

**Springhill City Court
Springhill, Louisiana**
A Component Unit of the City of Springhill, Louisiana
Annual Financial Statements

As of June 30, 2021

Springhill City Court
Springhill, Louisiana
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Independent Auditors' Report

Stuart W. McMahan
Springhill City Court Judge
Springhill City Court

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages and 21-24, the Schedule of Proportionate Share of Net Position Liability on page 25, and the Schedule of Contributions on page 26, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

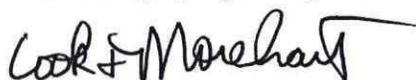
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Springhill City Court's basic financial statements. The other supplementary information Schedule of Compensation, Benefits, and Other Payments to Agency Heads shown on page 27 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Heads is the responsibility of management. Section I of that schedule was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information in Section I of the schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Section I of the Schedule of Compensation, Benefits, and Other Payments to Agency Heads is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Section II of the Schedule of Compensation, Benefits, and Other Payments to Agency Heads shown on page 27 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. As disclosed in Note 1 to the financial statements, the Springhill City Court prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The other supplementary information schedule, Justice System Funding Schedule, shown on pages 28-29, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule is presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) and must be presented on the cash basis of accounting which differs significantly from those principles used to present financial statements in accordance with accounting principles generally accepted in the United States of America. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Justice System Funding Schedule, shown on pages 28-29, is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021, on our consideration of Springhill City Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Springhill City Court's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Springhill City Court's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 29, 2021

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Net Position
Governmental Activities
June 30, 2021

ASSETS

Cash and cash equivalents	\$	33,267
Investments		8,543
Receivables		4,104
Capital assets (net)		6,776
Total assets		52,690

LIABILITIES

Accounts payable		480
Accrued expenses		3,477
Total liabilities		3,957

NET POSITION

Net investment in capital assets		6,776
Restricted for:		
Witness fees		34,174
Probation		7,596
Juvenile probation		266
Unrestricted		(79)
Total net position	\$	48,733

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Activities
For the Year Ended June 30, 2021

	Functions / Programs				
	Total	Judicial	Witness	Probation	Juvenile Probation
<u>GOVERNMENTAL ACTIVITIES</u>					
Expenses:					
Salaries	\$ 205,674	\$ 205,674	\$	\$	\$
Employee benefits	6,053	6,053			
Office expense	17,647	17,147		487	13
Travel and other charges	13,784	13,123		577	84
Professional fees	17,836	17,836			
Witness fees	1,550		1,550		
Depreciation expense	1,721	1,721			
Total expenses	<u>264,265</u>	<u>261,554</u>	<u>1,550</u>	<u>1,064</u>	<u>97</u>
Program revenues:					
Charges for services - fines and fees	83,163	63,870	3,397	11,958	3,938
Operating grants and contributions	210,216	210,216			
Capital grants and contributions	6,360	6,360			
Net program revenue (expenses)	<u>35,474</u>	<u>18,892</u>	<u>1,847</u>	<u>10,894</u>	<u>3,841</u>
General revenues:					
Miscellaneous revenues	1,345				
Interest income	82				
Total general revenues	<u>1,427</u>				
Change in net position	36,901				
Net position - beginning	<u>11,832</u>				
Net position - ending	<u>\$ 48,733</u>				

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds			Non-Major Fund	Total Governmental Funds
	General Fund	Witness Fund	Probation Fund	Juvenile Probation Fund	
Assets					
Cash and cash equivalents	\$ 301	\$ 25,254	\$ 7,479	\$ 233	\$ 33,267
Investments		8,543			8,543
Receivables	4,104				4,104
Due from other funds		377	117	33	527
Total assets	\$ 4,405	\$ 34,174	\$ 7,596	\$ 266	\$ 46,441
Liabilities					
Accounts payable	\$ 480				\$ 480
Accrued expenses	3,477				3,477
Due to other funds	527				527
Total liabilities	4,484				4,484
Fund Balances (Deficit)					
Restricted		34,174	7,596	266	42,036
Unassigned	(79)				(79)
Total fund balances (deficit)	(79)	34,174	7,596	266	41,957
Total liabilities and fund balances	\$ 4,405	\$ 34,174	\$ 7,596	\$ 266	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 6,776

Net Position of Governmental Activities

\$ 48,733

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	Major Funds			Non-Major Fund	Total Governmental Funds
	General Fund	Witness Fund	Probation Fund	Juvenile Probation Fund	
Revenues:					
Fines	\$ 41,116	\$ 3,397	\$ 11,958	\$ 3,938	\$ 60,409
Court costs	22,753				22,753
Other fees	1,345				1,345
Intergovernmental					
On-behalf payments	160,187				160,187
Other	50,030				50,030
Interest income	15	67			82
Total revenues	<u>275,446</u>	<u>3,464</u>	<u>11,958</u>	<u>3,938</u>	<u>294,806</u>
Expenditures:					
Current:					
General government					
Salaries	79,227				79,227
Employee benefits	14,005				14,005
On-behalf payments	160,187				160,187
Office expense	17,147		487	13	17,647
Travel and other charges	13,123		577	84	13,784
Professional fees	17,836				17,836
Witness fees		1,550			1,550
Total expenditures	<u>301,525</u>	<u>1,550</u>	<u>1,064</u>	<u>97</u>	<u>304,236</u>
Excess (deficiency) of revenues over expenditures	<u>(26,079)</u>	<u>1,914</u>	<u>10,894</u>	<u>3,841</u>	<u>(9,430)</u>
Other financing sources (uses):					
Transfers in	24,683				24,683
Transfers out			(18,683)	(6,000)	(24,683)
Total other financing sources (uses)	<u>24,683</u>		<u>(18,683)</u>	<u>(6,000)</u>	
Net change in fund balances	(1,396)	1,914	(7,789)	(2,159)	(9,430)
Fund balances at beginning of year	<u>1,317</u>	<u>32,260</u>	<u>15,385</u>	<u>2,425</u>	<u>51,387</u>
Fund balances (deficit) at end of year	<u>\$ (79)</u>	<u>\$ 34,174</u>	<u>\$ 7,596</u>	<u>\$ 266</u>	<u>\$ 41,957</u>

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Fund to the Statement of Activities
For the Year Ended June 30, 2021

Net change in fund balances - total governmental fund \$ (9,430)

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.
This is the amount by which depreciation (\$1,721) exceeded
capital outlay (\$0) in the current period. (1,721)

The effect of donated capital assets is to increase net assets. 6,360

Some expenses reported in the statement of activities do not require
the use of current financial resources and therefore are not reported as
expenditures in the funds.

Pension expense 41,692

Change in net position of governmental activities \$ 36,901

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial Funds
Assets	
Cash and cash equivalents	\$ 55,769
Total assets	55,769
Fiduciary Net Position - held for others	55,769
Total net position	\$ 55,769

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Custodial Funds</u>
Additions:	
Court and other cost collected	\$ 53,327
Fines and other fees collected	182,931
Investment income - interest	34
Total additions	<u>236,292</u>
Deductions:	
Payments of fines and other fees	188,768
Payments of court and other costs	57,085
Total deductions	<u>245,853</u>
Change in net position	(9,561)
Net position - beginning, restated	<u>65,330</u>
Net position - ending	<u><u>\$ 55,769</u></u>

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2021

Introduction

The Springhill City Court (the Court) was created under the authority of Louisiana Revised Statute 13:1872. Its jurisdiction extends throughout all of Ward Two of Webster Parish. Court expenses such as payroll and related costs, maintenance, utilities, etc., are paid through the General Fund of the City of Springhill (the City). There are certain funds collected by the Court, pursuant to state statute, which are under the control of the Court and are reported in the accompanying financial statements. The Court pays supplemental salaries to its employees from these funds. These financial statements account for all activities of the Court not funded by the City.

(1) Summary of Significant Audit Policies

A. Basis of Presentation

The accompanying basic financial statements of the Court have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. 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

B. Reporting Entity

The City Judge is an independently elected official; however, the Court is fiscally dependent on the City. The City maintains and operates the City courthouse in which the Court's office is located. Because the Court is fiscally dependent on the City, the Court was determined to be a component unit of the City, the financial reporting entity.

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

C. Fund Accounting

The Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds of the Court are classified into two categories: governmental funds and fiduciary (custodial) funds. These funds are described as follows:

Governmental Funds

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

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2021
(Continued)

period programs or operations of the Court. For the year ended June 30, 2021, the City Court's major funds were the general fund, witness fund, and probation fund.

A description of the courts funds is as follows:

General Fund - The General Fund is the general operating fund of the Court. The Court's share of court costs assessed by City Court, collections of traffic fines, and collections of court-imposed fines remitted to City Court are all accounted for in this fund. General operating expenditures are paid from this fund.

Special Revenue Funds – These funds are established to account for the proceeds of specific revenue sources, other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

Witness Fund – This fund is used to account for witness fees received that are legally restricted for the payment of witness fees.

Probation Fund – This fund is used to account for probation fees collected that are legally restricted for the administration and operation of the probation department.

Juvenile Probation Fund - This fund is used to account for juvenile probation fees and restitution collected that are legally restricted for the administration and operation of the juvenile probation department and the payment of restitution.

Fiduciary Funds

The only funds accounted for in this category by the Court are custodial funds. The Civil, Fines and Bonds, and Worthless Check agency funds account for assets held by the Court as an agent for others pending court action. Fiduciary funds are used to report assets held in a trustee or custodial capacity for others and therefore are not available to support City Court programs. The reporting focus is on net position and changes in net position and is reported using the accrual basis of accounting.

D. Measurement Focus/Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in the Governmental Funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Court's operations.

The amounts reflected in the Governmental Funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Court considers all revenues available if they are collected within 60 days after the fiscal year end.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2021
(Continued)

Revenues

Recordings, cancellations, criminal costs, and other fees, charges and commissions for services are recorded in the year in which they are earned.

Interest income on time deposits is recorded when susceptible to accrual.

Substantially all other revenues are recorded when received by the Court.

Based on the above criteria, recordings, criminal costs, and other fees, charges, and commissions for service are treated as susceptible to accrual.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Salaries and related payroll taxes and benefits are recorded when employee services are provided to the Court.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted as other financing sources (uses) and are recognized when the underlying events occur.

Government-wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Court as a whole. These statements include all the non-fiduciary activities of the Court. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

Program Revenues – Program revenues included in the Statement of Activities are derived directly from Court users as a fee for services; program revenues reduce the cost of the function to be financed from the Court's general revenues.

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of ninety (90) days or less when purchased. 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.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2021
(Continued)

F. 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:

Computer equipment	5 – 7 years
Office equipment	5 – 7 years

G. Interfund Activity

Interfund activity is reported as loans, 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 cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

H. Use of Estimates

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

I. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the court or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Court's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2021
(Continued)

J. Fund Balance

GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form, such as inventory or prepaid expenses, or (b) legally or contractually required to be maintained intact, such as a trust that must be retained in perpetuity.
2. Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation
3. Committed fund balances include amounts that can be used only for the specific purposes as a result of constraints imposed by the judge (the court's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the judge removes those constraints by taking the same type of action (i.e. legislation, resolution, ordinance).
4. Assigned fund balances are amounts that are constrained by the judges' intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned fund balances are the residual classification for the Court's general fund and include all spendable amounts not contained in the other classifications.

The Court's policy is to apply expenditures against nonspendable fund balances, restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, in that order.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as restricted fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Court currently has no items that meet the definition of a deferred outflow of resources.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2021
(Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Court currently has no items that meet the definition of a deferred inflow of resources.

L. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

(2) Budget

The proposed budget for the year ended June 30, 2021 was adopted on the cash basis of accounting which is a comprehensive basis of accounting other than Generally Accepted Accounting Principles (GAAP). All appropriations lapse at year-end.

Formal budget integration is employed as a management control device during the year. Budget amounts included in the accompanying financial statements include the original and amended budgets. There were no amendments to the budget for the year ended June 30, 2021.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2021
(Continued)

(3) Cash, Cash Equivalents, and Investments

At June 30, 2021, the Court has cash, cash equivalents, and investments (book balances) totaling \$89,036 as follows:

A. Cash and cash equivalents:

Governmental Funds:	
Supply Fund	\$ 301
Witness Fee Fund	25,254
Probation Fund	7,479
Juvenile Probation Fund	<u>233</u>
Total Governmental Funds	<u>33,267</u>
Fiduciary (Custodial) Funds:	
Civil Fund	35,171
Fines Fund	16,977
Worthless Check Fund	<u>3,621</u>
Total Fiduciary (Custodial) Funds	<u>55,769</u>
Total – All Funds	<u>\$ 89,036</u>

These deposits with financial institutions are stated at cost, which approximates market value. At June 30, 2021, the carrying amount of the Court's deposits was \$89,036, and the collected bank balance was \$109,201. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Court in a holding or custodial bank that is mutually acceptable to both parties.

B. Investments

At June 30, 2021, the court held a certificate of deposit totaling \$8,543 in the Witness Fund. The investments are presented in the financial statements at fair value using level 2 fair value measure. Investments at June 30, 2021, consisted of certificates of deposit with maturities greater than 90 days. The certificates of deposit are carried at cost, which approximates market.

C. Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year end, bank balances of \$117,744 were protected by federal depository insurance.

Interest Rate Risk: The Court's certificates of deposit have maturities of two years or less which limits exposure to fair value losses arising from rising interest rates.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2021
(Continued)

Credit Risk: The Court's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Court may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Court may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

(4) Expenditures of the Court paid by the City

The Court's administrative office is located in a building owned by the City. The costs of maintaining and operating the building, as required by statute, are paid by the City government and are not included in the accompanying financial statements.

(5) On-Behalf Payments for Salaries, Fringe Benefits and Other Expenses

The Court reports in the financial statement on-behalf salary, fringe benefit, and other expense payments made to the Court and its employees by the City of Springhill, the Webster Parish Police Jury, and the State of Louisiana. The State of Louisiana contributes pension amounts to the Louisiana State Employees' Retirement System on-behalf of Judge John B. Slattery. For the year ended June 30, 2021, the City of Springhill, Webster Parish Police Jury, and the State of Louisiana made supplementary salary, benefit, and other expense payments totaling approximately \$160,187 to the court and its employees.

(6) Capital Assets

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Balance at July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2021</u>
Governmental Activities:				
Computer equipment and software	\$ 27,953	\$ 5,394	\$	\$ 33,347
Office equipment	18,390	966	_____	19,356
Totals at historical cost	<u>46,343</u>	<u>6,360</u>	_____	<u>52,703</u>
Less accumulated depreciation				
Computer equipment and software	(25,884)	(1,721)	_____	(27,605)
Office equipment	(18,322)	_____	_____	(18,322)
Total accumulated depreciation	<u>(44,206)</u>	<u>(1,721)</u>	_____	<u>(45,927)</u>
Governmental activities capital assets, net	<u>\$ 2,137</u>	<u>\$ 4,639</u>	<u>\$</u>	<u>\$ 6,776</u>

Depreciation expense for the year ended June 30, 2021, totaled \$1,721 and was charged to the general fund.

Included in the capital asset additions at 6/30/21, were \$6,360 of donated computer equipment.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2021
(Continued)

(7) Leases

The Court leases a copier under an operating lease. Rental costs on the lease for the year ended June 30, 2021 totaled \$1,491.

The minimum annual commitments under non-cancelable operating leases are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 1,124
2023	<u>468</u>
Total	<u>\$ 1,592</u>

(8) Interfund Transfers

Interfund transfers for the year ended June 30, 2021 consisted of the following:

	<u>Transfer To</u>	<u>Transfer From</u>
Governmental Funds:		
General	\$ 24,683	\$
Probation Fund		18,683
Juvenile Probation Fund		<u>6,000</u>
	<u>\$ 24,683</u>	<u>\$ 24,683</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

(9) Interfund Balances

Interfund balances at June 30, 2021 consisted of the following:

	<u>Due To Other Fund</u>	<u>Due From Other Fund</u>
Governmental Funds:		
General	\$ 527	\$
Witness Fund		377
Probation Fund		117
Juvenile Probation Fund		<u>33</u>
	<u>\$ 527</u>	<u>\$ 527</u>

(10) Accrued Expenses

Accrued expenses at June 30, 2021, consisted of payroll taxes and benefits payable in the amount of \$3,477.

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to the Financial Statements
June 30, 2021
(Continued)

(11) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

(12) Subsequent Events

Subsequent events have been evaluated through December 29, 2021, the date the financial statements were available to be issued.

(13) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Net pension liability	\$ 101,646	\$ _____	\$ (101,646)	\$ _____	\$ _____
Total long-term liabilities, governmental activities	\$ 101,646	\$ _____	\$ (101,646)	\$ _____	\$ _____

(14) Restatement

Net position for Fiduciary Funds – Custodial Funds was restated as of June 30, 2020, to correct accounts payable, as noted below:

	<u>Fiduciary Funds – Custodial Funds</u>
Net position, June 30, 2020, as previously reported	\$ _____
Correct accounts payable at June 30, 2020	<u>65,330</u>
Net position, June 30, 2020, restated	<u>\$ 65,330</u>

(15) Pension Plan

The Louisiana State Employees' Retirement System (LASERS) is the administrator of a cost-sharing multiple-employer defined benefit pension plan established by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) to provide retirement allowances and other benefits to eligible state officers, employees, and their beneficiaries. The Springhill City Court Judge was previously a member of the Louisiana State Employees Retirement System. For the fiscal year ended June 30, 2021, the Court was not allocated a proportionate share of the net pension liability, deferred inflows of resources, deferred outflows of resources, or pension expense. Included in pension expense is \$41,692, representing the Court's proportionate share of the net pension liability, deferred inflows of resources, and deferred outflows of resources previously recorded in the Court's financial statements for the prior year ending June 30, 2020.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2021

	Budget <u>Original and Final</u>	Actual <u>(Budgetary Basis)</u>	Variance- Favorable <u>(Unfavorable)</u>
Revenues:			
Fines and court costs	\$ 65,000	\$ 63,869	\$ (1,131)
Interest income	15	15	
Intergovernmental	50,000	49,338	(662)
Miscellaneous	<u>1,300</u>	<u>1,345</u>	<u>45</u>
Total revenues	<u>116,315</u>	<u>114,567</u>	<u>(1,748)</u>
Expenditures:			
General government:			
Accounting	18,000	17,836	164
Dues	1,100	1,005	95
Library	2,850	2,574	276
Office expense	11,000	12,784	(1,784)
Salaries	79,500	79,227	273
Retirement	7,600	7,601	(1)
Taxes - payroll	6,200	6,053	147
Telephone	1,900	1,890	10
Travel, seminars, and meetings	<u>11,800</u>	<u>12,118</u>	<u>(318)</u>
Total expenditures	<u>139,950</u>	<u>141,088</u>	<u>(1,138)</u>
Excess of revenues over expenditures	(23,635)	(26,521)	(2,886)
Other financing sources (uses):			
Transfers in	<u>24,500</u>	<u>24,683</u>	<u>183</u>
Total other financing sources (uses)	<u>24,500</u>	<u>24,683</u>	<u>183</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	865	(1,838)	(2,703)
Fund balance at beginning of year	<u>4,286</u>	<u>(1,383)</u>	<u>(5,669)</u>
Fund balance at end of year	<u>\$ 5,151</u>	<u>\$ (3,221)</u>	<u>\$ (8,372)</u>

See accompanying note to the required supplementary schedule.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Witness Fund
For the Year Ended June 30, 2021

	Budget Original and Final	Actual (Budgetary Basis)	Variance- Favorable (Unfavorable)
Revenues:			
Fines and court costs	\$ 3,400	\$ 3,397	\$ (3)
Interest	20	24	4
Total revenues	<u>3,420</u>	<u>3,421</u>	<u>1</u>
Expenditures:			
General government:			
Witness fees	<u>1,600</u>	<u>1,550</u>	<u>50</u>
Total expenditures	<u>1,600</u>	<u>1,550</u>	<u>50</u>
Excess of revenues over expenditures	1,820	1,871	51
Fund balance at beginning of year	<u>31,200</u>	<u>32,260</u>	<u>1,060</u>
Fund balance at end of year	<u>\$ 33,020</u>	<u>\$ 34,131</u>	<u>\$ 1,111</u>

See accompanying note to the required supplementary schedule.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Required Supplementary Information
Budgetary Comparison Schedule
Probation Fund
For the Year Ended June 30, 2021

	Budget	Actual	Variance-
	Original and Final	(Budgetary Basis)	Favorable (Unfavorable)
Revenues:			
Other fees and restitution	\$ 12,000	\$ 11,958	\$ (42)
Total revenues	12,000	11,958	(42)
Expenditures:			
General government:			
Office expense	830	1,064	(234)
Total expenditures	830	1,064	(234)
Excess of revenues over expenditures	11,170	10,894	(276)
Other financing sources (uses):			
Transfers out	(18,700)	(18,683)	17
Total other financing sources (uses)	(18,700)	(18,683)	17
Excess (deficiency) of revenues and other sources over expenditures and other uses	(7,530)	(7,789)	(259)
Fund balance at beginning of year	11,341	15,385	4,044
Fund balance at end of year	\$ 3,811	\$ 7,596	\$ 3,785

See accompanying note to the required supplementary schedule.

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Notes to Budgetary Comparison Schedules
For the Year Ended June 30, 2021

Budget comparison statements included in the accompanying financial statements include the original and amended budgets. There were no amendments to the budget for the year ended June 30, 2021. The Court's budgets are prepared on the cash basis of accounting for all funds. The following schedule reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the statement of revenues, expenditures and changes in fund balances (budget basis) with the amounts shown on the statement of revenues, expenditures and changes in fund balances (GAAP basis):

	<u>General Fund</u>	<u>Witness Fund</u>	<u>Probation Fund</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (budgetary basis)	\$ (1,838)	\$ 1,871	\$ (7,789)
Adjustments:			
Revenue accruals – net	692	43	
Expenditure accruals – net	<u>(250)</u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues and other sources over expenditures and other uses (GAAP basis)	<u>\$ (1,396)</u>	<u>\$ 1,914</u>	<u>\$ (7,789)</u>

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended June 30, 2021

Louisiana State Employees' Retirement System

Year Ended June 30	Proportion of the net pension liability	Proportionate share of the net pension liability	Covered-employee payroll	Proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.000000%	\$	\$	0.00%	0.00%
2020	0.001400%	101,646	22,326	491.35%	62.90%
2019	0.000000%			0.00%	0.00%
2018	0.000000%			0.00%	0.00%
2017	0.000000%			0.00%	0.00%
2016	0.001870%	126,916	43,946	288.80%	62.70%
2015	0.001890%	118,055	43,946	268.64%	65.00%

*Amounts presented were determined as of the measurement date.

There was only one employee participating in the Louisiana State Employees' Retirement System. That employee was on DROP from September 2015 through August 2018, and was no longer participating in the Louisiana State Employees' Retirement System as of July, 2020.

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Schedule of Contributions
For the Year Ended June 30, 2021

Louisiana State Employees' Retirement System

Year Ended June 30	Statutorily Required Contribution	Contributions in relation to the statutorily required contribution	Contribution Deficiency (Excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
2021	\$	\$	\$	\$	0.00%
2020	8,771	8,771		20,687	42.40%
2019	8,953	8,953		22,326	40.10%
2018					0.00%
2017					0.00%
2016	1,902	1,902		4,992	38.10%
2015	18,237	18,237		43,946	41.50%

*Amounts presented were determined as of the end of the fiscal year (June 30).

There was only one employee participating in the Louisiana State Employees' Retirement System. That employee was on DROP from September 2015 through August 2018, and was no longer participating in the Louisiana State Employees' Retirement System as of July, 2020.

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

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Schedule of Compensation, Benefits, and other Payments to Agency Head
For the Year Ended June 30, 2021

Agency Head: Judge	<u>John B. Slattery</u>	<u>Stuart W. McMahan</u>
	July 2020	September 2020 - June 2021

SECTION I

Paid by the City of Springhill City Court

Purpose	<u>Amount</u>	<u>Amount</u>
Salary	\$ 136	\$ 15,669
Benefits - retirement		6,832
Judge's Dues		645
Travel		3,893
Car Allowance		604

SECTION II

Paid by the City of Springhill

Purpose		
Salary	397	12,068
Benefits - Health		7,840

Paid by Webster Parish Police Jury

Purpose		
Salary	90	4,000
Retirement		1,744

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Other Supplementary Information
Justice System Funding Schedule
Collecting/Disbursing Schedule
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended June 30, 2021

Cash Basis Presentation	July 2020 - December 2020	January 2021 - June 2021
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ 112,988	\$ 97,863
Add: Collections		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	21,124	30,629
Criminal Fines - Other	89,955	93,017
Witness Fees - Criminal Court Costs - Other	1,563	1,835
Juvenile Probation Fees	1,928	2,010
Probation Fees	5,415	6,543
Interest Earnings on Collected Balances	27	27
 Subtotal Collections	 120,012	 134,061
Less: Disbursements to Governments and Nonprofits:		
Springhill City Marshall - Civil Fees	4,499	5,798
Lafayette Parish Sheriff's Office - Civil Fees		30
Caddo Parish Sheriff - Civil Fees	44	
Ouachita Parish Sheriff - Civil Fees	41	175
Ward One Webster Parish Marshal - Civil Fees	317	184
Vernon Parish Sheriff's Office - Civil Fees	130	
Bossier Parish Sheriff - Civil Fees	165	225
Lincoln Parish Sheriff - Civil Fees	36	
Natchitoches Parish Sheriff - Civil Fees	89	46
Claiborne Parish Sheriff - Civil Fees	88	
East Baton Rouge Parish Sheriff - Civil Fees	133	66
Rapides Parish Sheriff's Office - Civil Fees	99	9
Sabine Parish Sheriff - Civil Fees	60	35
Shreveport City Marshal - Civil Fees	60	90
Bienville Parish Sheriff's Office - Civil Fees	64	163
Webster Parish Clerk of Court - Civil Fees	445	315
Morehouse Parish Sheriff - Civil Fees		60
City of Springhill - Criminal Fines - Other	19,359	14,862
Town of Cotton Valley - Criminal Fines - Other	275	1,100
Town of Cullen - Criminal Fines - Other	1,970	2,771
Town of Sarepta - Criminal Fines - Other	75	150
LA Commission on Law Enforcement - Criminal Court Costs/Fees	1,395	1,647
Louisiana Supreme Court Judicial College - Criminal Court Costs/Fees	126	126
D.A.R.E - Criminal Court Costs/Fees	1,200	1,800

(Continued)

Springhill City Court
A Component Unit of the City of Springhill, Louisiana
Other Supplementary Information
Justice System Funding Schedule
Collecting/Disbursing Schedule
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended June 30, 2021
(Continued)

Office of the District Attorney - Criminal Court Costs/Fees	3,960	3,472
Indigent Defender Board - Criminal Court Costs/Fees	11,295	10,440
Ward Marshal - Criminal Court Costs/Fees	9,932	9,155
LRS - THS/SCI T.F. - Criminal Court Costs/Fees	435	555
Ware Youth Center - Criminal Court Costs/Fees	1,883	1,740
Northwest Louisiana Crime Lab - Criminal Court Costs/Fees	9,620	10,070
State of Louisiana - CMIS - Criminal Court Costs/Fees	753	696

Less: Amounts Retained by Collecting Agency

Amounts "Self-Disbursed" to Collecting Agency		
Criminal Fines - Other	18,332	26,181
Civil fees	12,935	13,687
Juvenile probation fees	3,684	2,413
Probation fees	9,701	10,038

Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies

Civil Fee Refunds	6,763	8,563
Restitution - Criminal Fines	2,756	2,007
Fines refunds	10,763	7,763
Other disbursements to individuals	1,655	97
Subtotal Disbursements/Retainage	<u>135,137</u>	<u>136,529</u>

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

<u>\$ 97,863</u>	<u>\$ 95,395</u>
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Ending Balance of "Partial Payments" Collected but not Disbursed

-	-
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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)	-	-

COOK & MOREHART

Certified Public Accountants

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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

Independent Auditors' Report

Stuart W. McMahan
Springhill City Court Judge
Springhill City Court

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained generally in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springhill City Court as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Springhill City Court's basic financial statements, and have issued our report thereon dated December 29, 2021.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Springhill City Court's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Springhill City Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the Springhill 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Current Year Audit Findings as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Springhill City Court's Response to Finding

Springhill City Court's response to the finding identified in our audit is described in the accompanying Schedule of Current Year Audit Findings. Springhill City Court's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
December 29, 2021

Springhill City Court
Springhill, Louisiana
Summary Schedule of Prior Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2021

There were no findings for the prior year audit for the year ended June 30, 2020.

Schedule of Current Year Audit Findings
For Louisiana Legislative Auditor
June 30, 2021

There is one finding for the current year audit for the year ended June 30, 2021, as follows:

2021-001 – Material Weakness – Segregation of Duties

Material Weakness: During our audit, we noted a lack of segregation of duties with regards to receipts of civil fees and fines. We noted that the individual responsible for collecting the fees and fines was also responsible for depositing the funds and recording the deposits into the agency's general ledger. There was no independent review of the deposits to the subsidiary records for the civil and fines funds.

Criteria: Appropriate controls should be in place over the collection process which provide for a review of collections of daily work by someone not involved in the collection process, including a reconciliation of daily work and subsidiary records.

Cause: Due to the departure of one of its employees during the fiscal year ended June 30, 2021, the Court only had one employee for the majority of the year. That employee was responsible for receiving fees and fines and recording receipts in the subsidiary records and the general ledgers.

Effect: Due to the Court only having one employee for the majority of the fiscal year, a lack of segregation of duties over receipts existed. As a result, conditions could exist whereby collections were not deposited or were not recorded properly.

Recommendation: We recommend a proper segregation of duties with regards to receipts of fees and fines, to include a review of deposits to the subsidiary records by someone independent of the collection process.

Management Response: The Court has hired additional personnel and will establish a proper segregation of duties with regards to receipts. Such duties will include a reconciliation of receipts to the subsidiary records and general ledgers by someone independent of the collection process.