

Financial Report

City Court of Houma
Houma, Louisiana

December 31, 2020

Financial Report

City Court of Houma

Houma, Louisiana

December 31, 2020

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December 31, 2020

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Judge Matthew H. Hagen,
City Court of Houma,
Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities, the General Fund and fiduciary funds of City Court of Houma, State of Louisiana (City Court), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise 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 of 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 City 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 City 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the governmental activities, the General Fund and fiduciary funds of City Court of Houma as of December 31, 2020, and the respective changes in financial position for the governmental activities, General Fund and fiduciary funds and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis pages 4 through 9, the Schedule of Changes in City Court's Total OPEB Liability and Related Ratios on page 50, the Schedules of City Court's Proportionate Share of Net Pension Liability on pages 51 and 52 and the Schedules of City Court Contributions on pages 53 and 54 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City Court's basic financial statements. The accompanying supplementary information on page 55 and 56 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying supplementary information 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 3, 2021 on our consideration of City Court's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Court's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
June 3, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City Court of Houma

December 31, 2020

The Management's Discussion and Analysis of City Court of Houma's (City Court) financial performance presents a narrative overview and analysis of City Court's financial activities for the year ended December 31, 2020. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

City Court's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of fiscal year 2020 by \$1,201,150 (net deficit), which represents a 11.91% increase from last fiscal year's net deficit. The deficit is primarily the result of recognition of long-term obligations for compensated absences (GASB Statement 16), pension (GASB Statement 68), and other postemployment benefits (GASB Statement 75).

City Court's revenue decreased by \$257,247 (or 13.54%) primarily due to decreases in charges for services.

City Court's expenses decreased by \$204,001 (or 10.32%) primarily due to decreases in other services and charges resulting from COVID-19.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to City Court's financial statements. City Court's annual report consists of three parts: (1) management's discussion and analysis (this section); (2) financial statements; and (3) various governmental compliance reports and schedules by certified public accountants and management.

The financial statements include two kinds of statements that present different views of City Court:

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of City Court's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of City Court's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of City Court is improving or deteriorating. The Statement of Activities presents information showing how City Court's net position changed during each fiscal year. All changes in net position are reported

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements (Continued)

as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activities of City Court are judicial services from which fees are received from criminal, civil, and juvenile cases.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. City Court maintains two types of funds, governmental and fiduciary fund types.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

City Court maintains an individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. City Court adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found on pages 10 through 16 of this report.

Fiduciary Funds

Fiduciary Funds are used to account for resources received from criminal and civil cases along with funds from bonds set by the Court, which are held for the benefit of parties outside City Court. While these funds represent a trust responsibility, these assets are restricted in purpose and do not represent assets of City Court. Therefore, these assets are not presented as part of the government-wide financial statements. The Statement of Fiduciary Funds and Change in Fiduciary Net Position can be found on pages 17 and 18 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit J of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of City Court's financial position. As of December 31, 2020, liabilities and deferred inflows of resources, exceeded assets and deferred outflows of resources by \$1,201,150. Deferred outflows and inflows of resources are related to City Court's participation in multi-employer defined benefit pensions and other post-employment benefits. A portion of City Court's net position (deficit) reflects its investment in capital assets (e.g., office equipment and furniture). Consequently, these assets are not available for future spending.

Condensed Statements of Net Position

	December 31,		Dollar
	2020	2019	Change
Current assets	\$ 849,441	\$ 927,965	\$ (78,524)
Net pension asset	50,366	-	50,366
Capital assets	23,936	12,671	11,265
Deferred outflows of resources	477,287	596,016	(118,729)
Total assets and deferred outflows of resources	<u>1,401,030</u>	<u>1,536,652</u>	<u>(135,622)</u>
Long-term obligations	1,989,627	2,372,435	(382,808)
Current liabilities	119,731	103,590	16,141
Deferred inflows of resources	492,822	133,941	358,881
Total liabilities and deferred inflows of resources	<u>2,602,180</u>	<u>2,609,966</u>	<u>(7,786)</u>
Net positions (deficit):			
Net investment in capital assets	23,936	12,671	11,265
Unrestricted	<u>(1,225,086)</u>	<u>(1,085,985)</u>	<u>(139,101)</u>
Total net position	<u><u>\$ (1,201,150)</u></u>	<u><u>\$ (1,073,314)</u></u>	<u><u>\$ (127,836)</u></u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Current assets decreased due to a decrease in cash and cash equivalents as of December 31, 2020. As of December 31, 2020, City Court reported a net pension asset for its portion of participation in the Parochial Employees' Retirement System. Long-term obligations as of December 31, 2020 for net pension liability, compensated absences and other postemployment benefits total \$638,640, \$79,743, and \$1,271,244, respectively. Deferred outflows and inflows of resources are a result of accounting for pensions and other post-employment benefits.

Governmental Activities

Governmental activities for the year increased City Court's net deficit by \$127,836. Key elements of this increase are as follows:

Condensed Statements of Activities

	December 31,		Dollar	Total
	2020	2019	Change	Percentage
				Change
Program revenues				
Charges for services	\$ 747,532	\$ 932,030	\$(184,498)	-19.80%
Operating grants	880,464	952,649	(72,185)	-7.58%
General revenues				
Interest	14,285	16,936	(2,651)	-15.65%
Miscellaneous	1,863	-	1,863	100.00%
Total revenues	<u>1,644,144</u>	<u>1,901,615</u>	<u>(257,471)</u>	-13.54%
Expenses				
Judicial activities	<u>1,771,980</u>	<u>1,975,981</u>	<u>(204,001)</u>	-10.32%
Increase (decrease) in net position	(127,836)	(74,366)	(53,470)	-71.90%
Net position (deficit)				
Beginning of year	<u>(1,073,314)</u>	<u>(998,948)</u>	<u>(74,366)</u>	7.44%
End of year	<u><u>\$(1,201,150)</u></u>	<u><u>\$(1,073,314)</u></u>	<u><u>\$(127,836)</u></u>	-11.91%

In 2020, City Court's revenues and expenses decreased \$257,471 and \$204,001, respectively, primarily due to decreases in the number of criminal, civil and juvenile cases and operational costs related to COVID-19 closure.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUND

As noted earlier, City Court uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of City Court's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing City Court's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, City Court's General Fund's ending fund balance is \$719,905, which is a decrease of \$95,130 in comparison with the prior year. The entire balance is unassigned and available for spending at City Court's discretion.

General Fund Budgetary Highlights

City Court prepares its budget in accordance with accounting principles generally accepted in the United States.

The budget was amended once during the year. The primary reason for amending the budget was to align budgeted revenues and expenditures with actual.

For the year, revenues and expenditures were greater than budgetary estimates. See Exhibit G for a comparison of budgeted and actual revenue and expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

City Court's investment in capital assets for its governmental activities as of December 31, 2020, amounts to \$23,936 (net of accumulated depreciation). As of December 31, 2020 and 2019 net investment in capital assets includes furniture and equipment as follows.

	<u>2020</u>	<u>2019</u>
Furniture and equipment	<u>\$23,936</u>	<u>\$12,671</u>

Additional information on City Court's capital assets can be found in Note 3, Exhibit J of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Management considers current year's actual expenses and revenues when setting the next year's budget. Management adjusts for different factors as they become known or transpire.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of City Court's finances for all those with an interest in City Court's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Judge Matthew Hagen, 8046 Main St. Houma, Louisiana 70360.

STATEMENT OF NET POSITION**City Court of Houma**

December 31, 2020

	<u>Governmental Activities</u>
Assets and Deferred Outflows of Resources	
Cash and cash equivalents	\$ 239,636
Investments	600,000
Net pension asset	50,366
Prepaid insurance	9,805
Capital assets - depreciable, net of accumulated depreciation	<u>23,936</u>
Total assets	<u>923,743</u>
Deferred outflows of resources:	
Other postemployment benefits	239,004
Pensions	<u>238,283</u>
Total deferred outflows of resources	<u>477,287</u>
Total assets and deferred outflows of resources	<u>1,401,030</u>
Liabilities and Deferred Inflows of Resources	
Accounts payable and accrued expenditures	8,132
Due to Terrebonne Parish Consolidated Government	111,599
Long-term obligations - due after one year	<u>1,989,627</u>
Total liabilities	<u>2,109,358</u>
Deferred inflows of resources:	
Other postemployment benefits	333,292
Pensions	<u>159,530</u>
Total deferred inflows of resources	<u>492,822</u>
Total liabilities and inflows of resources	<u>2,602,180</u>
Net Position (Deficit)	
Net investment in capital assets	23,936
Unrestricted	<u>(1,225,086)</u>
Total net position (deficit)	<u><u>\$ (1,201,150)</u></u>

See notes to financial statements.

STATEMENT OF ACTIVITIES

City Court of Houma

For the year ended December 31, 2020

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Primary Government				
Governmental activities:				
Judicial activities	<u>\$ 1,771,980</u>	<u>\$ 747,532</u>	<u>\$ 880,464</u>	\$ (143,984)
General revenues:				
Interest and investment income				<u>16,148</u>
Change in net position				(127,836)
Net Position (Deficit)				
Beginning of year				<u>(1,073,314)</u>
End of year				<u>\$ (1,201,150)</u>

See notes to financial statements.

GOVERNMENTAL FUND BALANCE SHEET**City Court of Houma**

December 31, 2020

Assets

Cash and cash equivalents	\$ 239,636
Investment	<u>600,000</u>
Total assets	<u><u>\$ 839,636</u></u>

Liabilities

Accounts payable	\$ 8,132
Due to Terrebonne Parish Consolidated Government	<u>111,599</u>
Total liabilities	119,731

Fund Balance

Unassigned	<u>719,905</u>
Total liabilities and fund balance	<u><u>\$ 839,636</u></u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

City Court of Houma

December 31, 2020

Fund Balance - Governmental Fund		\$ 719,905
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not resources and, therefore, are not reported in the governmental fund.		
Governmental capital assets	\$ 63,039	
Less accumulated depreciation	<u>(39,103)</u>	23,936
Long-term assets are not financial resources and, therefore, are not reported in the governmental fund.		
Net pension assets		50,366
Prepaid expenses reported in governmental activities are not financial resources and therefore are not reported in the governmental fund.		
Prepaid insurance		9,805
Deferred outflows of resources used in governmental activities are not financial resources and are not reported in governmental funds.		
Pensions	238,283	
Other postemployment benefits	<u>239,004</u>	477,287
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental fund.		
Net pension liability	(638,640)	
Other postemployment benefit obligation	(1,271,244)	
Compensated absences payable	<u>(79,743)</u>	(1,989,627)
Deferred inflows of resources are applicable to future periods and are not reported in governmental funds.		
Pensions	(159,530)	
Other postemployment benefits	<u>(333,292)</u>	(492,822)
Net Position of Governmental Activities		<u><u>\$ (1,201,150)</u></u>

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE**

City Court of Houma

For the year ended December 31, 2020

Revenues

Charges for services:	
Criminal fees	\$ 139,021
Civil fees	440,768
Juvenile fees	46,371
Building fees	121,372
Intergovernmental revenue:	
Federal	51,744
State of Louisiana	70,677
Terrebonne Parish Consolidated Government	758,043
Miscellaneous:	
Interest and investment income	14,285
Other	1,863
	<hr/>
Total revenues	1,644,144

Expenditures

Current:	
General government:	
Personal services	1,422,215
Supplies and materials	42,883
Other services and charges	169,997
Repairs and maintenance	8,231
Professional services	27,551
Travel, education, and seminars	2,823
Computer services	24,921
Miscellaneous	19,154
Capital outlay	21,499
	<hr/>
Total expenditures	1,739,274

Deficit of Revenues Over Expenditures (95,130)

Fund Balance

Beginning of year	815,035
	<hr/>
End of year	\$ 719,905
	<hr/> <hr/>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES**

City Court of Houma

For the year ended December 31, 2020

Net Change in Fund Balance - Governmental Fund \$ (95,130)

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.

Capital outlay	\$ 21,499	
Depreciation expense	<u>(10,234)</u>	11,265

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

Increase in prepaid insurance	465	
Pension expense	(2,249)	
Other postemployment benefits	(41,022)	
Compensated absences	<u>(1,165)</u>	<u>(43,971)</u>

Change in Net Position of Governmental Activities \$ (127,836)

See notes to financial statements.

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

City Court of Houma

For the year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services:				
Criminal fees	\$ 188,058	\$ 139,019	\$ 139,021	\$ 2
Civil fees	536,096	440,768	440,768	-
Juvenile fees	61,272	46,371	46,371	-
Building fees	168,114	121,372	121,372	-
Intergovernmental revenue:				
Federal	51,744	51,744	51,744	-
State of Louisiana	-	-	70,677	70,677
Terrebonne Parish				
Consolidated Government	826,255	758,043	758,043	-
Miscellaneous:				
Interest and investment income	12,030	14,285	14,285	-
Other	-	1,863	1,863	-
Total revenues	<u>1,843,569</u>	<u>1,573,465</u>	<u>1,644,144</u>	<u>70,679</u>
Expenditures				
Current:				
General government:				
Reimbursement to Terrebonne Parish Consolidated Government	1,328,565	1,296,214	-	1,296,214
Personal services	142,868	104,190	1,422,215	(1,318,025)
Supplies and materials	53,469	41,241	42,883	(1,642)
Other services and charges	185,684	153,856	169,997	(16,141)
Repairs and maintenance	7,750	8,231	8,231	-
Professional services	28,595	26,411	27,551	(1,140)
Travel, education, and seminars	22,081	2,823	2,823	-
Computer services	7,053	15,335	24,921	(9,586)
Miscellaneous	26,866	20,294	19,154	1,140
Capital outlay	-	-	21,499	(21,499)
Total expenditures	<u>1,802,931</u>	<u>1,668,595</u>	<u>1,739,274</u>	<u>(70,679)</u>
Excess (Deficit) of Revenues Over Expenditures	40,638	(95,130)	(95,130)	141,358
Fund Balance				
Beginning of year	<u>899,963</u>	<u>815,035</u>	<u>815,035</u>	<u>-</u>
End of year	<u>\$ 940,601</u>	<u>\$ 719,905</u>	<u>\$ 719,905</u>	<u>\$ 141,358</u>

See notes to financial statements.

STATEMENT OF FIDUCIARY FUNDS**City Court of Houma**

December 31, 2020

	<u>Custodial Funds</u>			<u>Total Custodial Funds</u>
	<u>Civil Fund</u>	<u>Criminal Fund</u>	<u>Bond Fund</u>	
Assets				
Cash and cash equivalents	\$ 317,569	\$ 4,290	\$ 16,548	\$ 338,407
Investments	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
Total assets	<u><u>\$ 767,569</u></u>	<u><u>\$ 4,290</u></u>	<u><u>\$ 16,548</u></u>	<u><u>\$ 788,407</u></u>
Liabilities				
Civil funds	767,569	-	-	767,569
Criminal funds	<u>-</u>	<u>4,290</u>	<u>-</u>	<u>4,290</u>
Total liabilities	<u>767,569</u>	<u>4,290</u>	<u>-</u>	<u>771,859</u>
Fiduciary net position				
Held for others	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,548</u></u>	<u><u>\$ 16,548</u></u>

See notes to financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

City Court of Houma

December 31, 2020

	<u>Custodial Funds</u>			<u>Total Custodial Funds</u>
	<u>Civil Fund</u>	<u>Criminal Fund</u>	<u>Bond Fund</u>	
Additions:				
Collections for other governments	\$ 1,056,153	\$ 689,716	\$ 41,290	\$ 1,787,159
Deductions:				
Distributions to other governmental units	<u>1,056,153</u>	<u>689,716</u>	<u>44,538</u>	<u>1,790,407</u>
Net increase (decrease) in fiduciary net position	-	-	(3,248)	(3,248)
Net position at beginning of year, as restated	<u>-</u>	<u>-</u>	<u>19,796</u>	<u>19,796</u>
Net position at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,548</u></u>	<u><u>\$ 16,548</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**City Court of Houma**

December 31, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of City Court of Houma (City Court) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

City Court is organized under Louisiana Revised Statute 13:1872 and is a limited jurisdiction within the boundaries of Terrebonne Parish handling civil suits up to \$20,000, adult misdemeanors and juvenile proceedings.

The Judge for City Court is an independently elected official with a six year term. However, City Court is fiscally dependent on the Terrebonne Parish Consolidated Government (the Parish) for the payment of salaries, courthouse space, maintenance, utilities and other office expenses. Each year the Parish budgets a certain amount of expenditures which will be paid on behalf of City Court. All expenditures exceeding the Parish's budget shall be paid by City Court. Accordingly, City Court has been determined to be a component unit of the Parish and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2020.

GASB 14, *"The Financial Reporting Entity"*, GASB 39, *Determining Whether Certain Organizations Are Component Units-an Amendment of GASB* Statement 14, and GASB 61, *"The Financial Reporting Entity: Omnibus and amendment of GASB"* Statements 14 and 34 established the criterion for determining which component units should be considered part of City Court for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (Continued)

2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between City Court and the potential component unit.
4. Imposition of will by City Court on the potential component unit.
5. Financial benefit/burden relationship between City Court and the potential component unit.

City Court has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Basis of Presentation

City Court's financial statements consist of the government-wide statements on all non-fiduciary activities of City Court and the governmental fund financial statements.

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of City Court. The government-wide presentation focuses primarily on the sustainability of City Court as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Fund Financial Statements

The daily accounts and operations of City Court are organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of a fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, equity, revenues and expenditures. Governmental resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of City Court:

General Fund - The General Fund is the general operating fund of City Court. It is used to account for and report all financial resources not accounted for and reported in another fund.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

Fiduciary Funds

Custodial Funds - These funds are used to account for and report assets that City Court holds for other governments and others in a custodial capacity. Since by definition these assets are being held for the benefit of others and cannot be used to address activities or obligations of City Court, these funds are not incorporated into the governmental-wide statements.

c) Measurement Focus and Basis of Accounting

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

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current position. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, City Court considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, Management adopted a budget for City Court's General Fund. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by Management. City Court amended its budget once during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America. The General Fund budget presentation is included in the financial statements, see Exhibit G.

f) Accounts Receivable

The financial statements for City Court contain no allowance for uncollectible accounts. Uncollectible amounts due for other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

g) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$1,000 or more are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Capital Assets (Continued)

Government-wide Financial Statements (Continued)

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. 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 are as follows:

Furniture and equipment 5 - 10 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

h) Long-Term Obligations

The accounting treatment of long-term obligations depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. Long-term obligations consist of accrued compensated absences (vacation and sick leave), obligations for retirement (net pension liability) and other postemployment benefits (group health insurance).

Fund Financial Statements

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Vacation and Sick Leave

City Court provides vacation benefits to all full-time employees, after 180 days of continuous employment. Unused vacation carries forward to the next year. Eligible employees earn one week of vacation after 180 days of employment, two weeks of vacation after one year of employment, 88 hours after 6 years, and increases by an 8 hour day each year thereafter up to 15 years of continued employment for a total of 160 hours earned. Employees with less than 10 years of service may accumulate a maximum of 160 hours of annual leave, employees with 10 or more years of service may accumulate a maximum of 200 hours of annual leave. Accumulated earned and unused vacation is payable upon termination.

Eligible personnel will earn sick leave. Sick leave is earned up to 10 days (80 hours) per year. Sick leave is earned by introductory employees on their 91st day of employment at a rate of 5 days, with the remaining 5 days being earned at their 181st day. Employees earn an additional 5 days after their first year of employment, and continue to earn an additional 5 days every six months after their first year of employment. The balance of sick time accumulates each year. Sick leave is payable upon termination up to one-half of the accumulated balance, up to a maximum of 240 hours.

Compensatory time will be given to employees in lieu of overtime. The rate of accrual is one and a half hours per hour of overtime worked. Compensatory time accumulates up to 60 hours of time. An employee who has accrued the maximum number of compensatory hours shall be paid overtime compensation for any additional overtime hours worked. Compensatory time accumulates to the limit until termination at which point it will be paid to the employee.

The liability for these compensated absences is recorded as a long-term obligation in the government-wide statements. In the fund financial statements, government funds report compensated absence as paid or a liability payable from expendable available financial resources.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of City Court's retirement plans, Louisiana State Employees' Retirement System and Parochial Employees' Retirement System of Louisiana (the Systems) and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. 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.

k) Deferred Outflows 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. City Court has pension and other postemployment benefits related deferred outflows.

l) Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position and balance sheets 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. The governmental funds report deferred inflows of resources from pensions and other postemployment benefits in City Court's government-wide statements.

m) Equity

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any. As of December 31, 2020, City Court had no outstanding borrowings.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Equity (Continued)

Government-wide Statements (Continued)

- b. Restricted net position - Consists of assets and deferred outflow of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is City Court's policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2020 and for the year then ended, City Court did not have or receive restricted resources.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable - amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to maintain intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal action of City Court's management. Commitment may be established, modified, or rescinded only through actions approved by City Court's management.
- d. Assigned - amounts that do not meet the criteria to be classified as either restricted or committed but are intended to be used for specific purposes. Assignment may be established, modified or rescinded by the Judge.
- e. Unassigned - all other spendable amounts.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Equity (Continued)

Fund Financial Statements (Continued)

For the classification of governmental fund balances, City Court considers an expenditure to be made from the most restrictive first when more than one classification is available. City Court's fund balance was classified as unassigned as of December 31, 2020.

n) New GASB Statements

During the year ending December 31, 2020, City Court implemented the following GASB Statements:

Statement No. 84, "*Fiduciary Activities*" improves 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. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. See Exhibit H and I for implementation of this Statement. The effects of implementing this Statement are:

	Civil Fund	Criminal Fund	Bond Fund
Net position beginning of year As previously reported	\$ -	\$ -	\$ -
GASB Statement No. 84	-	-	19,796
As restated	\$ -	\$ -	\$19,796

Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*" provides temporary relief to governments and other stakeholders in light of the Coronavirus (COVID-19) pandemic. That objective is accomplished by postponing the effective dates certain Statements, and Implementation Guides to those dates reported below.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) New GASB Statements (Continued)

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*" establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA*", which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 91, "*Conduit Debt Obligations*" provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related noted disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) New GASB Statements (Continued)

standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 92, "*Omnibus 2020*" establishes accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement apply to all financial statements of all state and local governments at dates varying from upon issuance to fiscal periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 93, "*Replacement of Interbank Offered Rates*" some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. The Statement will preserve the consistency and comparability of reporting hedging derivative instruments and leases after governments amend or replace agreements to replace an IBOR. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has not yet determined the effect of this Statement on the financial statements

Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*" improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) New GASB Statements (Continued)

to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. Management has yet to determine the effect of the Statement on the financial statements.

Statement No. 96, "*Subscription-based Information Technology Arrangements*" provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines SBITA; (2) established a SBITA results in a right-to-use subscription asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of SBITA; and (4) requires note disclosure regarding a SBITA. The requirements of the Statement are effective for the years beginning after June 15, 2022. Management has yet to determine the effect of this Statement on the financial statements.

Statement No. 97 "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*" provides objectives to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefits (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for the years beginning after June 15, 2021. Management has yet to determine the effect of the Statement on the financial statements.

Note 2 - DEPOSITS AND INVESTMENTS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investment, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Bank Deposits

State law requires that deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

The year-end balances of deposits are as follows:

	Bank Balances	Report Amount
Cash	\$ 699,820	\$ 578,043
Certificates of deposit	1,050,000	1,050,000
Totals	\$ 1,749,820	\$ 1,628,043

Custodial credit risk is the risk that in the event of a bank failure, City Court's deposits may not be returned to it. City Court has a written policy for custodial credit risk, which reflects state law. As of December 31, 2020, \$899,820 of City Court's bank balance of \$1,749,820 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, and are deemed to be held in City Court's name as allowed by state statutes.

As of December 31, 2020, cash was adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of City Court. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though these deposits are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

Bank Deposits (Continued)

A reconciliation of deposits as shown on the Statement of Net Position and Governmental Fund Balance is as presented below:

Amounts reported	\$ 1,628,043
Less amounts reported in the Statement of Fiduciary Funds:	
Cash and cash equivalents	(338,407)
Investments	<u>(450,000)</u>
Total	<u>\$ 839,636</u>
Governmental Fund Balance Sheet:	
Cash and cash equivalents	\$ 239,636
Investments	<u>600,000</u>
Total	<u>\$ 839,636</u>

Note 3 - CHANGES IN CAPITAL ASSETS

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

	Balance January 1, 2020	Additions	Deletions	Balance December 31, 2020
Capital assets				
being depreciated:				
Furniture and equipment	\$ 166,650	\$ 21,499	\$(125,110)	\$ 63,039
Less accumulated				
depreciation for:				
Furniture and equipment	<u>(153,979)</u>	<u>(10,234)</u>	<u>125,110</u>	<u>(39,103)</u>
Total capital assets, net	<u>\$ 12,671</u>	<u>\$ 11,265</u>	<u>\$ -</u>	<u>\$ 23,936</u>

Note 4 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures amounted to \$8,132 as of December 31, 2020 and consisted of vendor invoices for operating expenditures.

In addition City Court has reported amounts due to Terrebonne Parish Consolidated Government as follows:

Operating expenses	\$102,388
Building fund fees	<u>9,211</u>
 Totals	 <u>\$111,599</u>

Note 5 - LONG-TERM OBLIGATIONS

Long-term obligations consist of accumulated earned and unpaid vacation and sick leave, other postemployment benefits and net pension liabilities and all are due in excess of one year. The following is a summary of changes in the long-term obligations of City Court for the year ended December 31, 2020:

	Payable January 1, 2020	Increase	Decrease	Payable December 31, 2020
Accumulated unpaid annual leave	\$ 78,578	\$ 85,405	\$ (84,240)	\$ 79,743
Other postemployment benefits	1,505,641	-	(234,397)	1,271,244
Net pension liability:				
Parochial Employees' Retirement System	200,249	-	(200,249)	-
Louisiana State Employees' Retirement System	<u>587,967</u>	<u>50,673</u>	<u>-</u>	<u>638,640</u>
Totals	<u>\$2,372,435</u>	<u>\$136,078</u>	<u>\$(518,886)</u>	<u>\$1,989,627</u>

Compensated absences, other postemployment benefits and net pension liability are described in Notes 1(i) and 1(j), 7 and 8, respectively.

Note 6 - RISK MANAGEMENT

City Court is exposed to various risks of loss related to workers compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which City Court carries commercial insurance and also participates in the Parish's risk management program for general liability, workers' compensation and group insurance. No settlements were made during the year that exceeded City Court's insurance coverage. City Court pays yearly premiums to the Parish for general liability based on various factors such as its operations and maintenance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The Parish handles all claims filed against City Court for which it has insurance coverage with the Parish.

City Court could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

Policy	Coverage Limit
General Liability	\$ 10,000,000
Workers' Compensation	Statutory

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's risk management internal service fund, \$2,252,213 as of December 31, 2019, then secondly by City Court. The Parish is self-insured for the first \$175,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2019 was \$16,375,093. Insurance contracts cover the excess liability on individual claims. Covered employees are subject to a lifetime maximum claims limit. Coverage for group health claim liabilities are to be funded first by assets of the Parish's group health internal service fund, \$2,290,142 as of December 31, 2019, then secondly by City Court. Worker's compensation claims in excess of \$600,000 are covered under an insurance contact for claims aggregate up to limits are to be funded first by assets of the Parish's workers' compensation internal service fund. As of December 31, 2020, City Court had no claims in excess of the above coverage limits. Total premiums paid to the Parish for insurance coverage during the year ended December 31, 2020 totaled \$317,878.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description

City Court administers a single employer defined benefit healthcare plan (the Plan) through the Parish's Group Insurance Fund. The Plan provides for the payment of medical, dental and life insurance premiums for eligible employees, retirees and their dependents. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. Louisiana Revised Statute 33:5161 provided the authority of City Court Judge to establish and amend the benefit terms and financing. For employees retiring before January 1, 2005 City Court funds the entire premium for all benefits on employees retiring with at least ten years of service upon retiring from the formal retirement systems.

City Court employees retiring on or after January 1, 2005 and before January 1, 2014 with at least ten years of permanent full-time creditable service with City Court shall be eligible to participate in the Plan under the following vesting Schedule: 11 to 15 years of service, 2.75% per year; 16 to 20 years of service 41.25% plus 3.75% per year of service; 21 years or more of service, 60% plus 5% per year of service, limited to 85% of the premium. Employees hired after December 31, 2013 with at least 30 years of permanent full-time creditable service, age 55 and 5 years of participation in City Court's group health insurance plan immediately prior to retirement shall be eligible to participate in the Plan with benefits limited to 80% of premiums. A retired employee may provide dependent hospitalization coverage at applicable dependent rates. City Court does not issue a publicly available financial report on the Plan.

Employees Covered by Benefit Terms

Inactive employees currently receiving benefit payments	8
Active employees	<u>18</u>
Total	<u>26</u>

City Court's total OPEB liability of \$1,271,244 was measured as of December 31, 2020 and was determined by an actuarial valuation as of January 1, 2020.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB liability as of December 31, 2020 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless, otherwise specified:

Measurement Date	December 31, 2020
Actuarial Valuation Date	January 1, 2020
Inflation	2.50%
Salary Increases, including inflation	3.00%
Discount Rate	2.00%
Healthcare Cost Trend Rates	Medical - 6.00% in year 1 decreasing in decrements of 0.50% in years 2 and 3 per year until 5.00% years 3 through 5. Dental - 3.50% in year 1 decreasing in decrements of 0.25% per year until 2.50% through year 5.

The discount rate was based on the December 31, 2020 Fidelity General Obligation AA 20-Year Yield.

Mortality rates for active employees were based on the PubG.H-2010 (general) and PubS.H-2010 (public safety) Employee Mortality Tables, Generational with Projection Scale MP-2020 for males or females, as appropriate.

Mortality rates for retirees were based on the PubG.H-2010 (general) and PubS.H-2010 (public safety) Healthy Retiree Mortality Tables, Generational with Projection Scale MP-2020 for males or females, as appropriate.

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of December 31, 2019	\$ 1,505,641
Changes for the year:	
Service cost	35,915
Interest	41,397
Difference between expected and actual experience	(181,446)
Changes in assumptions and other inputs	(131,566)
Change in proportion	20,663
Benefit payments	(19,360)
Net changes	(234,397)
Balance as of December 31, 2020	\$ 1,271,244

Sensitivity to the Total OPEB Liability to Change in the Discount Rate

The following presents the total OPEB liability of City Court, as well as what City Court's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

	1.00% Decrease (1.00%)	Current Discount Rate (2.00%)	1.00% Increase (3.00%)
Total OPEB Liability	\$ 1,470,365	\$ 1,271,244	\$ 1,030,576

Note 7 - POSTEMPLOYMENT HEALTHCARE BENEFITS (Continued)

Total OPEB Liability (Continued)

Sensitivity to Total OPEB Liability to Change in the Health Cost Trend Rate

The following presents the total OPEB liability of City Court, as well as what City Court's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rate.

	1.00% Decrease	Current Healthcare Cost Trend Rate	1.00% Increase
Total OPEB Liability	\$ 1,009,946	\$ 1,271,244	\$ 1,509,737

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020 City Court recognized OPEB expense of \$318,627. As of December 31, 2020, City Court reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 28,248	\$(151,108)
Change in assumptions	168,426	(146,771)
Changes in proportion	42,330	(35,413)
Totals	\$239,004	\$(333,292)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Amount
2021	\$ (16,930)
2022	(16,930)
2023	(1,959)
2024	(58,469)
Total	\$ (94,288)

Note 8 - DEFINED BENEFIT PENSION PLANS

a) Parochial Employees' Retirement System

Plan Description. City Court contributes to Plan B of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan established by Act 205 of the 1952 regular session of the Legislature of the State of Louisiana to provide retirement benefits to all employees of any parish in the State of Louisiana or any governing body or a parish which employs persons serving the parish. Act 765 of the year 1979, established by the Legislature of the State of Louisiana, revised the System to create Plan A and Plan B. Plan A was designated for employers out of Social Security. Plan B was designated for those employers that remained in Social Security on the revision date.

The Retirement System is governed by Louisiana Revised Statutes, Title 11, Section 1901 through 2025, specifically and other general laws of the State of Louisiana.

Eligibility. All permanent parish government employees, includes City Court, who work at least 28 hours a week shall become members on the date of employment. New employees meeting the age and Social Security criteria have up to 90 days from the date of hire to elect to participate.

As of January 1997, elected officials, except coroners, justices of the peace, and parish presidents may no longer join the System.

Benefits Provided. The System provides retirement, deferred retirement, disability and death benefits. Retirement benefits are generally equal to 2.0% of the member's final average compensation multiplied by the years of creditable service. For members hired prior to January 1, 2007 they may retire with full benefits at age 55 upon completing 30 years of service, at age 60 after completing 10 years of service or retire at age 65 after completing 7 years of service. For members hired after January 1, 2007 they may retire with full benefits at age 55 after completing 30 years of service, at age 62 after completing 10 years of service or at age 67 after completing 7 years of service.

Act 338 of 1990 established the Deferred Retirement Option Plan (DROP) for the System. When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years. During the three year period, employer contributions continue but employee contributions cease. The election to participate in DROP is irrevocable once participation begins. Retirement benefits that would be paid, had the person ceased employment, are paid into the DROP account. Upon termination of employment a participant in DROP may

Note 8 - DEFINED BENEFIT PENSION PLANS (Continued)

a) Parochial Employees' Retirement System (Continued)

receive a lump sum equal to payments into the participant's account, an annuity or a roll over to an Individual Retirement Account. Members hired before January 1, 2007 with 5 or more years of service who becomes disabled may receive retirement benefits determined in the same manner as retirement benefits. Members hired after January 1, 2007 with 7 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's years of creditable service and compensation and the dependent's relationship to the deceased member. The System provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State Legislature.

Contributions. According to state statute, contributions for all employers are actuarially determined each year. For the year ending December 31, 2019, the actuarial employer contribution rate was 7.53% of member's compensation. However, the actual rate for both the fiscal years ending December 31, 2019 and 2018 was 7.50%.

According to state statute, the System also receives $\frac{1}{4}$ of 1% of ad valorem taxes collected within the respective parishes, except for Orleans and East Baton Rouge parishes. The System also receives revenue sharing funds each year as appropriated by the Legislature. Tax monies and revenue sharing monies are apportioned between Plan A and Plan B in proportion to the member's compensation. These additional sources of income are used as additional employer contributions and are considered support from non-employer contributing entities.

Contributions to the System from City Court were \$60,705 for the year ended December 31, 2020. Contribution rates for the year ended December 31, 2020 was 7.50% for employers and 3.00% for employees.

Note 8 - DEFINED BENEFIT PENSION PLANS (Continued)

a) Parochial Employees' Retirement System (Continued)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension asset as of December 31, 2020 are as presented below:

Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return	6.50%, net investments expense, including inflation.
Project Salary Increases	4.25% (2.40% inflation, 1.85% merit).
Inflation Rate	2.40%
Mortality Rates	Pub-2010 Public Retirement Plans Mortality Table for Health Retirees multiplied by 130% for males and 125% for females using MP2018 scale for annuitant and beneficiary mortality. For employees, the Pub-2010 Public Retirement Plans Mortality Table for General Employees multiplied by 130% for males and 125% for females using MP2018 scale. Pub-2010 Public Retirement Plans Mortality Table for General Disabled Retirees multiplied by 130% for males and 125% for females using MP2018 scale for disabled annuitants.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Note 8 - DEFINED BENEFIT PENSION PLANS (Continued)

a) Parochial Employees' Retirement System (Continued)

The long-term expected rate of return on pension plan investments was determined using a triangulation method which integrated the capital asset pricing model pricing method (top-down), a treasury yield curve approach (bottom-up) and an equity building-block model (bottom-up). Risk return and correlations are projected on a forward looking basis in equilibrium, in which best-estimates 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 rates 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 2.00% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.18% for the year ended December 31, 2019.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2020 are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	35.00%	1.05%
Equity	52.00%	3.41%
Alternatives	11.00%	0.61%
Real assets	2.00%	0.11%
Total	100.00%	5.18%
Inflation		2.00%
Expected Arithmetic Nominal Rate		7.18%

Discount Rate. The discount rate used to measure the total pension asset was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 - DEFINED BENEFIT PENSION PLANS (Continued)

a) Parochial Employees' Retirement System (Continued)

Sensitivity of City Court's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate. The following presents City Court's proportionate share of the collective net pension liability using the discount rate of 6.50%, as well as what City Court's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (5.50%) or one percentage-point higher (7.50%) than the current rate as follows:

	1.0% Decrease (5.50%)	Current Discount Rate (6.50%)	1.0% Increase (7.50%)
Court's proportionate share of the net pension asset (liability)	\$270,569	\$50,366	\$(318,611)

Pension Plan Fiduciary Net Position. The Parochial Employees' Retirement System of Louisiana issued a stand-alone audit report on their financial statements for the year ended December 31, 2019. Access to the audit report can be found on the System's website, www.persla.org or on the Louisiana Legislative Auditor's website, www.lla.la.gov.

b) Louisiana State Employees' Retirement System

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

Eligibility. All state employees, including the City Court judge, become members of LASERS' Defined Benefit Plan (DBP) as condition of employment, unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials, including the City Court judge, and officials appointed by the Governor may, at their option, become members of LASERS.

Note 8 - DEFINED BENEFIT PENSION PLANS (Continued)

b) Louisiana State Employees' Retirement System (Continued)

Benefits Provided. LASERS provides retirement, deferred retirement, disability and death benefits for the members. Retirement benefits are generally equal to 3.5% of the average compensation multiplied by the years of creditable service. The City Court judges elected prior to July 1, 2006, may retire with full benefits at any age after completing 30 years of creditable service or at age 60 after completing 10 years of service. City Court judges elected to office on or after July 1, 2006 and before July 1, 2015 may retire at age 60 after completing 5 years of creditable services. The age limitation increases to 62 for City Court judges elected on or after July 1, 2015. Additionally, members may choose to retire with 20 years of service at any age with an actuarially reduced benefit. The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP their status changes from active to retired even though they continue to work and draw their salary for up to three years. During participation in DROP, retirement benefits which normally would be paid are separately tracked and invested in LASERS Self Directed Plan, which offers a variety of investment options. The election to participate in DROP is irrevocable once participation begins. . Members with 10 or more years of service who become disabled may receive retirement benefits determined in the same manner as retirement benefits. Death benefits are payable to eligible surviving dependents based on the deceased member's compensation and the dependent's relationship to the deceased member. LASERS provides permanent benefit increases, cost of living adjustments (COLA) as approved by the State legislature.

Contributions. The employer contribution rate for all employees is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Contribution requirements of active employees, 7.5% if hired before July 1, 2006 and 8% if hired after June 30, 2006, are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401). City Court's contractually required composite contribution rate for the year ended June 30, 2020 was 42.00% and 39.00% for the year ended June 30, 2019, 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 City Court were \$66,245 for the year ended December 31, 2020.

Note 8 - DEFINED BENEFIT PENSION PLANS (Continued)

b) Louisiana State Employees' Retirement System (Continued)

Actuarial Assumptions. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement as presented below:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	2 years.
Investment Rate of Return	7.55% per annum, net investment expenses
Inflation Rate	2.30% per annum
Mortality Rates	Non-disabled members - The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.
	Disabled members - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members.
Salary Increases	Salary increase were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for Judges start at a low of 2.60% and at a high of 5.10%.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

Note 8 - DEFINED BENEFIT PENSION PLANS (Continued)

b) Louisiana State Employees' Retirement System (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. 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	
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%. 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, actuarially determined. 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 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.

Note 8 - DEFINED BENEFIT PENSION PLANS (Continued)

b) Louisiana State Employees' Retirement System (Continued)

Sensitivity of City Court's Proportionate Share of the Collective Net Pension Liability to Changes in the Discount Rate. The following presents City Court's proportionate share of the collective net pension liability using the discount rate of 7.55%, as well as what City Court's proportionate share of the collective 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:

	1.0% Decrease (6.55%)	Current Discount Rate (7.55%)	1.0% Increase (8.55%)
Court's proportionate share of the net pension liability	<u>\$787,126</u>	<u>\$638,640</u>	<u>\$496,149</u>

c) Combined Balances

Pension Asset. At December 31, 2020, City Court reported a net pension asset of \$50,366 for its proportionate share of net pension asset for PERS. The net pension asset was measured as of December 31, 2019 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. City Court's proportion of the net pension asset was based on a projection of City Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019, City Court's proportion of PERS' net pension asset was 0.6962%, which was a decrease of 0.04502% from its proportionate share measured as of December 31, 2018.

Pension Liability. At December 31, 2020, City Court reported a net pension liability of \$638,640 for its proportionate share of the net pension liability for LASERS. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. City Court's proportion of the net pension liability was based on a projection of City Court's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2020, City Court's proportionate share of LASERS' net pension liability was 0.00775% which is a decrease of 0.00016% to its proportionate share as of June 30, 2019.

Pension Expense. For the year ended December 31, 2020, City Court recognized pension expense of \$125,695.

Note 8 - DEFINED BENEFIT PENSION PLANS (Continued)

c) Combined Balances (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2020, City Court reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,490	\$ (28,762)
Net different between expected earnings on investments and actual	104,943	(113,457)
Change in assumptions	33,334	-
Change in proportion	4,221	(16,437)
Change in proportionate share of contributions	-	(874)
Contributions subsequent to the measurement date	<u>94,295</u>	<u>-</u>
	<u>\$238,283</u>	<u>\$(159,530)</u>

City Court reported \$94,295 as deferred outflows of resources related to pensions resulting from City Court's contributions subsequent to the measurement dates and will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$(28,515)
2022	(2,393)
2023	41,726
2024	<u>(26,360)</u>
Total	<u>\$(15,542)</u>

Note 9 - ON BEHALF PAYMENTS FROM TERREBONNE PARISH CONSOLIDATED GOVERNMENT

City Court recognizes as revenues and expenditures certain payments for personal services and other services and charges made by Terrebonne Parish Consolidated Government on behalf of City Court. This operating grant was agreed upon by the Parish Council and liable to increase or decrease every year due to operating budgets adopted by the Parish. As of December 31, 2020, the total operating grant revenue is as follows:

Personal services	\$722,364
Other services and charges	<u>35,679</u>
Total	<u>\$758,043</u>

Note 10 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through June 3, 2021, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN CITY COURT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS**

City Court of Houma

For the three years ended December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service cost	\$ 35,915	\$ 22,987	\$ 54,788
Interest	41,397	31,334	79,832
Difference between expected and actual experience	(181,446)	46,027	(11,840)
Changes in assumptions or other inputs	(131,566)	274,439	(82,610)
Change in proportion	20,663	(16,057)	-
Change in benefit terms	-	-	(1,196,789)
Benefit payments	(19,360)	(36,918)	(33,210)
Net Change in Total OPEB Liability	(234,397)	321,812	(1,189,829)
Total OPEB Liability, beginning of year	<u>1,505,641</u>	<u>1,183,829</u>	<u>2,373,658</u>
Total OPEB Liability, end of year	<u>\$ 1,271,244</u>	<u>\$ 1,505,641</u>	<u>\$ 1,183,829</u>
Covered Employee Payroll	<u>\$ 960,752</u>	<u>\$ 988,395</u>	<u>\$ 988,378</u>
Total OPEB liability as a percentage of covered employee payroll	<u>132.32%</u>	<u>152.33%</u>	<u>119.77%</u>

Notes to Schedule:

Changes of Benefit Terms:

Effective January 1, 2019, a Medicare Advantage plan was introduced as an option for eligible retirees.

Changes in assumptions:

Discount rate	<u>2.00%</u>	<u>2.75%</u>	<u>3.71%</u>
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Mortality rates:

2018	RPH-2014 Employee and Healthy Annuity, Generational with MP-2019.
2019	PubG.H-2010 (general) PubS.H-2010 (public safety) Employee and Healthy Annuitant, Generational with MP-2019.
2020	PubG.H-2010 (general) PubS.H-2010 (public safety) Employee and Healthy Annuitant, Generational with MP-2020.

The schedule is provided beginning with the City Court's year ended December 31, 2018 and is intended to show a ten year trend. Additional years will be reported as they become available.

**SCHEDULE OF CITY COURT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

City Court of Houma

For the six years ended December 31, 2020

Parochial Employee's Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City Court's proportion of the net pension liability (asset)	<u>0.696266%</u>	<u>0.741210%</u>	<u>0.764843%</u>	<u>0.785340%</u>	<u>0.768340%</u>	<u>0.756950%</u>
City Court's proportionate share of the net pension liability (asset)	<u>\$ (50,366)</u>	<u>\$ 200,249</u>	<u>\$ (96,233)</u>	<u>\$ 102,021</u>	<u>\$ 137,100</u>	<u>\$ 63,395</u>
City Court's covered-employee payroll	<u>\$ 808,605</u>	<u>\$ 783,887</u>	<u>\$ 774,570</u>	<u>\$ 766,092</u>	<u>\$ 734,538</u>	<u>\$ 761,632</u>
City Court's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>-6.229%</u>	<u>25.546%</u>	<u>-12.424%</u>	<u>13.317%</u>	<u>18.665%</u>	<u>8.324%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>102.05%</u>	<u>91.93%</u>	<u>104.02%</u>	<u>94.15%</u>	<u>93.48%</u>	<u>99.15%</u>

The schedule is provided beginning with the City Court's year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

**SCHEDULE OF CITY COURT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**

City Court of Houma

For the six years ended December 31, 2020

Louisiana State Employee's Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City Court's proportion of the net pension liability (asset)	<u>0.007750%</u>	<u>0.007910%</u>	<u>0.008120%</u>	<u>0.008160%</u>	<u>0.007980%</u>	<u>0.789000%</u>
City Court's proportionate share of the net pension liability (asset)	<u>\$ 638,640</u>	<u>\$ 587,967</u>	<u>\$ 553,193</u>	<u>\$ 585,658</u>	<u>\$ 638,413</u>	<u>\$ 551,665</u>
City Court's covered-employee payroll	<u>\$ 154,649</u>	<u>\$ 152,445</u>	<u>\$ 151,944</u>	<u>\$ 150,018</u>	<u>\$ 149,664</u>	<u>\$ 146,585</u>
City Court's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>409.18%</u>	<u>385.69%</u>	<u>364.08%</u>	<u>390.39%</u>	<u>426.56%</u>	<u>376.34%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>58.00%</u>	<u>62.90%</u>	<u>64.30%</u>	<u>62.50%</u>	<u>57.70%</u>	<u>62.70%</u>

The schedule is provided beginning with the City Court's year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

SCHEDULE OF CITY COURT CONTRIBUTIONS

City Court of Houma

For the six years ended December 31, 2020

Parochial Employee's Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 60,705	\$ 60,645	\$ 58,792	\$ 61,966	\$ 61,287	\$ 70,424
Contributions in relation to the contractually required contribution	<u>(60,705)</u>	<u>(60,645)</u>	<u>(58,792)</u>	<u>(61,966)</u>	<u>(61,287)</u>	<u>(70,424)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
City Court's covered-employee payroll	<u>\$ 809,403</u>	<u>\$ 808,605</u>	<u>\$ 783,887</u>	<u>\$ 774,570</u>	<u>\$ 766,092</u>	<u>\$ 734,538</u>
Contributions as a percentage of covered-employee payroll	<u>7.50%</u>	<u>7.50%</u>	<u>7.50%</u>	<u>8.00%</u>	<u>8.00%</u>	<u>9.59%</u>

The schedule is provided beginning with the City Court's year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

SCHEDULE OF CITY COURT CONTRIBUTIONS

City Court of Houma

For the six years ended December 31, 2020

Louisiana State Employee's Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	* \$ 66,245	\$ 62,801	* \$ 59,694	* \$ 57,393	* \$ 56,138	* \$ 53,064
Contributions in relation to the contractually required contribution	<u>(66,245)</u>	<u>(62,801)</u>	<u>(59,694)</u>	<u>(57,393)</u>	<u>(56,138)</u>	<u>(53,064)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
City Court's covered-employee payroll	<u>\$ 154,650</u>	<u>\$ 154,992</u>	<u>\$ 151,894</u>	<u>\$ 150,382</u>	<u>\$ 149,664</u>	<u>\$ 146,585</u>
Contributions as a percentage of covered-employee payroll	<u>42.84%</u>	<u>40.52%</u>	<u>39.30%</u>	<u>38.16%</u>	<u>37.51%</u>	<u>36.20%</u>

* Includes on-behalf payments from Terrebonne Parish Consolidated Government and the State of Louisiana.

The schedule is provided beginning with the City Court's year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

SUPPLEMENTARY INFORMATION

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

City Court of Houma

December 31, 2020

Agency Head Name: Judge Matthew Hagen

Purpose

Salary	\$ 154,650 *
Benefits - insurance	17,041 *
Benefits - retirement	66,245 *
Benefit - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	826
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	1,096
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<u>\$ 239,858</u>

* Includes on-behalf payments from the Terrebonne Parish Consolidated Government and the State of Louisiana.

JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION

City Court of Houma

December 31, 2020

	First Six Month Period Ended June 30, 2020	Second Six Month Period Ended December 31, 2020
Beginning balance of amounts collected	<u>\$ 300,353</u>	<u>\$ 299,242</u>
Collections:		
Civil fees	513,366	542,787
Bond fees	17,078	24,212
Criminal court costs/fees	<u>358,576</u>	<u>331,140</u>
Subtotal collections	<u>889,020</u>	<u>898,139</u>
Disbursements to Governments and Nonprofits:		
Terrebonne Parish Consolidated Government, Criminal Court Costs/Fees	89,758	80,166
Terrebonne Parish Consolidated Government, Criminal Court Fines - other	11,745	11,051
City Court - General Fund, Criminal Court Costs/Fees	133,634	106,034
City Court - General Fund, Criminal Court Fines - other	4,828	5,774
District Attorney's Office, Criminal Court Costs/Fees	18,998	18,615
District Attorney's Office, Criminal Court Fines - other	4,582	3,633
Terrebonne Parish Indigent Defender Board, Criminal Court Costs/Fees	71,613	60,511
Terrebonne Parish Indigent Defender Board, Criminal Court Fines - other	1,647	869
Bayou Crime Stopper, Criminal Court Costs/Fees	3,137	2,653
State of Louisiana Treasurer, Criminal Court Fines - other	4,073	3,427
Louisiana Department of Health, Criminal Court Fines - other	1,425	1,385
Louisiana Commission on Law Enforcement, Criminal Court Fines - other	8,028	5,778
Louisiana Supreme Court, Criminal Court Costs/Fees	1,037	929
Other, Criminal Court Fines - other	14,223	18,596
Terrebonne Parish Consolidated Government, Civil Court Costs/Fees	80,517	79,227
City Court - General Fund, Civil Court Costs/Fees	243,452	249,926
City Court - General Fund, Civil Court Fines - other	-	617
Secretary of State, Civil Court Costs/Fees	700	500
Housing Authority, Civil Court Costs/Fees	105	403
State of Louisiana Treasurer, Civil Court Costs/Fees	35,825	37,594
Terrebonne Parish Clerk of Court, Civil Court Costs/Fees	47,741	58,163
Louisiana Supreme Court, Civil Court Costs/Fees	753	726
Other, Civil Court Costs/Fees	50,751	42,561
Other, Civil Court Fines - other	906	825
Disbursements to Individuals/3rd Party Collection or Processing Agencies:		
Civil Fee Refunds	41,951	43,175
Bond Fee Forfeited/Refunds	<u>18,702</u>	<u>25,836</u>
Subtotal disbursements/retainage	<u>890,131</u>	<u>858,974</u>
Ending balance of amounts collected but not disbursed/retained	<u>\$ 299,242</u>	<u>\$ 338,407</u>

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Matthew H. Hagen, Judge
City Court of Houma
Houma, 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 and the General Fund of City Court of Houma (City Court), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise City Court's basic financial statements, and have issued our report thereon dated June 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City Court's internal control. Accordingly, we do not express an opinion on the effectiveness of City Court's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of City 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 over financial reporting 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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City 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 City Court's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana
June 3, 2021.

SCHEDULE OF FINDINGS AND RESPONSES

City Court of Houma

For the year ended December 31, 2020

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are
not considered to be a material weakness? Yes None reported

Noncompliance material to financial statements noted? Yes No

b) Federal Awards

City Court of Houma did not expend federal awards in excess of \$750,000 during the year ended December 31, 2020 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2020.

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

City Court of Houma

For the year ended December 31, 2020

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2019.

No significant deficiencies were reported during the audit for the year ended December 31, 2019.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2019.

Section II Internal Control and Compliance Material to Federal Awards

City Court of Houma did not expend federal awards in excess of \$750,000 during the year ended December 31, 2019 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2019.

MANAGEMENT'S CORRECTIVE ACTION PLAN

City Court of Houma

For the year ended December 31, 2020

Section I Internal Control and Compliance Material to the Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2020.

No significant deficiencies were noted during the audit for the year ended December 31, 2020.

Compliance

No compliance findings material to the financial statements were noted during the audit for the year ended December 31, 2020.

Section II Internal Control and Compliance Material to Federal Awards

City Court of Houma did not expend federal awards in excess of \$750,000 during the year ended December 31, 2020 and therefore is exempt from the audit requirements under the *Uniform Guidance*.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2020.