

MARSHALL ISLANDS JUDICIARY FUND

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FINANCIAL STATEMENTS,  
ADDITIONAL INFORMATION AND  
INDEPENDENT AUDITOR'S REPORT

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YEAR ENDED SEPTEMBER 30, 2021

MARSHALL ISLANDS JUDICIARY FUND

Year Ended September 30, 2021  
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## INDEPENDENT AUDITOR'S REPORT

Honorable Carl B. Ingram  
Chief Justice of the High Court  
Republic of the Marshall Islands:

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental fund and fiduciary activities of the Marshall Islands Judiciary Fund (the Judiciary Fund) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Judiciary Fund'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental fund and the fiduciary activities of the Judiciary Fund as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis-of-Matters

### Reporting Entity

As discussed in Note 1 to the financial statements, the financial statements referred to above present only the Judiciary Fund and are not intended to present fairly the financial position and results of operations of the Republic of the Marshall Islands in conformity with accounting principles generally accepted in the United States of America.

### Implementation of Governmental Accounting Standards Board (GASB) Statement No. 84

As described in Note 2 to the financial statements, the Judiciary Fund implemented GASB Statement No. 84, Fiduciary Activities, during the year ended September 30, 2021.

### COVID-19

As discussed in Note 6 to the financial statements, the Judiciary Fund has determined that the COVID-19 pandemic may negatively impact its operations.

Our opinion is not modified with respect to these matters.

### Other Matters

#### Required Supplementary Information:

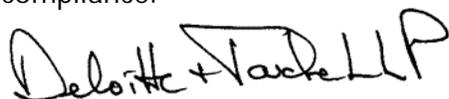
Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required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

### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Other Supplementary Information on pages 14 and 15 is presented for purposes of additional analysis and is not a required part of the financial statements. This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information on pages 14 and 15 is fairly stated, in all material respects, in relation to the financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 30, 2022, on our consideration of the Judiciary Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Judiciary Fund's internal control over financing reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Judiciary Fund's internal control over financial reporting and compliance.



August 30, 2022

**MARSHALL ISLANDS JUDICIARY FUND**

Balance Sheet  
Governmental Fund  
September 30, 2021

ASSETS

Cash	\$	277,595
Time certificates of deposit		405,026
Accounts receivable		<u>3,763</u>
Total assets	\$	<u><u>686,384</u></u>

LIABILITIES AND FUND BALANCE

Liabilities:		
Unearned revenue	\$	2,892
Other liabilities and accruals		<u>22,877</u>
Total liabilities		<u>25,769</u>
Contingencies		
Fund balance:		
Committed:		
Judicial operations		278,439
Legal aid		<u>382,176</u>
Total fund balance		<u>660,615</u>
Total liabilities and fund balance	\$	<u><u>686,384</u></u>

See accompanying notes to financial statements.

**MARSHALL ISLANDS JUDICIARY FUND**

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
Year Ended September 30, 2021

Revenues:		
Nitijela appropriation	\$	943,886
Court fines and fees		138,267
Interest		9,240
Other		8,359
Total revenues		<u>1,099,752</u>
Expenditures:		
Salaries, wages and benefits		689,312
Leased housing		66,460
Supplies and materials		62,327
Communications		47,784
Utilities		37,664
Capital outlay		35,910
Professional services		23,554
Legal aid services		19,982
Repairs and maintenance		16,014
Travel		12,579
POL		10,023
Insurance		3,833
Subscriptions		2,150
Food stuff		1,989
Training		709
Rentals		563
Freight		238
Miscellaneous		1,790
Total expenditures		<u>1,032,881</u>
Net change in fund balance		66,871
Fund balance at the beginning of the year		<u>593,744</u>
Fund balance at the end of the year	\$	<u><u>660,615</u></u>

See accompanying notes to financial statements.

**MARSHALL ISLANDS JUDICIARY FUND**

Statement of Fiduciary Net Position  
Fiduciary Fund - Custodial  
September 30, 2021

ASSETS

Cash	\$ 3,652,812
Time certificates of deposit	<u>90,337</u>
Total assets	<u>\$ 3,743,149</u>

NET POSITION

Restricted for:	
Individuals, organizations and other governments	<u>\$ 3,743,149</u>
Total net position	<u>\$ 3,743,149</u>

See accompanying notes to financial statements.

**MARSHALL ISLANDS JUDICIARY FUND**

Statement of Changes in Fiduciary Net Position  
Fiduciary Fund - Custodial  
Year Ended September 30, 2021

Additions:	
Litigation deposits	\$ 47,216
Bail deposits	8,624
Interest	<u>1,358</u>
Total additions	<u>57,198</u>
Deductions:	
Release of bail deposits	305,125
Administrative	<u>153</u>
Total deductions	<u>305,278</u>
Net change in fiduciary net position	(248,080)
Net position at the beginning of the year (Note 2)	<u>3,991,229</u>
Net position at the end of the year	<u><u>\$ 3,743,149</u></u>

See accompanying notes to financial statements.

# MARSHALL ISLANDS JUDICIARY FUND

Notes to Financial Statements  
September 30, 2021

## (1) Organization

The Marshall Islands Constitution vests the country's judicial power in an independent judiciary. The Marshall Islands Judiciary (the Judiciary) includes the Supreme Court, High Court, Traditional Rights Court, District Court, and community courts as well as a judicial service commission and court staff. The Judiciary officially commenced operations on March 3, 1982, assuming judicial functions in the Marshall Islands that had been discharged by the Trust Territory of the Pacific Islands courts.

The Marshall Islands Judiciary Fund (the Judiciary Fund), a governmental fund of the Republic of the Marshall Islands (RepMar), was established pursuant to the Judiciary Fund Act of 1989, as amended. The objective of the Judiciary Fund is to establish a more efficient means for administration of funds received by the Judiciary and for related purposes. The Judiciary Fund is primarily funded through operational appropriations from the Nitijela (the RepMar Legislature).

The Chief Justice of the High Court and the Clerk of the Courts acting together are responsible for opening and maintaining bank accounts as is necessary for the efficient operation of the Judiciary and for setting policy, strategy and financial guidelines for the day-to-day operations of the Judiciary.

The accompanying financial statements relate solely to those accounting records maintained by the Judiciary, and do not incorporate any accounts related to any other departments or agencies of RepMar that may be accounted for by RepMar's Treasury. The Judiciary Fund is considered to be a blended component unit of RepMar.

## (2) Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Judiciary Fund's accounting policies are described below.

### Measurement Focus and Basis of Accounting

The Judiciary Fund reports its financial position and the results of operations in one governmental fund. A fund is a separate accounting entity with a self-balancing set of accounts. It is concerned only with the measurement of financial position and is not involved with measurement of results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Separate financial statements are provided for fiduciary funds. Fiduciary fund financial statements include assets of a custodial fund, which is used to account for monies received by the Judiciary Fund for deposits made by defendants of court cases. The Judiciary Fund acts as a custodian of all deposits until court judgements are made available and beneficiaries are rightfully determined.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds). The Judiciary Fund's special revenue fund consists of the following:

- (i) Operations Fund - This fund was established to account for monies received by the Judiciary Fund for operational purposes appropriated by RepMar as well as general fees, fines or other sums collected by the Court; and

## MARSHALL ISLANDS JUDICIARY FUND

Notes to Financial Statements  
September 30, 2021

### (2) Summary of Significant Accounting Policies, Continued

#### Measurement Focus and Basis of Accounting, Continued

- (ii) Legal Aid Fund - This fund was established to account for monies received by the Judiciary Fund for the provision of legal aid services to those who cannot afford the cost of legal representation.

#### Basis of Presentation

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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 in the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Judiciary Fund considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred.

The fiduciary fund financial statements are reported using the economic resources management 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.

#### Budget

An annual appropriated budget has not been formally adopted on a legal basis or a basis consistent with GAAP. Accordingly, a budget to actual presentation is not required or presented.

#### Cash and Time Certificates of Deposit

The deposit and investment policies of the Judiciary Fund are governed by 3 MIRC 7, Investments of Public Funds, and 11 MIRC 1, Financial Management. Custodial credit risk is the risk that in the event of a bank failure, the Judiciary Fund's deposits may not be returned to it. Such deposits are not covered by depository insurance and are either uncollateralized or collateralized with securities held by the pledging financial institution or held by the pledging financial institution but not in the depositor-government's name. The Judiciary Fund does not have a deposit policy for custodial credit risk.

For purposes of the balance sheet/statement of fiduciary net position, cash is defined as cash on hand and cash held in demand accounts. Deposits maintained in time certificates of deposit with original maturity dates greater than three months are separately classified.

As of September 30, 2021, the carrying amount of the governmental fund's total cash and time certificates of deposit was \$682,621 and the corresponding bank balances were \$684,029. Of the bank balance amounts, \$14,421 are maintained in a financial institution subject to Federal Deposit Insurance Corporation (FDIC) insurance with the remaining amounts of \$669,608 being maintained in a financial institution not subject to depository insurance. As of September 30, 2021, bank deposits in the amount of \$14,421 were FDIC insured.

## MARSHALL ISLANDS JUDICIARY FUND

Notes to Financial Statements  
September 30, 2021

### (2) Summary of Significant Accounting Policies, Continued

#### Cash and Time Certificates of Deposit, Continued

As of September 30, 2021, the carrying amount of the fiduciary fund's total cash and time certificates of deposit was \$3,743,149, which corresponds to the bank balances. Of the bank balances, \$3,650,996 is maintained in financial institutions subject to FDIC insurance. As of September 30, 2021, bank deposits in the amount of \$250,000 were FDIC insured. Bank deposits of \$92,153 are maintained in financial institutions not subject to depository insurance.

The Judiciary Fund does not require collateralization of its cash deposits; therefore, deposit levels in excess of FDIC insurance coverage are uncollateralized. Accordingly, these deposits are exposed to custodial credit risk.

#### Compensated Absences

The Judiciary Fund recognizes expenditures for annual leave and sick leave when leave is actually taken. Accordingly, unused annual leave and sick leave are not included as an obligation within the balance sheet unless such leave is expected to be liquidated with expendable available financial resources, at which time expenditures and related fund liabilities would be recognized.

#### Provision for Legal Assistance

Provision for legal assistance consists of estimates for unbilled services performed by court-appointed attorneys to provide legal aid services. Legal aid has a maximum amount of \$7,500 per case. Where instances permit, legal aid per case may exceed the maximum allowable amount upon approval of the Chief Justice.

#### Unearned Revenue

Unearned revenue represents advance payments received from third parties and is earned as revenue upon performance of services.

#### Fund Balance

Fund balance classifications are based on the extent to which the Judiciary Fund is bound to honor constraints on the specific purposes for which amounts in those funds can be spent and are reported under the following fund balance classifications:

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.
- Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed.
- Unassigned includes negative fund balances in other governmental funds.

## MARSHALL ISLANDS JUDICIARY FUND

Notes to Financial Statements  
September 30, 2021

### (2) Summary of Significant Accounting Policies, Continued

#### Fund Balance, Continued

Restricted/committed amounts are spent first when both the restricted and unrestricted fund balance are available unless there are legal documents/contracts that prohibit doing this. In addition, committed, then assigned, and lastly unassigned amounts of the unrestricted fund balance are expended in that order. No external restrictions are imposed with respect to fund balance amounts recorded by the Legal Aid Fund. Instead, fund balance amounts of the Legal Aid Fund are considered committed for designated purposes internally imposed by the Court.

A formal minimum fund balance policy has not been adopted.

#### Taxes

RepMar imposes a gross receipts tax of 3% on revenues. The Judiciary Fund is specifically exempt from this tax.

#### Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### New Accounting Standards

In 2020, GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance, which postponed the effective dates of GASB Statement No. 84, 89, 90, 91, 92 and 93 by one year and GASB Statement No. 87 by 18 months; however, earlier application of the provisions addressed in GASB Statement No. 95 is encouraged and is permitted to the extent specified in each pronouncement as originally issued. In accordance with GASB Statement No. 95, management has elected to postpone implementation of these statements.

During the year ended September 30, 2021, the Judiciary Fund implemented the following pronouncements:

- GASB Statement No. 84, Fiduciary Activities, which improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Certain assets previously not reported by the Judiciary Fund are now reported in the fiduciary fund financial statements as a custodial fund resulting in an increase in beginning fiduciary net position of \$3,991,229.
- GASB Statement No. 90, Majority Equity Interests - An Amendment of GASB Statements No. 14 and 61, which improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The implementation of this statement did not have a material effect on the accompanying financial statements.
- GASB Statement No. 93, Replacement of Interbank Offered Rates, which establishes accounting and reporting requirements related to the replacement of Interbank Offered Rates such as the London Interbank Offered Rate (LIBOR) for hedging derivative instruments. The provision removing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of derivative instruments is effective for the year ended September 30, 2022. The implementation of this statement did not have a material effect on the accompanying financial statements.

## MARSHALL ISLANDS JUDICIARY FUND

### Notes to Financial Statements September 30, 2021

#### (2) Summary of Significant Accounting Policies, Continued

##### New Accounting Standards, Continued

In June 2017, GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. Management believes that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 87 will be effective for the fiscal year ending September 30, 2022.

In June 2018, GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 89 will be effective for the fiscal year ending September 30, 2022.

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide 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 note 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 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. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. In accordance with GASB Statement No. 95, GASB Statement No. 91 will be effective for the fiscal year ending September 30, 2023.

In January 2020, GASB issued Statement No. 92, Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports, the terminology used to refer to derivative instruments and the applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefits. The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reissuance recoveries and terminology used to refer to derivative instruments are effective upon issuance. In accordance with GASB Statement No. 95, the remaining requirements of GASB Statement No. 92 are effective for the fiscal year ending September 30, 2022.

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 94 will be effective for the fiscal year ending September 30, 2023.

## MARSHALL ISLANDS JUDICIARY FUND

Notes to Financial Statements  
September 30, 2021

### (2) Summary of Significant Accounting Policies, Continued

#### New Accounting Standards, Continued

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Management does not believe that this statement, upon implementation, will have a material effect on the financial statements. GASB Statement No. 96 will be effective for the fiscal year ending September 30, 2023.

In June 2020, GASB issued 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. The primary objectives of this Statement are 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 benefit (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. GASB Statement No. 97 will be effective for the fiscal year ending September 30, 2022.

### (3) Risk Management

The Judiciary Fund is exposed to various risks of loss related to torts; theft of; errors and omissions; injuries to employees; and natural disasters. The Judiciary Fund has elected to purchase commercial insurance from independent third parties for the risks of loss to which it is exposed with respect to the use of motor vehicles. For other risks of loss to which it is exposed, the Judiciary Fund has elected not to purchase commercial insurance. Instead, the Judiciary Fund believes it is more economical to manage its risks internally. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. No material losses have resulted from the Judiciary Fund's risk management activities for the past years.

### (4) Related Party Transactions

The Judiciary Fund is a governmental fund of RepMar and is thus affiliated with all RepMar-owned and affiliated entities. During the year ended September 30, 2021, the operations of the Judiciary were funded by RepMar appropriations of \$943,886. Of this amount, \$254,574 represents cash payments received by the Judiciary while the Judiciary recognized on-behalf payments as contributions from RepMar of \$689,312 representing payroll and related expenditures that RepMar paid directly on behalf of the Judiciary.

## MARSHALL ISLANDS JUDICIARY FUND

Notes to Financial Statements  
September 30, 2021

### (5) Contingencies

The Judiciary receives a substantial amount of its revenue from annual RepMar appropriations. A significant reduction in the level of RepMar budgetary support, if this were to occur, may have an effect on the Judiciary's programs and activities. For the year ended September 30, 2022, RepMar appropriated funding to the Judiciary in the amount of \$1,186,253 for the purpose of funding programs and activities of the Judiciary.

### (6) COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended the containment and mitigation measures worldwide. During the year ended September 30, 2021, four confirmed cases were identified in the Marshall Islands that were isolated and contained. On August 8, 2022, community transmission was identified and the Judiciary Fund has determined that such may negatively impact the Judiciary Fund's business, results of operations, and financial position and the Judiciary Fund may become dependent upon the financial support of RepMar. However, the effect of the pandemic on RepMar is also uncertain and future available funding to RepMar component units may be limited. Therefore, while the Judiciary Fund expects this matter to potentially have a negative impact on its business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time.

**MARSHALL ISLANDS JUDICIARY FUND**

Combining Balance Sheet  
Governmental Fund  
September 30, 2021

	<u>Operations</u>	<u>Legal Aid</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 128,595	\$ 149,000	\$ 277,595
Time certificates of deposit	173,968	231,058	405,026
Accounts receivable	1,645	2,118	3,763
	<u>\$ 304,208</u>	<u>\$ 382,176</u>	<u>\$ 686,384</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Unearned revenue	\$ 2,892	\$ -	\$ 2,892
Other liabilities and accruals	22,877	-	22,877
	<u>25,769</u>	<u>-</u>	<u>25,769</u>
Fund balance:			
Committed	278,439	382,176	660,615
Total liabilities and fund balance	<u>\$ 304,208</u>	<u>\$ 382,176</u>	<u>\$ 686,384</u>

See accompanying independent auditor's report.

**MARSHALL ISLANDS JUDICIARY FUND**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Fund  
Year Ended September 30, 2021

	<u>Operations</u>	<u>Legal Aid</u>	<u>Total</u>
Revenues:			
Nitijela appropriation	\$ 943,886	\$ -	\$ 943,886
Court fines and fees	78,147	60,120	138,267
Interest	4,002	5,238	9,240
Other	8,359	-	8,359
	<u>1,034,394</u>	<u>65,358</u>	<u>1,099,752</u>
Expenditures:			
Salaries, wages and benefits	689,312	-	689,312
Leased housing	66,460	-	66,460
Supplies and materials	62,327	-	62,327
Communications	47,784	-	47,784
Utilities	37,664	-	37,664
Capital outlay	35,910	-	35,910
Professional services	23,554	-	23,554
Legal aid services	-	19,982	19,982
Repairs and maintenance	16,014	-	16,014
Travel	12,579	-	12,579
POL	10,023	-	10,023
Insurance	3,833	-	3,833
Subscriptions	2,150	-	2,150
Food stuff	1,989	-	1,989
Training	709	-	709
Rentals	563	-	563
Freight	238	-	238
Miscellaneous	1,530	260	1,790
	<u>1,012,639</u>	<u>20,242</u>	<u>1,032,881</u>
Excess of revenues over expenditures	<u>21,755</u>	<u>45,116</u>	<u>66,871</u>
Other sources (uses):			
Transfer in	-	3,000	3,000
Transfer out	(3,000)	-	(3,000)
	<u>(3,000)</u>	<u>3,000</u>	<u>-</u>
Net change in fund balance	18,755	48,116	66,871
Fund balance at the beginning of the year	<u>259,684</u>	<u>334,060</u>	<u>593,744</u>
Fund balance at the end of the year	\$ <u><u>278,439</u></u>	\$ <u><u>382,176</u></u>	\$ <u><u>660,615</u></u>

See accompanying independent auditor's report.

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 Carl B. Ingram  
Chief Justice of the High Court  
Republic of the Marshall Islands:

We have audited, 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, the financial statements of the Marshall Islands Judiciary Fund (the Judiciary Fund), which comprise the balance sheet as of September 30, 2021, and the related statement of revenues, expenditures, and changes in fund balance for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 30, 2022.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Judiciary Fund'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Judiciary Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Judiciary Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

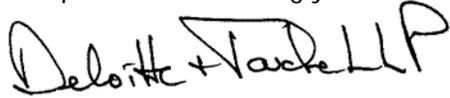
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the Judiciary Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## Purpose of this Report

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

A handwritten signature in black ink that reads "Deloitte + Tatchell LLP". The signature is written in a cursive, slightly stylized font.

August 30, 2022

MARSHALL ISLANDS JUDICIARY FUND

Unresolved Prior Year Findings  
Year Ended September 30, 2021

There are no unresolved prior year findings from prior year audits of the Judiciary Fund.