes of assumptions | 174,020 | (44,824) |
| Net difference between projected and actual earnings on pension plan investments | - | (733,701) |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 7,772 | (191,499) |
| Employer contributions subsequent to the measurement date | <u>257,333</u> | <u>-</u> |
| Total | <u>\$ 439,125</u> | <u>\$ (1,018,417)</u> |

Deferred outflows of resources of \$257,333 related to MPERS resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to MPERS will be recognized in pension expense as follows:

| <u>Year Ended June 30</u> | |
|-------------------------------|---------------------|
| 2023 | \$ 12,302 |
| 2024 | (168,022) |
| 2025 | (170,793) |
| 2026 | <u>(252,779)</u> |
| | <u>\$ (579,292)</u> |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

B. Municipal Police Employees' Retirement System of Louisiana (MPERS) - (Continued)

Actuarial Assumptions

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

| | |
|----------------------------------|--|
| Valuation date | June 30, 2021 |
| Actuarial cost method | Entry Age Normal |
| Expected remaining service lives | 4 years |
| Actuarial assumptions: | |
| Investment rate of return | 6.750%, net of investment expense |
| Inflation rate | 2.50% |
| Projected salary increases | 1-2 years of service: 12.30% Above 2 years of service: 4.70% |
| Mortality rates | For annuitants and beneficiaries - Pub-2010 Public Retirement Plan Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used. For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used. For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used. |
| Cost-of-living Adjustments | The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees. |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

B. Municipal Police Employees' Retirement System of Louisiana (MPERS) - (Continued)

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2021 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Portfolio Real Rate of Return |
|------------------------------------|-------------------|--|
| Equity | 55.5% | 3.47% |
| Fixed income | 30.5% | 0.59% |
| Alternative | 14.0% | 1.01% |
| Totals | 100.0% | 5.07% |
| Inflation | | 2.22% |
| Expected arithmetic nominal return | | 7.29% |

The discount rate used to measure the total pension liability was 6.750%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System'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 City's proportionate share of the MPERS net pension liability calculated using the discount rate of 6.750%, as well as what the City'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 as of June 30, 2021:

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

B. Municipal Police Employees' Retirement System of Louisiana (MPERS) - (Continued)

| | One Percentage Point Decrease 5.750% | Current Discout Rate 6.750% | One Percentage Point Increase 7.750% |
|-----------------------|---|--------------------------------------|---|
| Net pension liability | \$ 2,738,632 | \$ 1,571,360 | \$ 597,082 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Police Employees' Retirement System of Louisiana Annual Financial Report at www.lampers.org or on www.lla.state.la.us.

Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$30,566, which is the legally required contribution due at June 30, 2022. This amount is recorded in accrued expenses.

C. Firefighters' Retirement System of Louisiana (FRS)

Plan Description

The City contributes to FRS which is a cost-sharing multiple-employer defined benefit pension plan. FRS was established by Act 434 of 1979 to provide retirement, disability, and death benefits to firefighters in Louisiana.

The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the FRS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief 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.

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980, shall become a member as a condition of employment. Members in the System consist of full-time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and are employed by a fire department of any municipality, parish, or fire district of the State of Louisiana, except for Orleans Parish and the City of Baton Rouge.

No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless FRS received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the FRS.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

C. Firefighters' Retirement System of Louisiana (FRS) - (Continued)

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies, or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with the FRS, or for any other purpose in order to attain eligibility or increase the amount of service credit in the FRS.

FRS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.lafirefightersret.com or www.lla.state.la.us.

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.

Retirement Benefits

Any member can retire providing he/she meets one of the following criteria:

- a. At any age after 25 years of creditable service
- b. At age 55 after 12 years of creditable service
- c. At age 50 after 20 years of creditable service

The retirement allowance is equal to three and one-third percent of the member's average final compensation based on the 36 consecutive months of highest pay multiplied by his years of creditable service, not to exceed one hundred percent of his average final compensation.

Optional Allowances

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement. See R.S. 11:2256(A) for additional details on retirement benefits.

Deferred Retirement Option Plan (DROP) Benefits

After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant has several options to receive their deferred retirement option plan benefit. A member may elect to roll over all or a portion of their deferred retirement option plan balance into another

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

C. Firefighters' Retirement System of Louisiana (FRS) - (Continued)

eligible qualified plan, receive a lump-sum payment from the account, receive single withdrawals at the discretion of the member, receive monthly or annual withdrawals, or receive an annuity based on the deferred retirement option plan account balance. These withdrawals are in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No withdrawals may be made from the deferred retirement option plan account until the participant retires.

Disability Benefits

A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Survivor's Benefits

Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R. S. 11:2256(B) & (C).

Cost-of-Living Increases

Under the provisions of R.S. 11:246 and 11:2260 A (7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases the system must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these cost of living adjustments, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member or retiree, plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of-living adjustment.

Initial Benefit Option Plan

Effective June 16, 1999, 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. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

C. Firefighters' Retirement System of Louisiana (FRS) - (Continued)

Contributions

Employer contributions are actuarially determined each year. For the year ended June 30, 2021, employer and employee contributions for members above the poverty line were 32.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 34.25% and 8.0%, respectively.

The System also receives insurance premium assessments from the state of Louisiana. This assessment is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2022, and excluded from pension expense. Non-employer contributions received by the System during the year ended June 30, 2021, were \$43,400.

The City's contractually required contribution rate for the year ended June 30, 2022, was 22.25% of annual 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 City were \$122,892 for the year ended June 30, 2021.

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

At June 30, 2022, the City reported a liability of \$538,386 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 City's proportion of the Net Pension Liability was based on a projection of the City'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 City's proportion was .151921%, which was an increase of .029981 percentage points from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$53,036 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$30,939.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued),

C. Firefighters' Retirement System of Louisiana (FRS) - (Continued)

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to FRS from the following sources:

| | <u>Governmental Activities</u> | |
|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ 7,683 | \$ (48,348) |
| Changes of assumptions | 116,664 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (326,724) |
| Change in proportion and differences between employer contributions and proportionate share of contributions | 180,075 | (209,703) |
| Employer contributions subsequent to the measurement date | <u>131,934</u> | <u>-</u> |
| Total | <u>\$ 436,356</u> | <u>\$ (584,775)</u> |

Deferred outflows of resources of \$131,934 related to FRS resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to FRS will be recognized in pension expense as follows:

| Year Ended <u>June 30</u> | |
|------------------------------|---------------------|
| 2023 | \$ 72,550 |
| 2024 | (84,477) |
| 2025 | (104,296) |
| 2026 | (94,165) |
| 2027 | 29,042 |
| 2028 | <u>33,102</u> |
| | <u>\$ (148,244)</u> |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

C. Firefighters' Retirement System of Louisiana (FRS) - (Continued)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability of FRS as of June 30, 2020, are as follows:

| | |
|----------------------------------|--|
| Valuation date | June 30, 2021 |
| Actuarial cost method | Entry Age Normal |
| Expected remaining service lives | 7 years |
| Actuarial assumptions: | |
| Investment rate of return | 6.90% per annum (net of investment expenses) |
| Inflation rate | 2.500% per annum |
| Projected salary increases | 14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases |
| Mortality rates | For active members, mortality set equal to Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees. For annuitants and beneficiaries, mortality set equal to Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees. In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale. |
| Cost of living adjustments | For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included. |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

C. Firefighters' Retirement System of Louisiana (FRS) - (Continued)

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The change integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

The June 30, 2021, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2021 and the G.S. Curran & Company Consultant Average study for 2021. The Consultant Average Study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns ,and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. Subsequent to the actuary's calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation. These changes include an increase to target weight in public equity, a decrease in the target weight in fixed income, and the inclusion of a target weight in private real assets. The changes to the target asset allocation are reflected in the table below. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2021.

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CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

C. Firefighters' Retirement System of Louisiana (FRS) - (Continued)

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

| Asset Class | Target Asset Allocation | Long-Term Expected Real Rate of Return |
|----------------------------------|-------------------------|--|
| U.S. equity | 27.5% | 5.86% |
| Non U.S. equity | 11.5% | 6.44% |
| Global equity | 10.0% | 6.40% |
| Emerging market equity | 7.0% | 8.64% |
| U.S. core fixed income | 18.0% | 0.97% |
| U.S. TIPS | 3.0% | 0.40% |
| Emerging market debt | 5.0% | 2.75% |
| Global tactical asset allocation | 0.0% | 4.17% |
| Risk parity | 0.0% | 4.17% |
| Real estate | 6.0% | 5.31% |
| Real assets | 3.0% | *** |
| Private equity | 9.0% | 9.53% |
| Totals | 100.0% | 54.6% |

***Subsequent to the actuary's calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation (which included a target weight in private real assets).

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System'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 City's proportionate share of the FRS's net pension liability calculated using the discount rate of 6.90%, as well as what the City'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 as of June 30, 2021:

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

C. Firefighters' Retirement System of Louisiana (FRS) - (Continued)

| | One Percentage Point Decrease 5.90% | Current Discount Rate 6.90% | One Percentage Point Increase 7.90% |
|-----------------------|--|--------------------------------------|--|
| Net pension liability | \$ 1,032,853 | \$ 583,386 | \$ 126,005 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Firefighters' Retirement System of Louisiana Annual Financial Report at www.lafirefightersret.com or on www.lla.state.la.us.

Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$17,336, which is the legally required contribution due at June 30, 2022. This amount is recorded in accrued expenses.

D. Louisiana State Employees' Retirement System (LASERS)

Plan Description

The City contributes to LASERS on behalf of the city judge of the City Court of Jennings (Ward 2). LASERS is a cost-sharing multiple employer defined benefit pension plan. LASERS was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of R.S. 11:401, as amended, for eligible state officers, employees, and their beneficiaries.

LASERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at www.lasersonline.org or www.lla.state.la.us.

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.

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 members' hire date, employer, and job classification. Rank and file members hired prior to July 1, 2006 may either retire with full benefits at any age upon completing thirty years of creditable service, at age 55 upon completing twenty-five years of creditable service, and at age 60 upon completing ten years of creditable

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

D. Louisiana State Employees' Retirement System (LASERS) - (Continued)

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. 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.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

D. Louisiana State Employees' Retirement System (LASERS) - (Continued)

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 Option Plan (DROP) 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.

Initial Benefit Option

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

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

D. Louisiana State Employees' Retirement System (LASERS) - (Continued)

Survivor's Benefits

Certain eligible surviving dependents receive benefits based on the deceased members' 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.

Cost-of-Living Increases

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

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. Rates for the year ended June 30, 2021, employer and employee contributions for Judges hired before January 1, 2011 were 42.5% and 11.5%, respectively.

The City's contractually required contribution rate for the year ended June 30, 2022, was 43.5% of annual 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 City were \$3,687 for the year ended June 30, 2021.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

D. Louisiana State Employees' Retirement System (LASERS) - (Continued)

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

At June 30, 2022, the City reported a liability of \$24,988 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 City's proportion of the Net Pension Liability was based on a projection of the City'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 City's proportion was 0.00045%, which was a decrease of 0.00001 percentage points from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$1,752 less employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$990.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to LASERS from the following sources:

| | <u>Governmental Activities</u> | |
|--|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Differences between expected and actual experience | \$ 25 | \$ - |
| Changes of assumptions | 612 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (5,827) |
| Change in proportion and differences between employer contributions and proportionate share of contributions | - | (451) |
| Employer contributions subsequent to the measurement date | <u>3,881</u> | <u>-</u> |
| Total | <u>\$ 4,518</u> | <u>\$ (6,278)</u> |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

D. Louisiana State Employees' Retirement System (LASERS) - (Continued)

Deferred outflows of resources of \$3,881 related to LASERS resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to LASERS will be recognized in pension expense as follows:

| Year Ended June 30 | |
|-----------------------|-------------------|
| 2023 | \$ 2,966 |
| 2024 | (898) |
| 2025 | (1,234) |
| 2026 | (2,594) |
| | <u>\$ (1,760)</u> |

Actuarial Assumptions

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

| | |
|----------------------------------|--|
| Valuation date | June 30, 2021 |
| Actuarial cost method | Entry Age Normal |
| Expected remaining service lives | 2 years |
| Actuarial assumptions: | |
| Investment rate of return | 7.40% per annum |
| Inflation rate | 2.30% per annum |
| Projected 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 | 3.00% | 12.80% |
| Judges | 2.60% | 5.10% |
| Corrections | 3.60% | 13.80% |
| Hazardous Duty | 3.60% | 13.80% |
| Wildlife | 3.60% | 13.80% |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

D. Louisiana State Employees' Retirement System (LASERS) - (Continued)

| | |
|---|--|
| Mortality rates | 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. |
| 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 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 2.30% 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 System's target asset allocation as of June 30, 2021 are summarized in the following table:

| <u>Asset Class</u> | <u>Expected Long Term Real Rate of Return</u> |
|----------------------------|---|
| Cash | -0.29% |
| Domestic equity | 4.09% |
| International equity | 5.12% |
| Domestic fixed income | 0.49% |
| International fixed income | 3.94% |
| Alternative investments | 6.93% |
| Total fund | 5.81% |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(14) PENSION PLANS - (Continued)

D. Louisiana State Employees' Retirement System (LASERS) - (Continued)

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 contributions from plan members 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 System's actuary. Based on those assumptions, the System'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 City's proportionate share of the LASERS's Net Pension Liability calculated using the discount rate of 7.40%, as well as what the City'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 as of June 30, 2021:

| | One Percentage Point Decrease 6.40% | Current Discount Rate 7.40% | One Percentage Point Increase 8.40% |
|-----------------------|--|--------------------------------------|--|
| Net pension liability | \$ 33,587 | \$ 24,988 | \$ 17,442 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Louisiana State Employees' Retirement System of Louisiana Annual Financial Report at www.lasersonline.org or on www.lla.state.la.us.

Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$488, which is the legally required contribution due at June 30, 2022. This amount is recorded in accrued expenses.

(15) LANDFILL JOINT VENTURE

The City is a participant in a joint venture referred to as the Jefferson Davis Parish Sanitary Landfill Commission. This entity was chartered on February 17, 1984. The Commission's purpose is the establishment of a long-term plan for the disposal of solid wastes in Jefferson Davis Parish. The Commission has contracted the operations of the landfill to an outside party. According to the contract, the contractor is responsible for any costs related to pollution remediation and eventual site closure. According to the charter, each participant in the Commission is responsible for a pro rata share of any operating deficits. Likewise, any distributions of surpluses are also shared on a pro rata basis. Each participant's pro rata share is based on the number of households within each participant's unit to the total number of households within all participating units.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(15) LANDFILL JOINT VENTURE - (Continued)

These proportions were determined using the 1980 U.S. Census as follows:

| <u>Locality</u> | <u>Number of Households</u> | <u>Percentages</u> |
|---|---------------------------------|--------------------|
| Jennings | 4,161 | .421196 |
| Welsh | 1,167 | .118129 |
| Lake Arthur | 1,212 | .122684 |
| Parish (excluding Jennings, Welsh, Lake Arthur, & Elton) | <u>3,339</u> | <u>.337991</u> |
| Totals | <u>9,879</u> | <u>1.00000</u> |

The Commission consists of six commissioners as follows: two residents of Jennings, one resident of Welsh, one resident of Lake Arthur, and two residents of Jefferson Davis Parish living outside the city limits of the Jennings, Welsh, Lake Arthur and Elton. The Commission members are to be appointed by the governing body of their place of residence.

The Commission has the power and authority to employ personnel, adopt its own budget and enter into agreements necessary for the operation of the Landfill. In certain instances, some agreements must be consented to by all six members of the Commission. Separate financial statements are available from the Jefferson Davis Parish Landfill Commission upon request.

Condensed financial information for the Jefferson Davis Parish Sanitary Landfill as of December 31, 2021 (the latest available audited financial statements) were as follows:

| | <u>Total</u> | <u>Jennings (42.1196%)</u> |
|-------------------------------------|---------------------|--------------------------------|
| Total assets | \$ 6,003,285 | \$ 2,528,560 |
| Deferred outflows of resources | 50,336 | 21,201 |
| Total liabilities | 17,698 | 7,454 |
| Deferred inflows of resources | 100,944 | 42,517 |
| Total net position | <u>\$ 5,934,979</u> | <u>\$ 2,499,790</u> |
| | | |
| Total program revenues | \$ 3,370,154 | \$ 1,419,495 |
| General revenues | 41,286 | 17,389 |
| | | |
| Distributions to member governments | 2,678,952 | 1,128,364 |
| Total expenses | <u>682,017</u> | <u>287,263</u> |
| Change in net position | <u>\$ 50,471</u> | <u>\$ 21,257</u> |

As of December 31, 2021, the Commission had no long-term debt outstanding.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(15) LANDFILL JOINT VENTURE - (Continued)

The Landfill Commission as owner of a sanitary landfill is subject to Environmental Protection Agency (EPA) regulations that require monitoring the landfill site for 30 years following closure of the site in addition to other closure requirements. These regulations also mandate that landfill owners provide financial assurances that they will have the resources available to satisfy the postclosure standards. These guarantees can be third-party trusts, surety bonds, letters of credit, insurance, or state sponsored plans. According to the Commission's contract with the site operator, "...the contractor shall be responsible for closure in accordance with the permit...". Additionally, "...the contractor's post-closure care, maintenance and monitoring responsibility shall be three (3) years, or as required by law,...". In the event the operator is for whatever reason unwilling or unable to fulfill this requirement, the responsibility for closure and post closure monitoring will revert back to the Commission.

Additionally, because of the industry the Commission participates in, certain potential liabilities are always present. These include, but are not limited to, environmental cleanup costs and EPA penalties for violation of its regulations. The EPA is empowered by law (through the Superfund legislation) to seek recovery from anyone who ever owned or operated a particular contaminated site, or anyone who ever generated or transported hazardous materials to a site (these parties are commonly referred to as potentially responsible parties, or PRPs). Potentially, the liability can extend to subsequent owners or to the parent company of a PRP. While there are no asserted or unasserted potential costs or penalties at the date of this report that the Commission is aware of, the potential is present.

For the year ended June 30, 2022, the City received \$168,479 from this Commission as its proportionate distribution, plus \$10,000 for economic development. The City also received \$1,013,958 as its share of gas revenues from this Commission. The Commission is classified as a governmental activity and the City has not included its 42.1% share of the Commission's net assets in these financial statements.

(16) ECONOMIC DEVELOPMENT COMMISSION JOINT VENTURE

The City is a participant in a joint venture referred to as the Jefferson Davis Parish Economic Development Commission. This entity was chartered on January 30, 2007. The Commission's purpose is to act as an agency to enhance economic development and sustainable growth in Jefferson Davis Parish. According to the charter, each member is responsible for contributing to the Commission an amount equal to the percentage as stated in the Commission's charter. The proportion of annual participation shall be as follows:

| <u>Member</u> | <u>Percentage</u> | <u>Not to Exceed</u> |
|---|-------------------|--------------------------|
| City of Jennings | .395 | \$ 75,000 |
| Jefferson Davis Parish Tourist Commission | .395 | 75,000 |
| Town of Welsh | <u>.210</u> | 40,000 |
| Total | <u>1.00</u> | |

The Commission consists of seven commissioners as follows: three residents of the City of Jennings, three representatives appointed by the Jefferson Davis Parish Tourist Commission, and one resident of the Town of Welsh. The Commission members are to be appointed by the governing body of their place of residence.

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(16) ECONOMIC DEVELOPMENT COMMISSION JOINT VENTURE - (Continued)

The Commission has the power and authority to employ a director to oversee and manage the operation of the commission office, hire other staff as needed, adopt its own budget, and enter into contracts for professional services necessary for the operation of the Commission.

Condensed financial information for the Jefferson Davis Economic Development Commission as of December 31, 2021 (the latest available audited financial statements) were as follows:

| | <u>Total</u> | <u>Jennings (39.5%)</u> |
|------------------------|-------------------|-----------------------------|
| Total assets | \$ 193,781 | \$ 76,543 |
| Total liabilities | <u>5,797</u> | <u>2,290</u> |
| Total net position | <u>\$ 187,984</u> | <u>\$ 74,254</u> |
| | | |
| Total program revenues | 175,000 | 69,125 |
| General revenues | 19,455 | 7,685 |
| | | |
| Total expenses | <u>179,789</u> | <u>71,017</u> |
| Change in net position | <u>\$ 14,666</u> | <u>\$ 5,793</u> |

As of December 31, 2021, the Commission had no long-term debt outstanding.

The Commission is classified as a governmental activity and the City has not included its 39.5% share of the Commission's net assets in these financial statements.

(17) COMPENSATION PAID TO MAYOR AND CITY COUNCIL

Salaries paid to the Mayor and Council during the year was as follows:

| | |
|---------------------|-------------------|
| Henry Guinn, Mayor | \$ 75,000 |
| William J. Armentor | 6,000 |
| Carolyn Simon | 6,000 |
| Stevie VanHook | 6,000 |
| Anthony LeBlanc | 6,000 |
| Clifton LeJeune | <u>6,000</u> |
| | |
| Total | <u>\$ 105,000</u> |

CITY OF JENNINGS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

(18) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss. The City is insured up to policy limits for each of the above risks. There were no significant changes in coverages, retentions, or limits during the year ended June 30, 2022. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years.

(19) LITIGATION AND CONTINGENT LIABILITIES

The City is involved in lawsuits for damages, discrimination, and personal injury. In the opinion of the City's attorney, these suits are without merit and/or adequately covered by liability insurance presently enforce by the City, except for policy deductibles which are considered to be immaterial. City management feels that any amounts not covered by insurance would be immaterial.

(20) FEDERAL GRANT

The City participates in federally assisted grant programs. These programs are subject to the program compliance audits by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City's management feels such disallowances, if any, will be immaterial. During the year ended June 30, 2022, the City received \$1,931,522 and spent \$64,670 of these fund.

(21) ON-BEHALF PAYMENTS FOR SALARIES

During 1996 the City implemented GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. This standard requires the City to report in the financial statements on-behalf salary payments made by the State of Louisiana to certain groups of city employees. Supplementary salary payments are made by the state directly to certain groups of employees. The City is not legally responsible for these salaries. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contribution made by the state. For the year ended June 30, 2022, the state paid supplemental salaries to the City's police, firemen and city marshal. On-behalf payments recorded as revenues and expenditures in the general fund financial statements for the year ended June 30, 2022 totaled \$398,582.

Required Supplemental Information

CITY OF JENNINGS, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
General Fund
For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with |
|---|----------------------|----------------------|----------------------|------------------------------|
| | Original | Final | | Final Budget |
| | | | | Favorable / (Unfavorable) |
| Revenues | | | | |
| Local sources: | | | | |
| Taxes | | | | |
| Ad valorem | \$ 481,000 | \$ 481,000 | \$ 498,981 | \$ 17,981 |
| Sales and use | 2,750,000 | 2,750,000 | 3,202,539 | 452,539 |
| Franchise tax | 540,000 | 540,000 | 784,599 | 244,599 |
| Other taxes, penalties, interest, etc. | 12,000 | 12,000 | 16,628 | 4,628 |
| Licenses and permits | 470,000 | 470,000 | 566,610 | 96,610 |
| Fees, charges, and commissions for services | 985,920 | 985,920 | 1,139,754 | 153,834 |
| Fines and forfeitures | 336,000 | 336,000 | 278,174 | (57,826) |
| Investment earnings | 11,050 | 11,050 | 25,606 | 14,556 |
| Other revenues | 958,000 | 958,000 | 26,911 | (931,089) |
| State sources: | | | | |
| State revenue sharing | 25,000 | 25,000 | 23,353 | (1,647) |
| Other state sources | 542,000 | 542,000 | 839,000 | 297,000 |
| Total revenues | <u>7,110,970</u> | <u>7,110,970</u> | <u>7,402,155</u> | <u>291,185</u> |
| Expenditures | | | | |
| General government | 2,076,660 | 2,076,660 | 1,816,541 | 260,119 |
| Public safety | 4,523,171 | 4,523,171 | 3,913,940 | 609,231 |
| Public works | 1,101,980 | 1,101,980 | 1,126,606 | (24,626) |
| Cultural and recreation | 959,809 | 959,809 | 738,583 | 221,226 |
| Health & welfare | 1,570 | 1,570 | 1,570 | - |
| Community development | 7,750 | 7,750 | 7,750 | - |
| Economic development | 200,000 | 200,000 | 300,000 | (100,000) |
| Capital outlay | - | - | 410,731 | (410,731) |
| Total expenditures | <u>8,870,940</u> | <u>8,870,940</u> | <u>8,315,721</u> | <u>555,219</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,759,970)</u> | <u>(1,759,970)</u> | <u>(913,566)</u> | <u>846,404</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 1,302,220 | 1,302,220 | 1,302,220 | - |
| Transfers out | - | - | - | - |
| Gain (loss) on sale of capital assets | - | - | 10,392 | 10,392 |
| Total other financing sources (uses) | <u>1,302,220</u> | <u>1,302,220</u> | <u>1,312,612</u> | <u>10,392</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | <u>(457,750)</u> | <u>(457,750)</u> | <u>399,046</u> | <u>856,796</u> |
| Fund balance at beginning of year | <u>11,783,272</u> | <u>11,783,272</u> | <u>11,783,272</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 11,325,522</u> | <u>\$ 11,325,522</u> | <u>\$ 12,182,318</u> | <u>\$ 856,796</u> |

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual
1994 1% Sales Tax Fund
For the Year Ended June 30, 2022

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Favorable / (Unfavorable) |
|---|--------------------|--------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Local sources | | | | |
| Taxes: | | | | |
| Sales and use | \$ 2,750,000 | \$ 2,750,000 | \$ 3,202,539 | \$ 452,539 |
| Fees, charges, and commissions for services | - | - | 195,415 | 195,415 |
| Investment earnings | 2,000 | 2,000 | 3,831 | 1,831 |
| Other state funds | - | - | 291,000 | 291,000 |
| Total revenues | <u>2,752,000</u> | <u>2,752,000</u> | <u>3,692,785</u> | <u>940,785</u> |
| Expenditures | | | | |
| General government | - | - | - | - |
| Public safety | 160,000 | 160,000 | 176,256 | (16,256) |
| Public works | 190,000 | 190,000 | 825,104 | (635,104) |
| Capital outlay | 900,000 | 900,000 | - | 900,000 |
| Total expenditures | <u>1,250,000</u> | <u>1,250,000</u> | <u>1,001,360</u> | <u>248,640</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,502,000</u> | <u>1,502,000</u> | <u>2,691,425</u> | <u>1,189,425</u> |
| Other financing sources (uses) | | | | |
| Transfers out | (2,311,797) | (2,311,797) | (2,311,797) | - |
| Total other financing sources (uses) | <u>(2,311,797)</u> | <u>(2,311,797)</u> | <u>(2,311,797)</u> | <u>-</u> |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (809,797) | (809,797) | 379,628 | 1,189,425 |
| Fund balance at beginning of year | <u>1,560,451</u> | <u>1,560,451</u> | <u>1,560,451</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 750,654</u> | <u>\$ 750,654</u> | <u>\$ 1,940,079</u> | <u>\$ 1,189,425</u> |

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Municipal Employees' Retirement System
Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2022*

| Year ended June 30, | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------------------|---|--|--|---|--|
| 2022 | 2.215764% | \$ 1,283,611 | \$ 1,702,868 | 75.4% | 77.8% |
| 2021 | 2.139175% | \$ 1,938,576 | \$ 1,657,794 | 116.9% | 66.3% |
| 2020 | 2.120727% | \$ 1,855,240 | \$ 1,621,223 | 114.4% | 66.1% |
| 2019 | 2.190497% | \$ 1,852,792 | \$ 1,623,332 | 114.1% | 63.9% |
| 2018 | 2.183565% | \$ 1,889,292 | \$ 1,620,762 | 116.6% | 62.5% |
| 2017 | 2.246939% | \$ 1,862,507 | \$ 1,650,846 | 112.8% | 62.1% |
| 2016 | 2.431884% | \$ 1,652,823 | \$ 1,694,352 | 97.5% | 68.7% |
| 2015 | 2.446385% | \$ 1,148,571 | \$ 1,651,012 | 69.6% | 76.9% |

* 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.

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Municipal Police Employees' Retirement System
Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2022*

| Year ended June 30, | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------------------|---|--|--|---|--|
| 2022 | 0.294784% | \$ 1,571,360 | \$ 899,334 | 174.7% | 84.1% |
| 2021 | 0.309242% | \$ 2,858,117 | \$ 955,164 | 299.2% | 70.9% |
| 2020 | 0.307356% | \$ 2,791,307 | \$ 959,843 | 290.8% | 71.0% |
| 2019 | 0.357444% | \$ 3,021,853 | \$ 1,055,593 | 286.3% | 71.9% |
| 2018 | 0.360008% | \$ 3,143,022 | \$ 1,074,736 | 292.4% | 70.1% |
| 2017 | 0.369931% | \$ 3,467,296 | \$ 1,036,254 | 334.6% | 66.0% |
| 2016 | 0.404035% | \$ 3,165,192 | \$ 1,080,767 | 292.9% | 70.7% |
| 2015 | 0.424652% | \$ 2,656,657 | \$ 1,099,638 | 241.6% | 75.1% |

* 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.

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Firefighters' Retirement System of Louisiana
Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2022*

| Year ended June 30, | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------------------|---|--|--|---|--|
| 2022 | 0.151921% | \$ 538,386 | \$ 381,061 | 141.3% | 86.8% |
| 2021 | 0.121940% | \$ 845,233 | \$ 303,582 | 278.4% | 72.6% |
| 2020 | 0.130070% | \$ 814,487 | \$ 314,363 | 259.1% | 74.0% |
| 2019 | 0.155431% | \$ 894,051 | \$ 370,058 | 241.6% | 74.8% |
| 2018 | 0.198084% | \$ 1,135,388 | \$ 462,498 | 245.5% | 73.5% |
| 2017 | 0.194830% | \$ 1,274,364 | \$ 439,300 | 290.1% | 68.2% |
| 2016 | 0.163219% | \$ 880,911 | \$ 346,870 | 254.0% | 72.4% |
| 2015 | 0.194955% | \$ 867,533 | \$ 374,728 | 231.5% | 76.0% |

* 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.

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Louisiana State Employees' Retirement System
Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2022*

| Year ended June 30, | Employer Proportion of the Net Pension Liability (Asset) | Employer Proportionate Share of the Net Pension Liability (Asset) | Employer's Covered Employee Payroll | Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------------------|---|--|--|---|--|
| 2022 | 0.001370% | \$ 24,988 | \$ 8,676 | 288.0% | 72.8% |
| 2021 | 0.000460% | \$ 38,128 | \$ 9,118 | 418.2% | 58.0% |
| 2020 | 0.000460% | \$ 33,544 | \$ 8,846 | 379.2% | 62.9% |
| 2019 | 0.000491% | \$ 33,486 | \$ 8,846 | 378.5% | 64.3% |
| 2018 | 0.000510% | \$ 35,898 | \$ 8,880 | 404.3% | 62.5% |
| 2017 | 0.000515% | \$ 40,441 | \$ 8,914 | 453.7% | 57.7% |
| 2016 | 0.000639% | \$ 43,462 | \$ 8,880 | 489.4% | 62.7% |
| 2015 | 0.000510% | \$ 31,702 | \$ 9,118 | 347.7% | 65.0% |

* 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.

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Municipal Employees' Retirement System
Schedule of Employer Contributions
For the Year Ended June 30, 2022*

| Year ended June 30, | Contractually Required Contribution | Contributions in Relation to Contractual Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a % of Covered Employee Payroll |
|---------------------------|---|--|--|--|--|
| 2022 | \$ 295,468 | \$ 295,468 | \$ - | \$ 1,702,868 | 17.4% |
| 2021 | 263,944 | 263,944 | - | 1,702,868 | 15.5% |
| 2020 | 232,091 | 232,091 | - | 1,657,794 | 14.0% |
| 2019 | 226,971 | 226,971 | - | 1,621,223 | 14.0% |
| 2018 | 215,091 | 215,091 | - | 1,623,332 | 13.2% |
| 2017 | 178,284 | 178,284 | - | 1,620,762 | 11.0% |
| 2016 | 156,830 | 156,830 | - | 1,650,846 | 9.5% |
| 2015 | 160,964 | 160,964 | - | 1,694,352 | 9.5% |
| 2014 | 140,288 | 140,288 | - | 1,651,012 | 8.5% |
| 2013 | 160,964 | 160,964 | - | 1,694,352 | 9.5% |

*Amounts presented were determined as of the end of the fiscal year.

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

CITY OF JENNINGS, LOUISIANA
Municipal Police Employees' Retirement System
Schedule of Employer Contributions
For the Year Ended June 30, 2022*

| Year ended June 30, | Contractually Required Contribution | Contributions in Relation to Contractual Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a % of Covered Employee Payroll |
|---------------------------|---|--|--|--|--|
| 2022 | \$ 257,333 | \$ 257,333 | \$ - | \$ 861,334 | 29.9% |
| 2021 | 303,525 | 303,525 | - | 899,334 | 33.7% |
| 2020 | 310,428 | 310,428 | - | 955,164 | 32.5% |
| 2019 | 309,549 | 309,549 | - | 959,843 | 32.2% |
| 2018 | 324,595 | 324,595 | - | 1,055,593 | 30.8% |
| 2017 | 341,229 | 341,229 | - | 1,074,736 | 31.8% |
| 2016 | 305,695 | 305,695 | - | 1,036,254 | 29.5% |
| 2015 | 340,442 | 340,442 | - | 1,080,767 | 31.5% |
| 2014 | 329,923 | 329,923 | - | 1,099,638 | 30.0% |

*Amounts presented were determined as of the end of the fiscal year.

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

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Firefighters' Retirement System of Louisiana
Schedule of Employer Contributions
For the Year Ended June 30, 2022*

| Year ended June 30, | Contractually Required Contribution | Contributions in Relation to Contractual Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a % of Covered Employee Payroll |
|---------------------------|---|--|--|--|--|
| 2022 | \$ 131,934 | \$ 131,934 | \$ - | \$ 391,304 | 33.7% |
| 2021 | 122,892 | 122,892 | - | 381,061 | 32.2% |
| 2020 | 84,244 | 84,244 | - | 303,582 | 27.7% |
| 2019 | 83,306 | 83,306 | - | 314,363 | 26.5% |
| 2018 | 98,065 | 98,065 | - | 370,058 | 26.5% |
| 2017 | 116,781 | 116,781 | - | 462,498 | 25.3% |
| 2016 | 119,709 | 119,709 | - | 439,300 | 27.2% |
| 2015 | 101,460 | 101,460 | - | 346,870 | 29.3% |
| 2014 | 102,448 | 102,448 | - | 374,728 | 27.3% |

*Amounts presented were determined as of the end of the fiscal year.

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

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Louisiana State Employees' Retirement System
Schedule of Employer Contributions
For the Year Ended June 30, 2022*

| Year ended June 30, | Contractually Required Contribution | Contributions in Relation to Contractual Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Employee Payroll | Contributions as a % of Covered Employee Payroll |
|---------------------------|---|--|--|--|--|
| 2022 | \$ 3,881 | \$ 3,881 | \$ - | \$ 8,880 | 43.7% |
| 2021 | 3,687 | 3,687 | - | 8,676 | 42.5% |
| 2020 | 3,866 | 3,866 | - | 9,118 | 42.4% |
| 2019 | 3,547 | 3,547 | - | 8,846 | 40.1% |
| 2018 | 3,547 | 3,547 | - | 8,846 | 40.1% |
| 2017 | 3,374 | 3,374 | - | 8,880 | 38.0% |
| 2016 | 3,396 | 3,396 | - | 8,914 | 38.1% |
| 2015 | 3,685 | 3,685 | - | 8,880 | 41.5% |
| 2014 | 3,213 | 3,213 | - | 9,118 | 35.2% |

*Amounts presented were determined as of the end of the fiscal year.

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

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA

**Notes to the Required Supplementary Information
As of and for the Year Ended June 30, 2022**

1. BUDGETS

Basis of Accounting

The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the City. Legally, the City must adopt a balanced budget; that is total budgeted revenues and other financing sources including fund balance must equal or exceed total budgeted expenditures and other financing uses. State statutes require the City to amend its budgets when revenues plus projected revenues within a fund are expected to be less than budgeted revenues by five percent or more and/or expenditures within a fund are expected to exceed budgeted expenditures by five percent or more.

2. PENSIONS

Changes of Benefit Terms

For MERS, FRS, MPERS, and LASERS, there were no changes of benefit terms for the year ended June 30, 2021.

Changes of Assumptions

Municipal Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2021, the discount rate was reduced from 6.95% to 6.85%. No change in inflation rate.

Municipal Police Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2021, the discount rate was reduced from 6.950% to 6.750%. No change in inflation rate.

Firefighters' Retirement System

For the actuarial valuation for the year ended June 30, 2021, the discount rate was reduced from 7.00% to 6.90%. No change in inflation rate.

Louisiana State Employees' Retirement System

For the actuarial valuation for the year ended June 30, 2021, the discount rate was reduced from 7.55% to 7.40%. No change in inflation rate.

Other Supplemental Schedules

CITY OF JENNINGS, LOUISIANA
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2022

| | Special Revenue | | Capital Projects | Debt Service | Total |
|--|---------------------|-------------------|------------------------------------|--|-----------------------------------|
| | Street Fund | Library Fund | Facilities Improvements Fund | Facilities Improvements Sinking Fund | Nonmajor Governmental Funds |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,064,623 | \$ 443,581 | \$ - | \$ 165,660 | \$ 1,673,864 |
| Investments | - | 18,157 | - | - | 18,157 |
| Receivables, net of allowances for uncollectibles | 1,755 | 60,786 | - | - | 62,541 |
| Prepaid items | 2,615 | 21,500 | - | - | 24,115 |
| Restricted cash and cash equivalents | - | - | 4,863 | 584,475 | 589,338 |
| Total assets | <u>\$ 1,068,993</u> | <u>\$ 544,024</u> | <u>\$ 4,863</u> | <u>\$ 750,135</u> | <u>\$ 2,368,015</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts, salaries, and other payables | \$ 9,753 | \$ 4,653 | \$ - | \$ - | \$ 14,406 |
| Total liabilities | <u>9,753</u> | <u>4,653</u> | <u>-</u> | <u>-</u> | <u>14,406</u> |
| Fund balances: | | | | | |
| Restricted for: | | | | | |
| Public works | 1,059,240 | - | - | - | 1,059,240 |
| Culture and recreation | - | 539,371 | - | - | 539,371 |
| Debt service | - | - | - | 750,135 | 750,135 |
| Capital projects | - | - | 4,863 | - | 4,863 |
| Total fund balances | <u>1,059,240</u> | <u>539,371</u> | <u>4,863</u> | <u>750,135</u> | <u>2,353,609</u> |
| Total liabilities and fund balances | <u>\$ 1,068,993</u> | <u>\$ 544,024</u> | <u>\$ 4,863</u> | <u>\$ 750,135</u> | <u>\$ 2,368,015</u> |

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Non-major Governmental Funds
Combining Statement of Revenues, Expenditures and
and Changes in Fund Balances
For the Year Ended June 30, 2022

| | Special Revenue | | Capital Projects | Debt Service | Total Nonmajor Governmental Funds |
|---|-----------------|-----------------|----------------------|------------------------------|--|
| | Street Fund | Library Fund | Facilities | Facilities | |
| | | | Improvements Fund | Improvements Sinking Fund | |
| REVENUES | | | | | |
| Local sources: | | | | | |
| Taxes | | | | | |
| Ad valorem | \$ 617,504 | \$ 276,389 | \$ - | \$ - | \$ 893,893 |
| Other taxes, penalties, interest, etc. | 1,833 | 820 | - | - | 2,653 |
| Fines and forfeitures | - | 27 | - | - | 27 |
| Investment earnings | 2,195 | 808 | 484 | - | 3,487 |
| Other revenues | 514 | 62,898 | - | - | 63,412 |
| State sources: | | | | | |
| Other state funds | 13,090 | 14,914 | - | - | 28,004 |
| Federal sources | 18,169 | - | - | - | 18,169 |
| Total revenues | 653,305 | 355,856 | 484 | - | 1,009,645 |
| EXPENDITURES | | | | | |
| General government | - | - | - | 1,200 | 1,200 |
| Public works | 1,166,105 | - | - | - | 1,166,105 |
| Cultural and recreation | - | 293,398 | - | - | 293,398 |
| Debt service | - | - | - | 499,553 | 499,553 |
| Total expenditures | 1,166,105 | 293,398 | - | 500,753 | 1,960,256 |
| Excess (deficiency) of revenues over (under) expenditures | (512,800) | 62,458 | 484 | (500,753) | (950,611) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 508,824 | - | - | 500,753 | 1,009,577 |
| Transfers out | - | - | - | - | - |
| Gain (loss) on sale of capital assets | 9,200 | - | - | - | 9,200 |
| Total other financing sources and uses | 518,024 | - | - | 500,753 | 1,018,777 |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | 5,224 | 62,458 | 484 | - | 68,166 |
| Fund balances - beginning | 1,054,016 | 476,913 | 4,379 | 750,135 | 2,285,443 |
| Fund balances - ending | \$ 1,059,240 | \$ 539,371 | \$ 4,863 | \$ 750,135 | \$ 2,353,609 |

See accompanying notes and independent auditors' report.

CITY OF JENNINGS, LOUISIANA
Schedule of Compensation, Benefits, and other Payments
to Agency Head or Chief Executive Officer
For the Year Ended June 30, 2022

Agency Head Name: Mayor Henry Guinn

| <u>Purpose</u> | <u>Amount</u> |
|--|-------------------|
| Salary | \$ 75,289 |
| Benefits-insurance | 8,849 |
| Benefits-retirement | 11,670 |
| Benefits-other | - |
| Mileage | 3,896 |
| Vehicle provided by government | - |
| Per diem | - |
| Reimbursements | - |
| Travel | - |
| Registration fees | 100 |
| Conference travel | 2,096 |
| Continuing professional education fees | 750 |
| Housing | - |
| Unvouchered expenses | - |
| Special meals | 672 |
| | <hr/> |
| | <u>\$ 103,321</u> |

See accompanying notes and independent auditors' report.

Justice System Funding Schedule - Receiving Entity

As Required by Act 87 of the 2020 Regular Legislative Session

| Identifying Information | |
|---|-------------------------|
| Entity Name | City of Jennings |
| LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes.) | 2179.00 |
| Date that reporting period ended (mm/dd/yyyy) | Thursday, June 30, 2022 |

If legally separate court funds are required to be reported, a separate receiving schedule should be prepared for each fund. Examples

| | First Six Month Period Ended 12/31/2021 | Second Six Month Period Ended 6/30/2022 |
|--|--|--|
|--|--|--|

Cash Basis Presentation

10. Receipts From: *(Must include one agency name and one collection type - see below - on each line)*

| | | |
|---|---------|---------|
| <i>Asset Forfeiture/Sale</i> | 54,865 | 21,108 |
| <i>Pre-Trial Diversion Program Fees</i> | 1,210 | 1,100 |
| <i>Criminal Court Costs/Fees</i> | 1,249 | 2,324 |
| <i>Criminal Fines - Contempt</i> | - | - |
| <i>Criminal Fines - Other</i> | 105,738 | 159,633 |
| Subtotal Receipts | 163,062 | 184,165 |

11. Ending Balance of Amounts Assessed but Not Received *(only applies to those agencies that assess on behalf of themselves, such as courts)*

| | | |
|--|---|---|
| | - | - |
|--|---|---|

| Collection Types to be used in the "Receipts From:" section above | |
|---|--|
| a | Civil Fees |
| b | Bond Fees |
| c | Asset Forfeiture/Sale |
| d | Pre-Trial Diversion Program Fees |
| e | Criminal Court Costs/Fees |
| f | Criminal Fines - Contempt |
| g | Criminal Fines - Other |
| h | Restitution |
| i | Probation/Parole/Supervision Fees |
| j | Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees) |
| k | Interest Earnings on Collected Balances |
| l | Other <i>(do not include collections that fit into more specific categories above)</i> |

Other Reports



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

NICHOLAS J. LANGLEY
PHILLIP D. ABSHIRE, III
SARAH CLARK WERNER
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JESSICA LOTT-HANSEN

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

The Mayor and Members of the City Council
City 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 business-type activities, each major fund, and the aggregate remaining fund information of the City of Jennings, Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's primary government basic financial statements and have issued my report thereon dated February 20, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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.

This report is intended solely for the information and use of management, the City Council, others within the entity, the Legislative Auditor, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under the provisions of Louisiana Revised Statutes 24:513 and 44:6, this report is a matter of public record and its distribution is not limited.



Jennings, Louisiana

February 20, 2023

CITY OF JENNINGS, LOUISIANA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022**

1. Summary of Audit Results

Financial Statements

Type of auditors' report issued Unqualified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiency identified not considered to be material weaknesses? None noted

Noncompliance material to financial statements noted? No

2. Current Year Findings and Management Corrective Action Plan

Internal Control Over Financial Reporting:

There were no findings with regards to internal control.

Compliance:

There were no findings with regards to compliance.

3. Prior Year Findings and Management Corrective Action Plan

Internal Control Over Financial Reporting:

There were no findings with regards to internal control.

Compliance:

There were no findings with regards to compliance.



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

City of Jennings, Louisiana
Jennings, Louisiana

We have performed the procedures enumerated below, which were agreed to by City of Jennings, Louisiana ("City") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period from July 1, 2021 through June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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 that 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, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- 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 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

We obtained a copy of the City's written policies and procedures to ascertain that they addressed each of the categories and subcategories listed above.

Per our inspection of those policies and procedures, we noted that there was no written policy or procedures for a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy, use of antivirus software on all systems and timely application of all available system and software patches/updates. However, we did inspect supporting documentation that the three policies are in place and being performed.

Management's response: Per discussion with management, they will update their written policies to include these policies.

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.

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

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as

well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Exception: The minutes observed did not include a monthly budget-to-actual comparison.

Management's response: Per discussion with management, monthly emails are sent to the board members of detail budget-to-actual comparisons.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

The unassigned fund balance in the general fund was not negative per the prior year audit.

Bank Reconciliations

- 3. Obtain a listing of client 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 selected each account, and observe that:

We obtained a list of bank accounts from management and management's representation that the list was complete. Once obtained we selected the month of October for testing for all accounts.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, 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 that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

Collections

- 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 that are 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.

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

- 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.

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

- 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 verifies the reconciliation.

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

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

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.

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

- 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 that 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).

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).

Obtained a listing of locations that process payments and management's representation that the listing is complete.

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.

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

- 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.

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 that the disbursement matched the related original invoice/billing statement.

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

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

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

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

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

Obtained a listing of all active credit cards and management's representation that the listing is complete.

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

- a) Observe that 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) was reviewed and approved, in writing, 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 were no exceptions noted as a result of applying this procedure.

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

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

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that 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).

Exception: There were two meal transactions where an itemized receipt was not provided. The two transactions totaled to \$49.91.

Management's response: Per discussion with management, City employees were reminded of the policy and will monitor closely.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5

reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

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

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

When applicable to the sample selected, there were no exceptions noted as a result of applying this procedure.

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

When applicable to the sample selected, there were no exceptions noted as a result of applying this procedure.

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

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

Contracts

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

Obtained a listing of all agreements/contracts for the fiscal period and management's representation that the listing is complete.

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

When applicable to the sample selected, there were no exceptions noted as a result of applying this procedure.

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

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

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

When applicable to the sample selected, there were no exceptions noted as a result of applying this procedure.

- 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 that the invoice and related payment agreed to the terms and conditions of the contract.

There were no exceptions noted as a result of applying these procedures.

Payroll and Personnel

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

Obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete.

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

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

There were no exceptions noted as a result of applying these procedures.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

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

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

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

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

There were no exceptions noted as a result of applying these procedures.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

There were no exceptions noted as a result of applying these procedures.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a. Observe that 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 that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Exception: Employees did not attest through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Management's response: Per discussion with management, employees are provided a policy and procedure manual, which includes the ethics policy and any updates.

Debt Service

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

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

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

There were no exceptions as a result of applying these procedures.

Fraud

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

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

24. Observe that 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

25. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

- a. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- 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.

We performed the procedure and discussed the results with management.

- c. Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

Sexual Harassment

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

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

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

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

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

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

- b. Number of sexual harassment complaints received by the agency;
- c. Number of complaints which resulted in a finding that sexual harassment occurred;
- d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action;
- e. Amount of time it took to resolve each complaint.

Exception: The report was dated on February 3, 2022.

Management's response: Per discussion with management, the report will be filed timely going forward.

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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, Louisiana
February 21, 2023