

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)

Annual Financial Statements

As of and for the Year Ended December 31, 2021 with
Supplemental Information Schedules

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INDEPENDENT AUDITOR'S REPORT

To the Honorable David M. Duke, Judge
City Court of Bogalusa
Bogalusa, Louisiana

Opinions

I have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the City Court of Bogalusa, Louisiana, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City Court's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary funds of the City Court of Bogalusa, Louisiana, as of December 31, 2021, and the respective changes in financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the City Court of Bogalusa, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City Court of Bogalusa'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.

Auditor's Responsibility for the Audit of the Financial Statements

My 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 my 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, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City Court of Bogalusa'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City Court of Bogalusa's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

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 (GASB), 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. My opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information beginning on page 29, and the supplementary schedules required by GASB statement No. 68, on pages 32 and 33, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Bogalusa's basic financial statements. The schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute 24:513 A(3), and the Justice System Schedules as prescribed by Act 87 of the Legislative Session, are presented for purposes of additional analysis and are not a required part of the financial statements.

Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the amounts paid by the City Court included on the schedule of compensation, benefits, and other payments to agency head, and justice funding schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The amounts paid by the City of Bogalusa, the Washington Parish Government, and the State of Louisiana included on the schedule of compensation, benefits, and other payments to agency head have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated June 30, 2022, on my consideration of the City Court of Bogalusa's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.


Robert A Neilson, CPA

Bogalusa, Louisiana
June 30, 2022

Financial Statements

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

Statement of Net Position
December 31, 2021

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 29,372
Capital Assets, net of accumulated depreciation	419
	<hr/>
Total Assets	29,791
	<hr/>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	4,651
	<hr/>
Total Deferred Outflows	4,651
	<hr/>
LIABILITIES	
Accrued Payroll Liabilities	8,638
Net Pension Liability	54,490
	<hr/>
Total Liabilities	63,128
	<hr/>
DEFERRED INFLOWS OF RESOURCES	
Pension Related	12,984
	<hr/>
Total Deferred Inflows	12,984
	<hr/>
NET POSITION	
Net Investment in Capital Assets	419
Unrestricted	(42,089)
	<hr/>
Total Net Position	\$ (41,670)
	<hr/> <hr/>

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

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

Statement of Activities
For the Year Ended December 31, 2021

		Program Revenues		Net (Expenses) Revenue and Change in Net Assets
	Expenses	Fees, Fines, & Charges for Services	Operating Grants & Contributions	Governmental Activities
Functions & Programs				
Governmental				
Activities:				
Judicial	\$ 387,360	\$ 140,973	\$ 270,920	\$ 24,533
		General Revenues		
		Restitution		1,900
		Interest		-
		Transfers		-
		Total General Revenues & Transfers		1,900
		Change in Net Position		26,433
		Net Position- Beginning		(68,103)
		Net Position- Ending		\$ (41,670)

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

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

Balance Sheet
Governmental Funds
December 31, 2021

ASSETS	<u>General Fund</u>
Cash	\$ 29,372
Total Assets	<u>29,372</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accrued Payroll Liabilities	<u>8,638</u>
Total Liabilities	<u>8,638</u>
FUND BALANCE	
Unassigned	<u>20,734</u>
Total Fund Balance	<u>20,734</u>
Total Liabilities & Fund Balance	<u>\$ 29,372</u>

Amounts reported for net position in the *governmental activities* statement of net position are different from fund balance reported above because:

Fund Balance as reported above	\$ 20,734
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Capital assets used in governmental activities are not financial resources and are not reported in the fund financial statements.	419
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Long-term liabilities including amounts that are not due in the current period and, therefore are not reported in governmental funds

Net Pension Liability	(54,490)
Deferred Outflows of Resources	4,651
Deferred Inflows of Resources	<u>(12,984)</u>

Net position of governmental activities.	<u>\$ (41,670)</u>
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The accompanying notes are an integral part of this financial statement.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2021

REVENUES	<u>General Fund</u>
Court Fees	\$ 140,973
Intergovernmental	270,920
Restitution	1,900
	413,793
Total Revenues	413,793
EXPENDITURES	
Judicial:	
Salaries	276,749
Payroll Taxes	4,674
Fringe Benefits	75,532
Legal & Professional fees	17,866
Continuing Education	585
Telephone & Postage	1,709
Travel	3,952
Supplies & Miscellaneous	3,210
Dues & Subscriptions	5,311
Meals	248
Telephone - Judge	1,076
Auto Expense	4,800
Seminars & Conventions	423
	396,135
Total Expenditures	396,135
Net Change in Fund Balance	17,658
Fund Balances- Beginning	3,076
Fund Balances-Ending	\$ 20,734

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

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2021

Net Change in Fund Balances- governmental funds \$ 17,658

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for Capital Assets	-	
Current Year Depreciation	<u>(145)</u>	(145)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions are reported as pension expense.

Pension Expense		<u>8,920</u>
Change in net position of government activities		<u>\$ 26,433</u>

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

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)

Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2021

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 77,975
Total Assets	<u>77,975</u>
Liabilities	
Liabilities:	
Bond Forfeitures pending disbursement	15,440
Due to litigants and others	<u>62,535</u>
Total Liabilities	<u>\$ 77,975</u>

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

Financial Statement Notes

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)
Notes to Financial Statements
As of and for the Year Ended December 31, 2021

1. Summary of Significant Accounting Policies

The City Court of Bogalusa (a component unit of the City of Bogalusa) is a court of limited jurisdiction created under the authority of Louisiana Revised Statutes (RS) 13:1952 and serves Ward 4 of Washington Parish, Louisiana, in civil, criminal, and juvenile judicial proceedings.

The Court's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Court are discussed below.

Reporting Entity

According to Governmental Accounting Standards Board Statement (GASBS) No. 14 as amended by GASBS No. 61, the City of Bogalusa (the City) is the financial reporting entity for the Court. The financial reporting entity consists of (a) the primary government (the City), (b) organizations for which the primary government is financially accountable, and (c) other 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 or incomplete.

Even though the City Court Judge is an independently elected official, and is legally separate from the City, the Court is considered a component unit of the City because of fiscal dependence. The City provides the courtroom and office space for the Court. The City also pays retirement and a portion of the salaries for the Court's clerks. The accompanying financial statements present information only on the funds maintained by the Court, and do not present information on the City, the general governmental services provided by the City, or the other governmental units that comprise the financial reporting entity of the City.

Basic Financial Statements

The Court's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Court's general operations are classified as governmental activities. The Court's collections specifically related to civil, criminal, and bonding cases are classified as fiduciary activities and are not included in the government-wide financial statements.

In the government-wide Statement of Net Position, the Court's operating activities are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations.

Basic Financial Statements – Government-Wide Statements

The government-wide Statement of Activities reports both the gross and net cost of the Court's functions. The functions are also supported by general government revenues (fees, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by any related program revenues, operating and capital grants. Program revenues must be directly associated with the function (court operations). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenue (fees, intergovernmental revenues, interest income, etc.) and the Court does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Court as an entity and the change in the Court's net position resulting from the current year's activities.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)
Notes to Financial Statements
As of and for the Year Ended December 31, 2021

Basic Financial Statements – Fund Financial Statements

The financial transactions of the Court are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its applicable assets, liabilities, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Court's only major fund is the general fund. There are no non-major funds in the fund financial statements. A description of the types of funds utilized by the Court is as follows:

Governmental Funds - The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Court reports these major governmental funds and fund types:

The general fund is the Court's primary operating fund. It is used to account for and report all financial resources except those required to be accounted for in another fund.

The activities reported in this fund are included as governmental activities in the government-wide financial statements.

Fiduciary (Agency) Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Court programs. The reporting focus is on the assets held for others and liabilities to those other parties. These funds do not report net position. Agency funds utilize accounting principles similar to that found in the private sector which employ full accrual accounting.

The Court's fiduciary funds are presented in the fiduciary fund financial statements by type (agency only). Because by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Civil Fund - The civil fund maintains deposits made by plaintiffs who file civil suits. These deposits are recorded as a liability. The court acts only as a collection agent for fees and settlements in civil matters. As the suits are processed, the various fees and settlements collected are paid out on a monthly basis. After a case is dismissed, any excess deposit is refunded to the plaintiff.

Garnishments from civil suits are also maintained within the civil fund. Payments from third parties are received by the clerk and disbursed to the plaintiff. The activity in this account is not reflected in a statement of revenues collected and expenditures paid, but rather as an increase or decrease in cash and a corresponding change in liability.

Bond Fund - The bond fund is used to account for the collection and ultimate disposition of bonds posted by citizens who have been issued citations for traffic violations or arrested for criminal offenses. Bonds posted by violators are held until their cases are heard in the City Court of Bogalusa. At that time, the bonds for persons convicted of violations may be distributed to various agencies if the person elects to have their bond used for payment of fines. Otherwise, the bond is refunded to the defendant.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)
Notes to Financial Statements
As of and for the Year Ended December 31, 2021

Criminal Fund - The criminal fund is used to account for the collection and disbursement to various agencies of monies paid to the Court for citations or criminal charges issued to defendants.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements (the Court's general fund) are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available.

Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

Financial Statement Amounts

Cash and Investments - Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Under state law, the Court may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. The Court is allowed, under state law, to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. The Court invests in certificates of deposit.

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

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5 – 20 years

Compensated Absences - The salaries of Court employees are the responsibility of the City of Bogalusa. All related accruals for wages, vacations, or sick pay are reported on the City's financial statements.

Government-Wide Net Position - Government-Wide net position is divided into three components:

- Net investment in capital assets—consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- Restricted net position—consist of assets that are restricted by outside parties or sources such as creditors (for example, through debt covenants), by the state

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)
Notes to Financial Statements
As of and for the Year Ended December 31, 2021

enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by contributors.

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

Governmental Fund Balances - In the governmental fund financial statements, fund balances are classified as follows:

- Non-spendable—Amounts that cannot be spent either because they are in a non-spendable 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 state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed—Amounts that can be used only for specific purposes determined by law. Commitments may be established, modified, or rescinded only with approval of the highest decision-making body for budgetary purposes.
- Assigned—Amounts that are designated for a particular purpose but are not spendable until a formal action by the Judge has been made.
- Unassigned—All amounts not included in other spendable classifications.

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

Interfund Activity - Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related net cost as a reimbursement. All other interfund transactions are treated as transfers.

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.

2. Stewardship, Compliance, and Accountability

The budget was prepared on the modified accrual basis of accounting. Neither encumbrance accounting nor formal integration of the budget into the accounting records is employed as a management control device.

3. Cash and Cash Equivalents

At December 31, 2021, the Court's general fund had cash and cash equivalents (book balance) totaling \$29,372 in non-interest-bearing demand deposits through a local bank.

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)
Notes to Financial Statements
As of and for the Year Ended December 31, 2021

At December 31, 2021, the Court maintained cash (book) balances of \$ 77,973 in the agency funds, which were held in deposit accounts through a local bank as follows:

Interest bearing demand deposits	\$ -
Non-interest bearing demand deposits	<u>107,345</u>
Total cash	<u>\$ 107,345</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures" requires disclosure of custodial credit risk for bank deposits. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. At December 31, 2021, the Court's deposits were secured from risk by federal deposit insurance.

4. Capital Assets

A summary of the capital asset and accumulated depreciation activity and the current year depreciation follows:

	12/31/2020	Additions	Deletions	12/31/2021
Capital assets being depreciated				
Equipment	\$ 25,850	\$ -	\$ -	\$ 25,850
Total capital assets being depreciated	<u>25,850</u>	-	-	<u>25,850</u>
Less: accumulated depreciation for:				
Equipment	(25,286)	(145)	-	(25,431)
Total accumulated depreciation	<u>(25,286)</u>	<u>(145)</u>	-	<u>(25,431)</u>
Capital assets being depreciated, net	<u>\$ 564</u>	<u>\$ (145)</u>	<u>\$ -</u>	<u>\$ 419</u>

For the year ended December 31, 2021, depreciation expense was \$145.

5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following at December 31, 2021:

Accrued salaries	\$ 6,365
Accrued payroll taxes	<u>2,273</u>
Total	<u>\$ 8,638</u>

CITY COURT OF BOGALUSA
(A Component Unit of the City of Bogalusa, Louisiana)
Notes to Financial Statements
As of and for the Year Ended December 31, 2021

6. On Behalf Payments and Expenses Paid by Other Governmental Entities

GASB Statement 24 establishes accounting and financial reporting standards for pass-through grants, food stamps, and on-behalf payments for fringe benefits, salaries, and other expenses. The following amounts were paid on-behalf of the Court for employee salaries and fringe benefits and other expenses for the Court during 2021:

Revenue:	
City of Bogalusa	\$ 164,545
State of Louisiana	57,365
Washington Parish Government	<u>49,010</u>
Total	<u>\$ 270,920</u>

In accordance with Statement No. 24, these compensation payments are included as revenue and expenditures in the accompanying financial statements.

7. Pension Plans

Clerks

General – The Court participates in funding a retirement plan under the City of Bogalusa because the majority of salaries and benefits are paid by the City of Bogalusa.

Plan Description - City of Bogalusa Employees' Retirement System (COBERS) is a single-employer defined benefit pension plan that covers appointive officers and permanent employees of the City. The Court clerks participate in this plan. COBERS provides retirement, disability, and death benefits to plan members and their beneficiaries. COBERS financial statements are included in the basic financial statements of the City of Bogalusa. The financial report may be obtained by writing the City of Bogalusa Employees' Retirement System, Post Office Box 1179, Bogalusa, LA 70429-1179.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The City of Bogalusa is required to contribute at an actuarially determined rate. For the year ended December 31, 2021, the City of Bogalusa contributed 11% of covered salaries.

At December 31, 2021, the court did not have a proportionate share of the net pension liability since it is under the City of Bogalusa's retirement plan.

Judge

Summary of Significant Accounting Policies

Pensions

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and additions to/deductions from LASERS' fiduciary net position have been determined on the same basis as they are reported by LASERS. 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.

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General Information about the Pension Plan

Plan Description

The Judge of the City Court is provided with pensions through a cost-sharing multiple-employer defined benefit plan administered by the Louisiana State Employees' Retirement System (LASERS). Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) grants to LASERS Board of Trustees and the Louisiana Legislature the authority to review administration, benefit terms, investments, and funding of the plan. LASERS issues a publicly available financial report that can be obtained at www.lasersonline.org.

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

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service, at age 55 upon completing 25 years of creditable service, and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015 may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. 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.

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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.

Members of the Harbor Police Retirement System who were members prior to July 1, 2014, may retire after 25 years of creditable service at any age, 12 years of creditable service at age 55, 20 years of creditable service at age 45, and 10 years of creditable service at age 60. Average compensation for the plan is the member's average annual earned compensation for the highest 36 consecutive months of employment, with a 3.33% accrual rate. 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 Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above. For members who are in the Harbor Police Plan, the annual DROP Interest Rate is the three-year average (calculated as the compound average of 36 months) investment return of the plan assets for the period ending the June 30th immediately preceding that given date. The average rate so determined is to be reduced by a "contingency" adjustment of 0.5%, but not to below zero. DROP interest is forfeited if a member does not cease employment after DROP participation.

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.

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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.

Members of the Harbor Police Retirement System who become disabled may receive a non-line of duty disability benefit after five years or more of credited service. Members age 55 or older may receive a disability benefit equivalent to the regular retirement benefit. Under age 55, the disability benefit is equal to 40% of final average compensation. Line of duty disability benefits are equal to 60% of final average compensation, regardless of years of credited service or 100% of final average compensation if the injury was the result of an intentional act of violence. If the disability benefit retiree is permanently confined to a wheelchair, or, is an amputee incapable of serving as a law enforcement officer, or the benefit is permanently legally binding, there is no reduction to the benefit if the retiree becomes gainfully employed.

Survivor's Benefits

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

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

Non-line of duty survivor benefits of the Harbor Police Retirement System may be received after a minimum of five years of credited service. Survivor benefits paid to a surviving spouse without children are equal to 40% of final average compensation, and cease upon remarriage. Surviving spouse with children under 18 benefits are equal to 60% of final average compensation, and cease upon remarriage, and children turning 18. No minimum service credit is required for line of duty survivor benefits which are equal to 60% of final average compensation to surviving spouse, or 100% of final average compensation if the injury was the result of an intentional act of violence regardless of children. Line of duty survivor benefits cease upon remarriage, and then benefit is paid to children under 18.

Permanent Benefit Increases/Cost-of-Living Adjustments

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

Contributions

The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PR SAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However,

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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 are as follows:

Plan	Plan Status	2021 Employer Rate
Appellate Law Clerks	Closed	40.10%
Appellate Law Clerks hired on or after 7/1/06	Closed	40.10%
Alcohol Tobacco Control	Closed	38.10%
Bridge Police	Closed	38.50%
Bridge Police hired on or after 7/1/06	Closed	38.50%
Corrections Primary	Closed	38.70%
Corrections Secondary	Closed	43.00%
Harbor Police	Closed	12.10%
Hazardous Duty	Open	45.00%
Judges hired before 1/1/11	Closed	42.50%
Judges hired after 12/31/10	Closed	43.60%
Judges hired on or after 7/1/15	Open	43.60%
Legislators	Closed	36.50%
Optional Retirement Plan (ORP) before 7/1/06	Closed	40.10%
Optional Retirement Plan (ORP) on or after 7/1/06	Closed	40.10%
Peace Officers	Closed	40.90%
Regular Employees hired before 7/1/06	Closed	40.10%
Regular Employees hired on or after 7/1/06	Closed	40.10%
Regular Employees hired on or after 1/1/11	Closed	40.10%
Regular Employees hired on or after 7/1/15	Open	40.10%
Special Legislative Employees	Closed	38.50%
Wildlife Agents	Closed	50.50%
Aggregate Rate		40.60%

The Court's contractually required composite contribution rate for the year ended December 31, 2021 was 43.6% 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 Agency were \$7,452 for the year ended December 31, 2021.

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

At December 31, 2021 the Employer reported a liability of \$54,490 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

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used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Agency's proportion of the Net Pension Liability was based on a projection of the Agency'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 Agency's proportion was 0.00099%, which was an increase of 0.00008% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Agency recognized pension expense of \$8,920.

At December 31, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54	\$ (277)
Changes of assumptions	1,335	-
Net difference between projected and actual earnings on pension plan investments	-	(12,707)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the measurement date	3,262	-
Total	\$ 4,651	\$ (12,984)

\$3,262 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$	817
2023	\$	1,958
2024	\$	2,887
2025	\$	5,657

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Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of December 31, 2021 are as follows:

Valuation Date	June 30, 2021 and 2020																		
Actuarial Cost Method	Entry Age Normal																		
Actuarial Assumptions:																			
Expected Remaining Service Lives	2 years																		
Investment Rate of Return	7.40% and 7.55% per annum for 2021 and 2021																		
Inflation Rate	2.30% per annum for 2021 and 2020.																		
Mortality	<p>Non-disabled members – The RP-2014 Blue Collars (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.</p> <p>Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table with no projection for mortality improvement.</p>																		
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members.																		
Salary Increases	<p>Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for 2021 and 2020 specific types of members were:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Member Type</th> <th style="text-align: center;">Lower Range</th> <th style="text-align: center;">Upper Range</th> </tr> </thead> <tbody> <tr> <td>Regular</td> <td style="text-align: center;">3.0%</td> <td style="text-align: center;">12.8%</td> </tr> <tr> <td>Judges</td> <td style="text-align: center;">2.6%</td> <td style="text-align: center;">5.1%</td> </tr> <tr> <td>Corrections</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> <tr> <td>Hazardous Duty</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> <tr> <td>Wildlife</td> <td style="text-align: center;">3.6%</td> <td style="text-align: center;">13.8%</td> </tr> </tbody> </table>	Member Type	Lower Range	Upper Range	Regular	3.0%	12.8%	Judges	2.6%	5.1%	Corrections	3.6%	13.8%	Hazardous Duty	3.6%	13.8%	Wildlife	3.6%	13.8%
Member Type	Lower Range	Upper Range																	
Regular	3.0%	12.8%																	
Judges	2.6%	5.1%																	
Corrections	3.6%	13.8%																	
Hazardous Duty	3.6%	13.8%																	
Wildlife	3.6%	13.8%																	
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.																		

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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 adjusting for expected inflation and an adjustment for the effect of rebalancing/diversification. The expected rate of inflation was 2.3% for 2021 and 2020. The resulting expected long-term nominal rates of return are 7.61% for 2021 and 8.25% for 2020. 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 and 2020 are summarized in the following table:

Expected Long Term Real Rates of Return		
Asset Class	2021	2020
Cash	-0.29%	-0.59%
Domestic Equity	4.09%	4.79%
International Equity	5.12%	5.83%
Domestic Fixed Income	0.49%	1.76%
International Fixed Income	3.94%	3.98%
Alternative Investments	6.93%	6.69%
Risk Parity	N/A	4.20%
Total Fund	5.81%	5.81%

Discount Rate

The discount rate used to measure the total pension liability was 7.40% and 7.55% for June 30, 2021 and 2020, respectively. 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.

In accordance with GASB 67, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following presents the net pension liability of the participating employers calculated using the discount rate of 7.40% and 7.55% for June 30, 2021 and 2020, respectively, as well as what the employers' 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.

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

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.55%, as well as what the employers' 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.

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	1.0% Decrease (6.55%)	Current Discount Rate (7.55%)	1.0% Increase (8.55%)
Employer's Proportionate share of the net pension liability	\$ 73,829	\$ 54,490	\$ 38,034

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At December 31, 2021, the Court recorded a payable to LASERS in the amount of \$861.

8. Changes in Agency Funds

The financial activity of agency funds does not represent revenues and expenditures of the Court, and as such, is not included in the general fund statement of revenues, expenditures, and changes in fund balance. These agency funds are used to account for the assets held by the Court in a fiduciary capacity and consist of cash on deposit for legal cases appearing before the Court that will be disbursed to fund certain costs of the case or returned to the parties involved upon resolution of the related litigation, citations, etc. Each case's balances and activities are accounted for separately but are reported in the aggregate within the Agency Fund Statement of Asset and Liabilities as amounts due litigants and others.

Activity for the year within the amounts due litigants and others account is summarized as follows:

	Civil Fund	Bond Fund	Criminal Fund	Total
Balance as of 12/31/20	\$ 37,866	\$ 24,833	\$ 18,297	\$ 80,996
Collections	135,942	90,593	298,021	524,556
Settlements	(133,912)	(81,630)	(296,595)	(512,137)
Bond forfeitures pending disbursement	-	(15,440)	-	(15,440)
Transfer to/from other funds	-	-	-	-
Balance as of 12/31/21	\$ 39,896	\$ 18,356	\$ 19,723	\$ 77,975

Required Supplemental Information

**GOVERNMENTAL FUND – GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE-BUDGET
(GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Court Fees	\$ 92,000	\$ 105,000	\$ 140,973	\$ 35,973
Intergovernmental	251,000	250,000	270,920	20,920
Restitution	475	675	1,900	1,225
Interest			-	
Total Revenues	343,475	355,675	413,793	58,118
EXPENDITURES				
Judicial:				
Salaries	229,000	254,000	276,749	(22,749)
Fringe Benefits & Payroll Taxes	73,000	80,000	86,082	(6,082)
Contract Labor	-	-	-	-
Legal & Professional fees	1,950	11,000	17,866	(6,866)
Bank Fees	-	135	-	135
Continuing Education	500	-	585	(585)
Telephone & Postage	1,200	1,600	1,709	(109)
Travel	11,000	2,100	3,952	(1,852)
Supplies & Miscellaneous	3,400	3,400	3,210	190
Dues & Subscriptions	5,000	6,000	5,311	689
Meals	170	-	248	(248)
Service Contracts	-	-	-	-
Probation Fees	-	-	-	-
Capital Outlay	-	-	-	-
Seminars & Conventions	880	-	423	(423)
Total Expenditures	326,100	358,235	396,135	(37,900)
Excess (deficiency) of revenues	17,375	(2,560)	17,658	20,218
Fund Balances- Beginning	(6,694)	(6,694)	3,076	9,770
Fund Balances-Ending	\$ 10,681	\$ (9,254)	\$ 20,734	\$ 29,988

City Court of Bogalusa
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Schedule of Employer's Share of Net Pension Liability - LASERS
As of the year ended December 31, 2021

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the NPL (Asset)	Employer's Covered-Employee Payroll	Proportionate Share of the NPL (Asset) as a Percentage of its Covered-Employee	Position as a Percentage of the Total Pension Liability
2021	0.000990%	\$ 54,490	\$ 19,219	283.521515%	72.779978%
2020	0.000909%	75,180	17,988	417.713079%	57.998533%
2019	0.001293%	88,171	23,244	379.327999%	62.899134%
2018	0.000752%	51,286	13,752	372.934846%	64.300379%

*The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

See independent auditor's report.

City Court of Bogalusa
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Schedule of Employer's Contributions - LASERS
As of the year ended December 31, 2021

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2021	9,588	9,673	(85)	18,633	51.9147%
2020	9,687	9,687	-	21,240	45.6073%
2019	11,373	11,373	-	24,000	47.3875%
2018	11,803	11,803	-	29,507	40.0007%

*The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

See independent auditor's report.

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Identifying Information	
Entity Name	Bogalusa City Court
LLA Entity ID # (This is the ID number assigned to the entity by the Legislative Auditor for identification purposes and will be filled out by your auditor.)	2103
Date that reporting period ended (mm/dd/yyyy)	Friday, December 31, 2021
Cash Basis Presentation	Tweleve Month Period Ended 12/31/2021

Beginning Balance of Amounts Collected (i.e. cash on hand)	-	17,874
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Add: Collections (Please enter zeros if no activity within a certain collection type)

Civil Fees (including refundable amounts such as garnishments or advance deposits)	135,942	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	298,913	-
Criminal Fines - Contempt	-	-
Criminal Fines - Other	-	-
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	-	-
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	-	-
Subtotal Collections	434,855	-

Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)

<u>Civil</u>		
Collections - Garnishments	86586.6	-
JSCA Board	6401	-

Refund of Advances	27608.21	
La. Supreme Court	116.5	
Criminal		
JE Fund (For 2020, these funds were paid to the City of Bogalusa; not retained by Court)	113339.92	
City of Bogalusa	33,580	
Washington Parish 88% of state fines	23,295	-
District Attorney - 12% of state fines	3,177	-
District Attorney	6,160	-
City Prosecutor	18,367	-
4th Ward Marshal	29,173	
IDB	37,440	
Juvenile Justice Commission - Adult JJC-Adult/Juv	4,435	
Law Enforcement Training and Assistance Fund - LLET	1,664	
CVRF	1,260	
LTHSF - Speeding/DWI1/DWI2/ROMV	590	
OWF - City of Bogalusa	10,640	
Washington Parish Coroner - WP Govt	750	
CMIS-CityTrafficCityMisd/StateTraffic/StateMisd/DWI	2,500	
St. Tammany Parish - Lab Fee	6,950	
Probation - City of Bogalusa	800	
DATF	-	
DAET	1,700	
La. Supreme Court	416	
BCC JE 2% of LLET	34	-

Less: Amounts Retained by Collecting Agency

Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection (enter zero if no activity to report here)	-	-
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount (enter zero if no activity to report here)	-	-
Amounts "Self-Disbursed" to Collecting Agency (must include a separate line for each collection type, as applicable) - Example: Criminal Fines - Other (To be reported as a separate line per collection type under this heading, multiple rows may be needed)	-	-

Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies (Please enter zeros if no activity within a certain line item)

Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individuals (additional detail is not required)	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	-	-

Subtotal Disbursements/Retainage	416,981	-
---	---------	---

Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	17,874	17,874
--	--------	--------

Ending Balance of "Partial Payments" Collected but not Disbursed <i>(only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.</i>	-	-
---	---	---

Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	-	-
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	-	-

City Court of Bogalusa
(A Component Unit of the city of Bogalusa, Louisiana)
Justice System Funding Schedule
For the Year Ended 12/31/2021

	<u>First Six Month period Ended 06/30/21</u>	<u>Second Six Month period Ended 12/30/21</u>
Receipts From:		
<i>Not Applicable</i>	-	-
Subtotal Receipts	-	-
Ending Balance of Amounts Assessed but Not Received	-	-

Collection Types to be used in the Receipts From:
Civil Fees
Bond Fees
Asset Forfeiture/Sale
Pre-Trial Diversion Program Fees
Criminal Court Costs/Fees
Criminal Fines - Contempt
Criminal Fines - Other
Restitution
Probation/Parole/Supervision Fees
Service/Collection Fees
Interest Earnings on Collected Balances
Other

-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)

**Schedule of Compensation, Benefits and Other
Payments to Agency Head
As of the Year Ended December 31, 2021**

Agency Head Name: David Merlin Duke, Judge

Purpose	Dollar Amount
Salary	
Paid from City Funds	\$ 24,000
Paid from Washington Parish	23,077
Paid from La. Supreme Court	47,655
Paid from Bogalusa City Court (Civil filings)	13,809
Benefits-insurance	9,019
Benefits-retirement	14,880
Auto Expense	4,800
Per diem	236
Reimbursements	-
Travel	-
Registration fees	950
Conference travel	-
Conference Housing	2,629
Unvouchered expenses (example: travel advances, etc.)	-
Special meals	-
Other - Telephone	1,076
TOTAL	<u>\$ 142,131</u>

Compensation & Fringe benefits includes expenditures paid through the Court and on-behalf payments. See Note 6 for more detail related to on-behalf payments.

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

To the Honorable David M. Duke, Judge
City of Court of Bogalusa
Bogalusa, Louisiana

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary funds of the City Court of Bogalusa, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City Court's basic financial statements, and have issued my report thereon dated June 30, 2022.

Internal Control over Financial Reporting

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

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

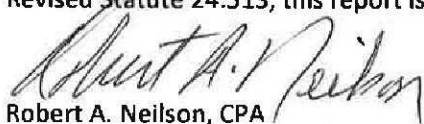
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that I consider to be significant deficiencies (findings 2020-1, and 2020-2).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City Court's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and responses (finding 2020-3).

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Robert A. Neilson, CPA

Bogalusa, Louisiana
June 30, 2022

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued		Unmodified
Internal control over financial reporting		
Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Noncompliance material to financial statements noted?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Internal Control Findings

2021-1 Inadequate Segregation of Cash Receipts Functions - Repeat Finding

CRITERIA: The Court should have a control policy according to which no single employee should be given responsibility for more than one related function.

CONDITION: The Court did not have adequate segregation of functions within the cash receipt system.

CAUSE: Lack of segregation of functions led to overlapping of duties and untimely cash deposits.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) Initial authorization of cash receipts; (2) custody and deposits; (3) record keeping and maintenance of customer account records; and (4) reconciliation.

MANAGEMENT’S CORRECTIVE ACTION PLAN: While the Court does maintain a policy and procedure regarding the acceptance and collection of cash receipt system, the Court continually reviews the duties of the individuals who collects the funds, another who verifies the funds against ledger reports, still a third who makes the deposits, and the supervisor who reconciles the funds with agency head approval.

2021-2 Financial Reporting - Repeat Finding

CRITERIA: Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

CONDITION: As common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Court’s annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles.

Consistent with this decision, internal controls over the preparation of year-end adjusting entries and

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2021

annual financial statements, complete with the notes, in accordance with generally accepted accounting principles have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued auditing standards require that I report the above condition as a control deficiency. The standards do not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America. The remedy would be cost prohibitive or otherwise impractical.

CAUSE: The Court does not have the resources to have an external accountant prepare the financial statements in accordance with GAAP and also retain the auditor.

POTENTIAL EFFECT OF CONDITION: The financial reports will not be presented in accordance with generally accepted accounting principles.

RECOMMENDATION: As mentioned in the condition, whether or not it would be cost effective to cure a control deficiency is not a factor in applying auditing standards' reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies an auditor reports under the auditing standards. In this case, I do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action necessary.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Court agrees that a prudent use of funds to engage the auditor to prepare the court's annual financial statements; we therefore agree with the auditor's recommendation that no corrective action is necessary given the court's size.

Noncompliance Finding

Item 2021-3 Local Government Budget Act (LGBA) - Repeat Finding

CRITERIA: The chief executive or administrative officer of a political subdivision subject to public participation with a budget of \$500,000 or more must advise the governing authority or independently elected official in a written notice when:

- (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by 5% or more.
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by 5% or more.

Even in situations in which R.S. 39:1311 does not require written notice, a political subdivision still must amend its adopted budget whenever anticipated revenues or expenditures vary by 5% or more. Governmental entities with anticipated expenditures of less than \$500,000 in the general fund and special revenue funds are exempt from the written notice requirement.

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2021

The Legislative Auditor interprets the provisions of the LGBA, including R.S. 39:1310 and R.S. 39:1311, to provide for a mandatory budget amendment for those political subdivisions with total proposed expenditures of less than \$500,000 when a 5% variance occurs between actual and budgeted revenues or expenditures.

CONDITION: The Court actual expenditures were over budget by 9.6%.

CAUSE: The expenditures were under budgeted as a result of not amending the budget.

POTENTIAL EFFECT OF CONDITION: Violation of State Law.

RECOMMENDATION: The Court should periodically review interim financial data compared to the budget and amend the budget accordingly.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Court revised its budget near year-end so that the budget might better reflect the revenues and expenditures projected to occur at year's end, as required by the Local Government Budget Act (RS 39:1311). This year the Court has reduced the variance in budget to actual over last year's variance. These revenues and related expenditures are hard to predict in a criminal and civil court setting where budgeting is done through other entities especially given the Covid Pandemic. The Court will continue to review the actual to budget comparisons more closely each month and amended toward year's end.

Summary Schedule of Prior Year Findings (For the Year Ended December 31, 2020)

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued		Unmodified
Internal control over financial reporting		
Material weakness identified?	_____ Yes	___X___ No
Significant deficiencies identified that are not considered to be material weaknesses?	___X___ Yes	_____ No
Noncompliance material to financial statements noted?	___X___ Yes	_____ No

Internal Control Findings

2020-1 Inadequate Segregation of Cash Receipts Functions

CRITERIA: The Court should have a control policy according to which no single employee should be given responsibility for more than one related function.

CONDITION: The Court did not have adequate segregation of functions within the cash receipt system.

CAUSE: Lack of segregation of functions led to overlapping of duties and untimely cash deposits.

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2021

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud may occur and not be prevented and/or detected.

RECOMMENDATION: Management should reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) Initial authorization of cash receipts; (2) custody and deposits; (3) record keeping and maintenance of customer account records; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: While the Court does maintain a policy and procedure regarding the acceptance and collection of cash receipt system, the Court will review and further clarify the duties of the individual who collects the funds, another who verifies the funds, still a third who makes the deposits, and the supervisor who reconciles the funds.

2020-2 Financial Reporting - Repeat Finding

CRITERIA: Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

CONDITION: As common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Court's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare the financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with the notes, in accordance with generally accepted accounting principles have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued auditing standards require that I report the above condition as a control deficiency. The standards do not provide exceptions to reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America. The remedy would be cost prohibitive or otherwise impractical.

CAUSE: The Court does not have the resources to have an external accountant prepare the financial statements in accordance with GAAP and also retain the auditor.

POTENTIAL EFFECT OF CONDITION: The financial reports will not be presented in accordance with generally accepted accounting principles.

RECOMMENDATION: As mentioned in the condition, whether or not it would be cost effective to cure a control deficiency is not a factor in applying auditing standards' reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies an auditor reports under the auditing standards. In this case, I do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action necessary.

CLIENT RESPONSE: The Court agrees that a prudent use of funds to engage the auditor to prepare the court's annual financial statements; we therefore agree with the auditor's recommendation that no corrective action is necessary.

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2021

Noncompliance Finding

Item 2020-3 Local Government Budget Act (LGBA) - Repeat Finding

CRITERIA: The chief executive or administrative officer of a political subdivision subject to public participation with a budget of \$500,000 or more must advise the governing authority or independently elected official in a written notice when:

- (1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, are failing to meet total budgeted revenues and other sources by 5% or more.
- (2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by 5% or more.

Even in situations in which R.S. 39:1311 does not require written notice, a political subdivision still must amend its adopted budget whenever anticipated revenues or expenditures vary by 5% or more. Governmental entities with anticipated expenditures of less than \$500,000 in the general fund and special revenue funds are exempt from the written notice requirement.

The Legislative Auditor interprets the provisions of the LGBA, including R.S. 39:1310 and R.S. 39:1311, to provide for a mandatory budget amendment for those political subdivisions with total proposed expenditures of less than \$500,000 when a 5% variance occurs between actual and budgeted revenues or expenditures.

CONDITION: The Court actual revenues were under budget by 7.5%.

CAUSE: The revenues were under budgeted revenues due to COVID-19.

POTENTIAL EFFECT OF CONDITION: Violation of State Law.

RECOMMENDATION: The Court should periodically review interim financial data compared to the budget and amend the budget accordingly.

CLIENT RESPONSE: The Court revised its budget near year-end so that the budget might better reflect the revenues and expenditures projected to occur at year's end, as required by the Local Government Budget Act (RS 39:1311). This year the Court has reduced the variance in budget to actual by 9%. These revenues and related expenditures are hard to predict in a criminal and civil court setting especially given the Covid Pandemic. The Court will continue to review the actual to budget comparisons more closely each month.

RECOMMENDATION: As mentioned in the condition, whether or not it would be cost effective to cure a control deficiency is not a factor in applying auditing standards' reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all deficiencies an auditor reports under the auditing standards. In this case, I do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action necessary.

CLIENT RESPONSE: The Court agrees that a prudent use of funds to engage the auditor to prepare the court's annual financial statements; we therefore agree with the auditor's recommendation that no corrective action is necessary.

City Court of Bogalusa
(A Component Unit of the City of Bogalusa, Louisiana)
Statewide Agreed-Upon Procedures
For the Year Ended December 31, 2021

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable David M. Duke, Judge
City Court of Bogalusa
And the Louisiana Legislative Auditor

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. The City Court of Bogalusa's management is responsible for those C/C areas identified in the SAUPs.

The City Court of Bogalusa (the Court) and the Louisiana Legislative Auditor (LLA) have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "No exceptions noted" or for step 25 "I performed the procedure and discussed the results with management". If not, then a description of the exception ensues.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

The Court does not have budgeting policies and procedures.

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.

The Court has written policies as to how purchases are initiated; however, they do not address attribute (2) how vendors are added to the vendor list nor attribute (4) controls to ensure compliance with the Public Bid Law. Due to the small size of the Court attribute (3) the preparation and approval process of purchase requisitions and purchase orders and attribute (5) documentation required to be maintained for all bids and price quotes, are not warranted.

- c) **Disbursements**, including processing, reviewing, and approving

The Court utilizes TylerIncode to process purchases. A requisition is submitted, reviewed and then approved. No exceptions noted.

- 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).

No exceptions noted.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

The Court has written policies for Payroll/Personnel; however, the policy does not specifically address attribute

- 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.

The Court does not have a written policy for contracting; however the court adheres to the bid law and Title VI.

- 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).

The Court does not use credit cards.

Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers. h)

The Court does not have a written policy for Travel and Expense Reimbursements that includes (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers; however, the court adheres to the travel policies and procedures from the State of Louisiana Supreme Court Judicial Administrator.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations,

and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The Court does have a written policy for Ethics that includes (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the City'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.

The Court does not have Debt Service.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Court does not have a written policy for Information Technology Disaster Recovery/ Business continuity that includes (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.

The Court has a written policy for Sexual Harassment that does address (1) agency responsibilities and prohibitions and (3) annual reporting; however, the policy does not specifically address attribute (2) annual employee training.

B - Board or Finance Committee Non Applicable

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.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget to actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior

year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

C - Bank Reconciliations

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

A listing of bank accounts was provided. Management identified the Court's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, I selected all bank accounts (1 main operating and the remaining 3) and obtained the bank reconciliations for the month ending December 31, 2021, resulting in 4 bank reconciliations obtained and subjected to the below procedures.

- 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);

For 4 out of 4 bank reconciliations tested, all reconciliations were prepared within 2 months of the statement closing date.

- 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

For 4 out of 4 bank reconciliations tested, there were no exceptions noted.

- 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.

Of the 4 bank reconciliations tested, there were no exceptions.

D - Collections (excluding electronic funds transfers)

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

A listing of deposit sites was provided and included a total of one deposit sites. No exceptions were noted as a result of performing this procedure.

From the listing provided, I selected the deposit site and performed the procedures below.

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 list of collection locations for each deposit site selected in procedure #4 was provided and included a total of one collection locations. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, I randomly selected one collection location for each deposit site. Review of the Court's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) Employees that are responsible for cash collections do not share cash drawers/registers. *One cash drawer is shared.*
- 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. prenumbered receipts) to the deposit.

The Court has a court clerk, a civil clerk, and a criminal clerk that handle cash collections. Deposits are taken to the bank by an officer of the Marshalls office. The court clerk reconciles collection documentation to the deposit.

- 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.

The court clerk (who handles cash collections) is responsible for reconciling collections to the general ledger by revenue source and agency fund. Because of the court's small staff and budget constraints, it is not feasible to have another person handle the reconciling function.

- 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.

The court clerk (who handles cash collections) is responsible for reconciling collections to the general ledger by revenue source and agency fund. Because of the court's small staff and budget constraints, it is not feasible to have another person handle the reconciling function. No exceptions noted.

- e) Procedures tested at attribute a) – d) are included in entity's written policies and procedures (P&P noting employees responsible for cash collections do not share cash drawers/registers) *No exceptions noted.*
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period. *The Court has coverage for bond or insurance policy for theft for all employees of the Court.*
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:

I randomly selected two deposit dates for each of the 4 bank accounts selected in procedure #3. I obtained supporting documentation for each of the 10 deposits and performed the procedures below.

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

The Court has software that issues sequentially pre-numbered receipts.

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

Of the 10 deposits tested for each bank account, the deposit slips were traced out.

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

No exceptions noted.

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

Deposits were made weekly, not within one business day of collection.

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

No exceptions noted.

E - 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).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, I randomly selected 1 location and performed the procedures below.

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:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Court's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
The court clerk can initiate a purchase request and place the order or make the purchase. The judge approves all purchases.

b) At least two employees are involved in processing and approving payments to vendors. *The court clerk processes payments to vendors. The payments are approved by the judge.*

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.

For the location selected for our procedures, the person processing payments was not prohibited from adding / modifying vendor files. The same employee is responsible for periodic review of vendor files.

d) If answer to c) is no, is another employee responsible for periodically reviewing changes to vendor files

For the location selected for our procedures, there is no other employee responsible for periodically reviewing changes to vendor files.

e) Check signers are responsible for mailing signed checks or gives signed checks to an employee who is not responsible for processing payments

For the location selected for our procedures, the employee who is responsible for signing the checks is not the employee responsible for mailing the signed checks.

f) Procedures tested at attributes a) – e) are included in entity's written policies and procedures. *No exceptions noted.*

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 listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, I randomly selected 5 disbursements and performed the procedures below.

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

No exceptions noted.

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

For 3 out of the 5 disbursements tested, a single employee initiated the purchase request, approved the purchase, and made the purchase.

Also, for 5 out of the 5 disbursements tested, the employee responsible for processing the payment is also responsible for modifying vendor files.

F - Credit Cards/Debit Cards/Fuel Cards/P-Cards - Not Applicable as the Court does not use 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.

Not applicable.

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 whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing, 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.]]

Not Applicable.

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

Not Applicable.

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 it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Not Applicable.

G - 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:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, I randomly selected 5 reimbursements and performed the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

The judge approves all reimbursements.

H - 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:

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, I randomly selected 5 contracts and performed the procedures below.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- 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.

No exceptions noted.

I - 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.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, I randomly selected 5 employees/officials and performed the specified procedures. There were no exceptions noted as a result of performing this procedure.

- 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:

I randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

- a) Observe 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.)

No exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

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

No exceptions noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions noted.

- 18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials,

obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity's policy.

A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, I randomly selected 2 employees/officials and performed the specified procedures. There was no policy provided regarding termination payments. For all other specified procedures there were no exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

Court did not have any changes to the ethics policy. No exception noted.

K - 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 State Bond Commission approval was obtained for each bond/note issued.

Not applicable.

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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not applicable.

L - Fraud Notice

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.

No exceptions noted.

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

No exceptions noted.

M - Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "I 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.

I performed the procedure and discussed the results with management. All four computers inspected and no exceptions noted.

- 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.

I performed the procedure and discussed the results with management. No exceptions noted.

- 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.

A listing of the Court's computers currently in use was provided. No exceptions were noted as a result of performing this procedure.

No exceptions noted.

N - 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.

No Exceptions noted.

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).

No exceptions noted.

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;

No exceptions noted.

- b) Number of sexual harassment complaints received by the agency;

No exceptions noted.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

No exceptions noted.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and *No exceptions noted.*

- e) Amount of time it took to resolve each complaint. *No exceptions noted.*

Corrective Action

25. Obtain management's response and corrective action plan for any exceptions noted in the above agreed upon procedures.

Written Policies & Procedures:

Purchasing

The court follows the state law when seeking a public bid. When items are needed for the running of the court, a clerk or judge requests the item for approval. The judge approves the purchase and once made, the court clerk issues reimbursement after delivery of the goods with a receipt. Two signatures are required on every check. Every unsigned check has supporting documentation attached before signing.

Ethics

The court and its employees follow the state laws regarding ethical behavior. All employees are required to take the ethics course annually.

Information Technology

The court backs up every machine used by the court every night. The backups are housed off-site and each machine is able to be restored independently. Every machine uses anti-virus software.

Collections:

Given the size of the court, it is not cost-effective to segregate duties. There are multiple checks conducted on deposits and reconciliation to eliminate fraud or abuse.

Non-payroll Disbursements:

Given the size of the court, it is not cost-effective to segregate duties. There are multiple checks conducted on deposits and reconciliation to eliminate fraud or abuse.

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

I am required to be independent of City Court of Bogalusa and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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



Robert A Neilson, CPA

Bogalusa, Louisiana

June 30, 2022