

**CITY COURT OF MORGAN CITY**

Morgan City, Louisiana

Financial Report

Year Ended December 31, 2020

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Kim P. Stansbury, Judge  
City Court of Morgan City  
Morgan City, Louisiana

### 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 City Court of Morgan City (hereinafter "Court"), a component unit of the City of Morgan City, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the 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 Court'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 Court'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 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 previously 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 Court as of December 31, 2020, 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.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that certain information 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 budgetary comparison information on pages 36-37, schedule of employer's share of net pension liability on page 38, schedule of employer contributions on page 39, or notes to required supplementary information on pages 40-42 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Court's basic financial statements. The accompanying justice system funding schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The justice system funding schedule is the responsibility of the Court's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 to the underlying accounting and other records use 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 on pages 44-46 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2021, on our consideration of the 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 the 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 the Court's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
June 23, 2021

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Statement of Net Position  
December 31, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 535,856
Accounts receivable	2,500
Prepaid expenses	2,167
Capital assets, net of accumulated depreciation	<u>8,749</u>
Total assets	<u>549,272</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to net pension liability	<u>65,381</u>
LIABILITIES	
Current liabilities:	
Payroll taxes payable	618
Due to other governments	4,793
Noncurrent liabilities:	
Net pension liability	<u>229,015</u>
Total liabilities	<u>234,426</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to net pension liability	<u>2,199</u>
NET POSITION	
Net investment in capital assets	8,749
Restricted for special programs	524,431
Unrestricted (deficit)	<u>(155,152)</u>
Total net position	<u>\$ 378,028</u>

*The accompanying notes are an integral part of the basic financial statements.*

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Statement of Activities  
Year Ended December 31, 2020

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General government	<u>\$ 618,409</u>	<u>\$ 105,981</u>	<u>\$ 468,372</u>	\$ (44,056)
		General revenues:		
			Interest and investment earnings	<u>140</u>
			Change in net position	(43,916)
			Net position - January 1, 2020	<u>421,944</u>
			Net position - December 31, 2020	<u>\$ 378,028</u>

*The accompanying notes are an integral part of the basic financial statements.*

**FUND FINANCIAL STATEMENTS**

# **MAJOR FUNDS DESCRIPTIONS**

## **GENERAL FUND**

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

## **SPECIAL REVENUE FUND**

### **Juvenile Services Center**

To account for the receipt and use of fines collected for the operation and maintenance of the Juvenile Services Center.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Balance Sheet  
Governmental Funds  
December 31, 2020

	General	Juvenile Services Center	Total Governmental Funds
ASSETS			
Assets:			
Cash	\$ 9,132	\$ 526,724	\$ 535,856
Due from other governments	-	2,500	2,500
Prepaid expenditures	2,167	-	2,167
Total assets	\$ 11,299	\$ 529,224	\$ 540,523
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payroll taxes payable	\$ 618	\$ -	\$ 618
Due to other governments	-	4,793	4,793
Total liabilities	618	4,793	5,411
Fund balances:			
Nonspendable	2,167	-	2,167
Restricted	-	524,431	524,431
Unassigned	8,514	-	8,514
Total fund balances	10,681	524,431	535,112
Total liabilities and fund balances	\$ 11,299	\$ 529,224	\$ 540,523

(continued)

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Balance Sheet (continued)  
Governmental Funds  
December 31, 2020

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Total fund balances for all governmental funds at December 31, 2020		\$ 535,112
Cost of capital assets	\$ 191,533	
Less: Accumulated depreciation	<u>(182,784)</u>	8,749
Deferred outflows of resources related to net pension liability		65,381
Net pension liability		(229,015)
Deferred inflows of resources related to net pension liability		<u>(2,199)</u>
Net position of governmental activities at December 31, 2020		<u>\$ 378,028</u>

*The accompanying notes are an integral part of the basic financial statements.*

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
Year Ended December 31, 2020

	<u>General</u>	<u>Juvenile Services Center</u>	<u>Total Governmental Funds</u>
Revenues:			
Fees, charges and commissions -			
Court costs, fees, and fines	\$ 80,588	\$ 24,468	\$ 105,056
Grants	-	16,000	16,000
Intergovernmental	410,372	42,000	452,372
Other income	925	-	925
Interest income	18	122	140
Total revenues	<u>491,903</u>	<u>82,590</u>	<u>574,493</u>
Expenditures:			
Current-			
General government-			
Operating services	489,501	66,570	556,071
Materials and supplies	21,386	15,446	36,832
Travel and other charges	(483)	3,185	2,702
Total expenditures	<u>510,404</u>	<u>85,201</u>	<u>595,605</u>
Net change in fund balances	(18,501)	(2,611)	(21,112)
Fund balances, beginning	<u>29,182</u>	<u>527,042</u>	<u>556,224</u>
Fund balances, ending	<u>\$ 10,681</u>	<u>\$ 524,431</u>	<u>\$ 535,112</u>

(continued)

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)  
Governmental Funds  
Year Ended December 31, 2020

Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of the Governmental Funds to the Statement of Activities

Total net change in fund balances for the year ended December 31, 2020 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (21,112)
Depreciation expense for the year ended December 31, 2020	(4,225)
Effects of recording net pension liability and deferred inflows and outflows of resources related to net pension liability:	
Increase in pension expense	<u>(18,579)</u>
Total change in net position for the year ended December 31, 2020 per Statement of Activities	<u>\$ (43,916)</u>

*The accompanying notes are an integral part of the basic financial statements.*

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Statement of Fiduciary Net Position  
December 31, 2020

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 337,010</u>
LIABILITIES	
Due to others	<u><u>\$ 337,010</u></u>

*The accompanying notes are an integral part of the basic financial statements.*

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements

INTRODUCTION

As provided by LSA-RS 13:1871 et seq, the City Court of Morgan City (the “Court”) accounts for the operation of the Court’s office. The City Court Judge is elected for a six-year term.

(1) Summary of Significant Accounting Policies

A. Financial Reporting Entity

As the governing authority of the City, for reporting purposes, the City of Morgan City is the financial reporting entity. The financial reporting entity consists of the primary government (City), organizations for which the primary government is financially accountable and 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.

Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*, as amended, established criteria for determining which component units should be considered part of the City of Morgan City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

- 1) Appointing a voting majority of an organization’s governing body, and
  - a) The ability of the City to impose its will on that organization and/or
  - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
- 2) Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
- 3) Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the City provides the Court with office space and pays the salaries and benefits of Court employees, the Court was determined to be a component unit of the City of Morgan 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 the City, or other governmental units that comprise the financial reporting entity.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

B. 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 the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Court as a whole. These statements include all the financial activities of the Court. Information contained in these statements 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). Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

The statement of activities presents a comparison between direct expenses and program revenues for the Court's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) court costs, fees, and fines paid by the recipients of services offered by the Court, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the statement of fiduciary net position at the fund financial statement level.

Fund Financial Statements

The Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or its total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. The General Fund and Juvenile Services Center Special Revenue Fund of the Court are considered to be major funds.

The funds of the Court are described below:

Governmental Funds –

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

General Fund – This fund is the primary operating fund of the Court and it accounts for the operations of the Court’s office. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to the Court’s policy.

Juvenile Services Center Fund – This fund is used to account for the receipt and use of fines collected for the operation and maintenance of the Juvenile Service Center.

Fiduciary Funds –

Fiduciary fund reporting focuses on net position and changes in net position. The only funds accounted for in this category by the Court are agency funds. The agency funds account for assets held by the Court as an agent for litigants in civil suits, cash bonds for criminal proceedings, and fees held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the accrual basis of accounting.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded with the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. Governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of a period.
- b. The government-wide financial statement utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with its activities are reported. Government-wide fund equity is classified as net position.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

Basis of Accounting

In the government-wide statement of net position and statement of activities, the governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. The types of transactions reported as program revenues for the Court are reported in two categories: 1) charges for services and 2) operating grants and contributions.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

D. Assets, Liabilities, and Equity

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Court.

The Court has established the policy of including all short-term, highly liquid investments with maturities of 90 or fewer days in cash and cash equivalents. 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.

Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Court's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 or fewer days, they are classified as cash equivalents.

Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

Capital assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Court maintains a threshold level of \$500 for capitalizing assets.

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

Depreciation of all exhaustible capital assets is recorded as an expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Asset Class</u>	<u>Estimated useful lives</u>
Office furniture	5 years
Equipment	5 years
Improvements	10-20 years

Equity Classifications

Government-wide financial statements

Equity is classified as net position and displayed in three components

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

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

Fund financial statements

Fund balance for the Court's governmental funds is displayed depicting the relative strength of the spending constraints placed on the purposes for which resources can be used. In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form (such as inventories and prepaid amounts) or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed - amounts that can be used only for specific purposes determined by a formal decision of the Judge, which is the highest level of decision-making authority.
4. Assigned - amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned - amounts that are available for any purpose; these amounts can be reported only in the Court's General Fund.

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

E. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet 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.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, 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.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

F. Revenues, Expenditures, and Expenses

Operating revenues and expenses

Operating revenues and expenses are those that result from providing services and producing and delivering goods and/or services. Revenues and fees, charges and commissions for services are recorded when the Court is entitled to the funds.

Interest on interest-bearing deposits is recorded or accrued as revenue when earned. Substantially all other revenues are recorded when received.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function. In the fund financial statements, expenditures are classified by character.

G. Pensions

For purposes of measuring the net pension liability, deferred outflows or 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 (the Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. 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.

H. 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 and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Court may deposit funds within a fiscal agent bank organized under the laws of the State 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, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2020, the Court has cash and cash equivalents (book balances) totaling \$869,981.00 as follows:

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

	Governmental Fund Types	Fiduciary Fund Type	Total
Demand deposits	<u>\$ 535,856</u>	<u>\$ 337,010</u>	<u>\$ 872,866</u>

Under state law, deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The 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 or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2020 are as follows:

Bank balances	<u>\$ 885,057</u>
Federal deposit insurance	\$ 500,022
Uninsured and collateralized by pledged securities	<u>385,035</u>
Total FDIC insurance and pledged securities	<u>\$ 885,057</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Court's deposits may not be recovered or the Court may not be able to recover collateral securities that are in the possession of an outside party. The Court does not have a policy to monitor or reduce exposure to custodial credit risk. Deposits in the amount of \$385,035 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the Court's name or uninsured and uncollateralized. Even though the pledged securities are not held in the name of the Court, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Court that the depository financial institution has failed to pay deposited funds upon demand.

(3) Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
Governmental activities:				
Furniture, fixtures, and equipment	\$ 191,533	\$ -	\$ -	\$ 191,533
Less: accumulated depreciation	<u>178,559</u>	<u>4,225</u>	<u>-</u>	<u>182,784</u>
Net capital assets	<u>\$ 12,974</u>	<u>\$ (4,225)</u>	<u>\$ -</u>	<u>\$ 8,749</u>

Depreciation expense of \$4,225 was charged to the general government function.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

(4) Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Court is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Juvenile Services Center	Total Governmental Funds
Fund balances			
Nonspendable -			
Prepaid items	\$ 2,167	\$ -	\$ 2,167
Restricted for -			
Special programs	-	524,431	524,431
Unassigned	8,514	-	8,514
Total fund balances	\$ 10,681	\$ 524,431	\$ 535,112

(5) Changes in Agency Fund Balances

A summary of changes in agency fund unsettled deposits follows:

	Fines and Costs Fund	Civil Court Fund	Bond Fund	Concursus Fund	Indigent Defender Fund	Total
Balance 1/1/2020	\$ 4,640	\$ 330,604	\$ 16,065	\$ 889	\$ 100	\$ 352,298
Additions	249,547	93,643	262,646	9,276	-	615,112
Reductions	(250,072)	(95,436)	(275,516)	(9,276)	(100)	(630,400)
Balance 12/31/2020	\$ 4,115	\$ 328,811	\$ 3,195	\$ 889	\$ -	\$ 337,010

(6) Intergovernmental Transfers – City of Morgan City

Louisiana Revised Statutes 13:2005.B requires funds accumulated in the operations and maintenance account in excess of \$50,000 to be transferred to the General Fund of the City of Morgan City and shall be used for the purposes of construction and maintenance of the Court and related facilities. The balance in the operations and maintenance account at December 31, 2020 did not exceed the statutory limit of \$50,000; therefore, a transfer to the City of Morgan City is not required.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

(7) On-Behalf Payments for Salaries and Benefits

GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires the Court to report on-behalf payments made by the City of Morgan City to the Court's employees for salaries and related benefits. The basis for recognizing the revenues and expenditure payments is that the actual contribution is made by the City of Morgan City and not by the Court. In 2020, the City paid salaries and benefits, which include payments to the Parochial Employees' Retirement System and Louisiana State Employees' Retirement System (LASERS), to and for the Court Clerk, City Judge, Deputy Clerks, and Probation Officers. On-behalf payments recorded as revenue and expenditures in the general fund financial statements for the year ended December 31, 2020 totaled \$410,372.

(8) Retirement

The Court's judge participates in the Louisiana State Employees' Retirement System (LASERS). LASERS is 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 officers, employees, and their beneficiaries. The employer pensions schedules for the Louisiana State Employees' Retirement System are prepared using the accrual basis of accounting.

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

*Retirement Benefits*

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the 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 credible service, and at age 60 upon completing 10 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

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

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

Act 226 of the 2014 Louisiana Regular Legislative Session established new retirement eligibility for members of LASERS hired on or after July 1, 2015, excluding hazardous duty plan members. Regular members and judges under the new plan are eligible to retire at age 62 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment. Members in the regular plan will receive a 2.5% accrual rate, and judges a 3.5% accrual rate, with the extra 1.0% accrual rate based on all years of service as a judge.

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.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

*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 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.

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 the 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%

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

of final average compensation, regardless of years of credited service or 100% of final average compensation if the injury was 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 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.

A Hazardous Duty Services Plan member's surviving spouse and minor or handicapped or mentally incapacitated child or children are entitled to survivor benefits of 80% of the member's final average compensation if the member was killed in the line of duty. If the member dies in the line of duty as a result of an intentional act of violence, survivor benefits may be increased to 100% of the members final average compensation.

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, LASERS 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.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

*Contributions*

The employer contribution rate is established annually under La. R.S. 11:401-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Each plan pays a separate actuarially-determined employer contribution rate. However, all assets of LASERS are used for the payment of benefits for all classes of members, regardless of their plan membership. The rates for the year ended June 30, 2020 for the various plans are as follows:

Plan	Plan Status	Employer Rate
Appellate Law Clerks	Closed	40.7%
Appellate Law Clerks hired on or after 7/01/06	Open	40.7%
Alcohol Tobacco Control	Closed	33.9%
Bridge Police	Closed	39.8%
Bridge Police hired on or after 7/01/06	Closed	39.8%
Corrections Primary	Closed	36.9%
Corrections Secondary	Closed	40.7%
Harbor Police	Closed	7.7%
Hazardous Duty	Open	41.7%
Judges hired before 1/1/2011	Closed	42.4%
Judges hired after 12/31/2010	Closed	42.0%
Judges hired on or after 7/01/15	Open	42.0%
Legislators	Closed	40.4%
Optional Retirement Plan (ORP) before 7/01/06	Closed	40.7%
Optional Retirement Plan (ORP) on or after 7/01/06	Closed	40.7%
Peace Officers	Closed	39.4%
Regular Employees hired before 7/01/06	Closed	40.7%
Regular Employees hired on or after 7/01/06	Closed	40.7%
Regular Employees hired on or after 1/1/11	Closed	40.7%
Regular Employees hired on or after 7/1/15	Open	40.7%
Special Legislative Employees	Closed	42.4%
Wildlife Agents	Closed	49.7%
Aggregate Rate		40.8%

CITY COURT OF MORGAN CITY  
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Notes to Basic Financial Statements (continued)

The Court's contractually required composite contribution rate for the year ended June 30, 2020 was 42.4% 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 Court were \$23,236 for the year ended June 30, 2020.

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

At December 31, 2020, the Court reported a liability of \$229,015 for its proportionate share of the LASERS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension obligation was determined by an actuarial valuation as of that date. The Court's proportion of the net pension liability was based on a projection of the Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Court's proportion was 0.00277%, which was an increase of .000750% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the Court recognized pension expense of \$33,979 in its activities.

At December 31, 2020, the Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,199
Change of assumptions	733	-
Net differences between projected and actual earnings on pension plan investments	33,478	-
Change in proportion and differences between employer contributions and proportionate share of contributions	25,714	-
Employer contributions subsequent to the measurement date	5,456	-
Total	\$ 65,381	\$ 2,199

Deferred outflows of resources of \$5,456 related to pensions resulting from Court's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending 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:

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

<u>Year</u>	
2021	\$ 29,978
2022	9,654
2023	10,345
2024	<u>7,749</u>
	<u>\$ 57,726</u>

*Contributions – Proportionate Share*

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the Schedule of Pension Amounts by Employer due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

*Actuarial Assumptions*

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

*This section intentionally left blank.*

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

Valuation Date	June 30, 2020																		
Actuarial Cost Method	Entry Age Normal																		
Expected Remaining Service Lives	2 years																		
Investment Rate of Return	7.55% per annum, net of investment expenses																		
Inflation Rate	2.3% per annum																		
Mortality Rates	<p>Non-disabled members - Mortality rates were based on the RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.</p> <p>Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>																		
Termination, Disability, and Retirement	<p>Termination, disability, and retirement assumptions were projected based on a five year (2014-2018) experience study of the System's members for 2019.</p>																		
Salary Increases	<p>Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Member Type</th> <th style="text-align: center; border-bottom: 1px solid black;">Lower Range</th> <th style="text-align: center; border-bottom: 1px solid black;">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	<p>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.</p>																		

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

The investment rate of return used in the actuarial valuation for funding purposes was 7.90%, recognizing an additional 35 basis points for gain-sharing. The net return available to fund regular pension plan benefits is 7.55%, which is the same as the discount rate and a .05% decrease from the rate used as of June 30, 2019. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.25% for 2020. The target allocation and best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Cash	-0.59%
Domestic equity	4.79%
International equity	5.83%
Domestic fixed income	1.76%
International fixed income	3.98%
Alternative investments	6.69%
Risk Parity	4.20%
Total Fund	5.81%

*Discount Rate*

The discount rate used to measure the total pension liability was 7.55%, which was a .05% decrease from the discount rate used as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions from participating employers will be made at contractually required rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Employer's proportionate share of the Net Pension Liability calculated using the discount rate of 7.55%, as well as what the Employer's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.55%) or one percentage-point higher (8.55%) than the current rate:

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

	1.00% Decrease 6.55%	Current Discount Rate 7.55%	1.00% Increase 8.55%
Employer's proportionate share of the net pension liability	\$ 281,424	\$ 229,015	\$ 184,540

*Pension Plan Fiduciary Net Positions*

Detailed information about the pension plan's fiduciary net position is available in the separately issued LASERS 2020 Comprehensive Annual Financial Report at [www.lasersonline.org](http://www.lasersonline.org).

*Payables to the Pension Plan*

The Court recorded no accrued liabilities related to the pension plan for the year ended December 31, 2020.

(9) Compensation and Other Payments to Chief Officer

Act 706 of the 2014 Legislative Session amended R.S. 24:513(A) requiring additional disclosure of total compensation, reimbursements, benefits, or other payments made to an agency head or chief officer. Expenses paid to Judge Kim Stansbury for the year ended December 31, 2020 are as follows:

Wages	\$ 28,200
Benefits - Retirement	14,123
Wages and benefits paid by the City of Morgan City on behalf of the City Court of Morgan City	51,804
Reimbursements - Dues	600
Reimbursements - Meals	59
Reimbursements - Travel	98
	\$ 94,884

(10) Risk Management

The Court is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The Court's primary government, the City of Morgan City, has elected to purchase insurance coverage through the commercial insurance market to cover its exposure to loss.

The City is insured up to policy limits for each of the above risks. There were no significant changes in coverage, retentions, or limits during the year ended December 31, 2020. Settled claims have not exceeded the commercial coverage in any of the previous three fiscal years. The Court has made no contributions to the premiums on the policy during the year ended December 31, 2020.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Basic Financial Statements (continued)

(11) New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements:

GASB Statement No. 84, *Fiduciary Activities* (January 2017), as amended by GASB No. 95

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The provisions of GASB Statement No. 84 are effective for fiscal periods beginning after December 15, 2020 and are anticipated to have no effect on the District's financial statements.

GASB Statement No. 87, *Leases* (June 2017), as amended by GASB No. 95

The Statement increased the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the fundamental principle that leases are financings of the right to use an underlying asset. The provisions of GASB Statement No. 87 are effective for fiscal years beginning after December 15, 2020. The effect of implementation on the District's financial statements has not yet been determined.

GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61* (August 2018), as amended by GASB No. 95

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The provisions of GASB Statement No. 90 are effective for fiscal periods beginning after December 15, 2020 and are anticipated to have no effect on the District's financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Budgetary Comparison Schedule  
General Fund  
Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	Positive (Negative)
Revenues:				
Fees, charges and commissions -				
Court costs, fees, and fines	\$ 130,000	\$ 82,000	\$ 80,588	\$ (1,412)
Other income	(25)	(18)	925	943
Interest income	-	-	18	18
Total revenues	<u>129,975</u>	<u>81,982</u>	<u>81,531</u>	<u>(451)</u>
Expenditures:				
Current-				
General government-				
Operating services	90,000	90,000	79,129	10,871
Materials and supplies	25,000	25,000	21,386	3,614
Travel and other charges	6,000	6,000	(483)	6,483
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total expenditures	<u>126,000</u>	<u>126,000</u>	<u>100,032</u>	<u>25,968</u>
Net change in fund balance	3,975	(44,018)	(18,501)	25,517
Fund balance, beginning	<u>29,182</u>	<u>29,182</u>	<u>29,182</u>	<u>-</u>
Fund balance, ending	<u>\$ 33,157</u>	<u>\$ (14,836)</u>	<u>\$ 10,681</u>	<u>\$ 25,517</u>

*See notes to required supplementary information.*

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Budgetary Comparison Schedule  
Juvenile Services Center Fund  
Year Ended December 31, 2020

	<u>Budgeted Amounts</u>			Variance
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Positive (Negative)</u>
Revenues:				
Fees, charges and commissions -				
Court costs, fees, and fines	\$ 56,000	\$ 64,000	\$ 24,468	\$ (39,532)
Intergovernmental	-	-	42,000	42,000
Interest income	-	-	122	122
Grants	<u>147,000</u>	<u>16,000</u>	<u>16,000</u>	<u>-</u>
Total revenues	<u>203,000</u>	<u>80,000</u>	<u>82,590</u>	<u>2,590</u>
Expenditures:				
Current-				
General government-				
Operating services	130,000	90,000	66,570	23,430
Materials and supplies	-	-	15,446	(15,446)
Travel and other charges	<u>-</u>	<u>-</u>	<u>3,185</u>	<u>(3,185)</u>
Total expenditures	<u>130,000</u>	<u>90,000</u>	<u>85,201</u>	<u>4,799</u>
Net change in fund balance	73,000	(10,000)	(2,611)	7,389
Fund balance, beginning	<u>527,042</u>	<u>527,042</u>	<u>527,042</u>	<u>-</u>
Fund balance, ending	<u>\$ 600,042</u>	<u>\$ 517,042</u>	<u>\$ 524,431</u>	<u>\$ 7,389</u>

*See notes to required supplementary information.*

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Schedule of Employer's Share of Net Pension Liability  
Year Ended December 31, 2020

Plan Year Ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.002500%	\$ 186,181	\$ 46,357	401.62%	62.66%
2016	0.002840%	\$ 223,091	\$ 48,085	463.95%	57.73%
2017	0.002840%	\$ 199,832	\$ 47,852	417.60%	62.54%
2018	0.002150%	\$ 146,901	\$ 43,290	339.34%	64.30%
2019	0.002020%	\$ 146,202	\$ 38,531	379.44%	62.90%
2020	0.002770%	\$ 229,015	\$ 54,802	417.90%	58.00%

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

*See notes to required supplementary information.*

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Schedule of Employer Contributions  
Year Ended December 31, 2020

Fiscal Year Ended Dec 31	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2015	\$ 19,058	\$ 19,058	\$ -	\$ 48,085	39.63%
2016	\$ 18,303	\$ 18,303	\$ -	\$ 48,077	38.07%
2017	\$ 17,053	\$ 17,053	\$ -	\$ 43,656	39.06%
2018	\$ 16,423	\$ 16,423	\$ -	\$ 40,956	40.10%
2019	\$ 20,827	\$ 20,827	\$ -	\$ 50,139	41.54%
2020	\$ 15,400	\$ 15,400	\$ -	\$ 36,289	42.44%

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

*See notes to required supplementary information.*

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Required Supplementary Information

(1) Budgetary Basis of Accounting

General Fund

The budget for the General Fund is not adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by City Court.

Juvenile Services Center Fund

The budget for the Juvenile Services Center Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by City Court.

(2) Budgeting and Budgetary Accounting

The Court follows these procedures in establishing the budgetary data reflected in the financial statements:

1. A proposed budget is prepared and submitted to the City Court Judge for the fiscal year prior to the beginning of each fiscal year.
2. If proposed expenditures exceed \$500,000, a summary of the proposed budget is published, and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called, if required.
3. If required, a public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.
4. After the holding of the public hearing, if required, and completion of all action necessary to finalize and implement the budget, the budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgetary appropriations lapse at the end of each fiscal year.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Required Supplementary Information (continued)

(3) Non-GAAP Reporting Reconciliation

Budgetary amounts adopted by the Court for the General Fund do not include on-behalf payments made by the City of Morgan City to the Court’s employees for salaries and related benefits. These on-behalf payments are reflected as revenues and expenditures in the Court’s financial statements as required by GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*. Additionally, budget amounts do not include the residual transfer of accumulated excess to the City of Morgan City in accordance with Louisiana Revised Statute 13:2005(B).

Actual amounts for the General Fund are reconciled on a non-GAAP basis for comparison to budget as follows:

	As Reported	Adjustment to Budgetary Basis	Non-GAAP Basis
Revenues:			
Intergovernmental	\$ 410,372	\$ (410,372)	\$ -
Expenditures:			
General government			
Operating services	\$ 489,501	\$ (410,372)	\$ 79,129

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Notes to Required Supplementary Information (continued)

(5) Pension Plan

A. Changes of Benefit Terms

There were no changes of benefit terms

B. Changes of Assumptions

Plan Year ended June 30,	Discount Rate	Investment Rate of Return	Inflation Rate	Expected Remaining Service Lives	Projected Salary Increase
2015	7.75%	7.75%	3.00%	3	3.0% - 5.5%
2016	7.75%	7.75%	3.00%	3	3.0% - 5.5%
2017	7.70%	7.70%	2.75%	3	2.8% - 5.3%
2018	7.65%	7.65%	2.75%	3	2.8% - 5.3%
2019	7.60%	7.60%	2.50%	2	2.8% - 5.3%
2020	7.55%	7.55%	2.30%	2	2.6% - 5.1%

**SUPPLEMENTARY INFORMATION**

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity  
Year Ended December 31, 2020

	First Six Month Period Ended <u>6/30/2020</u>	Second Six Month Period Ended <u>12/31/2020</u>
Beginning Balance of Amounts Collected	\$ 355,731	\$ 358,626
Add: Collections		
Civil Fees	61,004	40,900
Bond Fees	150,530	113,607
Restitution	600	-
Probation/Parole/Supervision Fees	13,078	9,975
Interest Earnings on Collected Balances	-	1
Other	<u>600</u>	<u>300</u>
Subtotal Collections	<u>225,812</u>	<u>164,783</u>
Less: Disbursements to Governments and Nonprofits		
City of Morgan City - Probation fees	14,650	14,803
City of Morgan City - Surety proceeds	2,319	-
City of Morgan City - Criminal Fines	40,634	37,228
City of Morgan City Police Dept - Drug Test Fees	1,200	750
City of Morgan City Police Dept - Criminal Fines	1,200	600
City of Morgan City DWI Cost Fund - Criminal Fines	1,200	650
City of Morgan City Police Subpoena Fund - Criminal Fines	1,140	1,675
City of Morgan City City Prosecutor Fund - Criminal Fines	1,400	1,340
St. Mary Parish Clerk of Court - Civil Fees	7,510	7,565
Terrebonne Parish Clerk of Court - Civil Fees	210	-
Assumption Parish Clerk of Court - Civil Fees	55	105
Judge's Supplemental Cost Fund - Civil Fees	4,539	3,448
Sixth Ward Marshal Cost Fund - Civil Fees	3,151	2,777
Sixth Ward Marshal Cost Fund - Surety proceeds	2,319	-
Sixth Ward Marshal Cost Fund - Criminal Fines	8,055	7,656
LA Secretary of State - Civil Fees	50	-
St. Mary Parish Sheriff - Criminal Fines	1,650	1,900
St. Mary Parish Sheriff - Civil Fees	285	36

(continued)

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity (continued)  
Year Ended December 31, 2020

	First Six Month Period Ended <u>6/30/2020</u>	Second Six Month Period Ended <u>12/31/2020</u>
Assumption Parish Sheriff - Civil Fees	1,070	841
Terrebonne Parish Sheriff - Civil Fees	262	330
East Baton Rouge Parish Sheriff - Civil Fees	648	998
Avoyelles Parish Sheriff - Civil Fees	66	-
Jefferson Parish Sheriff - Civil Fees	210	60
St. Landry Parish Sheriff - Civil Fees	56	-
St. Martin Parish Sheriff - Civil Fees	333	40
St. James Parish Sheriff - Civil Fees	42	-
Lafourche Parish Sheriff - Civil Fees	41	7
Iberia Parish Sheriff - Civil Fees	140	-
Natchitoches Parish Sheriff - Civil Fees	15	-
Evangeline Parish Sheriff - Civil Fees	52	-
Calcasieu Parish Sheriff - Civil Fees	53	30
Iberville Parish Sheriff - Civil Fees	35	-
Lafayette Parish Sheriff - Civil Fees	102	6
Ouachita Parish Sheriff - Civil Fees	13	-
Livingston Parish Sheriff - Civil Fees	83	-
Orleans Parish Sheriff - Civil Fees	180	120
St. Tammany Parish Sheriff - Civil Fees	-	36
Ascension Parish Sheriff - Civil Fees	-	280
Morehouse Parish Sheriff - Civil Fees	-	62
Department of Public Safety - DWI Testing Fees	250	125
Indigent Defender Board - Bond Fees	180	-
Indigent Defender Board - Surety proceeds	2,319	-
Indigent Defender Board - Criminal Fines	15,754	15,029
Acadiana Criminalistics Lab - Criminal Fines	15,653	14,440
Department of Public Safety - Criminal Fines	1,750	975
Louisiana Commission on Law Enforcement - Criminal Fines	3,229	3,430
Louisiana State Treasurer CMIS - Criminal Fines	1,251	1,197
LA Dept of Health & Hospitals THI/SCI - Criminal Fines	770	450
16th Judicial District Attorney Early Intervention Fund - Criminal Fines	400	325

(continued)

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity (continued)  
Year Ended December 31, 2020

	First Six Month Period Ended <u>6/30/2020</u>	Second Six Month Period Ended <u>12/31/2020</u>
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	439	382
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	4,979	4,303
Amounts "Self-Disbursed to Collecting Agency - Civil Fees	26,105	12,789
Amounts "Self-disbursed" to Collecting Agency - Criminal Fines	22,631	21,958
Amounts "Self-disbursed" to Collecting Agency - Criminal Contempt Fees	11,700	14,147
Amounts "Self-disbursed" to Collecting Agency - Criminal Costs	542	428
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	11,081	8,344
Bond Fee Refunds	6,443	3,707
Restitution Payments to Individuals	1,773	319
Other Disbursements to Individuals	<u>700</u>	<u>350</u>
Subtotal Disbursements/Retainage	<u>222,917</u>	<u>186,041</u>
Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ 358,626</u>	<u>\$ 337,368</u>

**INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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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 Kim P. Stansbury, Judge  
City Court of Morgan City  
Morgan City, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Morgan City (hereinafter "Court"), a component unit of the City of Morgan City, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Court's basic financial statements, and have issued our report thereon dated June 23, 2021.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 Court's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Court's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and which are described in the accompanying schedule of audit results and findings as items 2020-001 and 2020-002.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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*.

## **Court's Response to Findings**

The Court's responses to the findings identified in our audit are described in the accompanying corrective action plan for current audit findings. The Court's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## **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 Court'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 Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited under the provisions of Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document in accordance with Louisiana Revised Statute 44:6.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Morgan City, Louisiana  
June 23, 2021

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Schedule of Audit Results and Findings  
Year Ended December 31, 2020

Part I. Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued on financial statements:

Opinion Unit	Type of Opinion
Governmental activities	Unmodified
Major funds:	
General	Unmodified
Juvenile Services Center	Unmodified

2. Internal control over financial reporting:

Material weakness(es) identified?	✓	yes		no
Significant deficiency(ies) identified?		yes	✓	none reported

3. Noncompliance material to the financial statements?

	yes	✓	no
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Other

4. Management letter issued?

	yes	✓	no
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Part II. Findings reported in accordance with *Government Auditing Standards*:

A. Internal Control –

2020-001 - Segregation of Duties

Year Initially Occurring: Unknown

CONDITION: Accounting and financial functions are not adequately segregated.

CRITERIA: *Internal control* is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. The Court's internal control over financial reporting includes those policies and procedures that pertain to the Court's ability to record, process, summarize, and report financial data consistent with the assertions embodied in financial statements.

CAUSE: The cause of the conditions is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Schedule of Audit Results and Findings (continued)  
Year Ended December 31, 2020

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

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

2020-002 – Financial Reporting

Year Initially Occurring: Unknown

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CRITERIA: The Court's internal control over financial reporting includes those policies and procedures that pertain to its ability to record, process, summarize, and report financial data consistent with the assertions embodied in the financial statements, including the ability of its management and staff to detect potential misstatements that may exist in the financial statements and related disclosures.

CAUSE: The condition results from a reliance on the external auditor as part of the internal control process.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

B. Compliance –

No items are reported under this section.

Part III. Findings and questioned costs reported in accordance with the Uniform Guidance

Not applicable

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Summary Schedule of Prior Audit Findings  
Year Ended December 31, 2020

A. Internal Control –

2019-001 - Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

CURRENT STATUS: See schedule of audit results and findings item 2020-001.

2019-002 – Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

CURRENT STATUS: See schedule of audit results and findings item 2020-002.

B. Compliance –

No findings were reported under this section.

C. Management Letter –

There were no prior management letter items.

CITY COURT OF MORGAN CITY  
Morgan City, Louisiana

Corrective Action Plan for Current Audit Findings  
Year Ended December 31, 2020

A. Internal Control –

2020-001 - Segregation of Duties

CONDITION: Accounting and financial functions are not adequately segregated.

MANAGEMENT’S RESPONSE: Not applicable.

2020-002 – Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

MANAGEMENT’S RESPONSE: The Court has determined that it would be more cost effective to outsource the preparation of the Court’s financial statements to its independent auditors rather than incur the costs to employ someone with the appropriate skill and expertise to prepare the financial statements in accordance with generally accepted accounting principles.