

BASIC FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT

CITY COURT OF LAKE CHARLES, LOUISIANA  
CITY OF LAKE CHARLES, LOUISIANA

December 31, 2020

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# Langley, Williams & Company, L.L.C.

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## INDEPENDENT AUDITORS' REPORT

Honorable Jamie B. Bice  
Honorable Ronald C. Richard

City Court of Lake Charles  
Lake Charles, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Lake Charles, Louisiana, a component unit of the City of Lake Charles, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City Court of Lake Charles'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.

### **Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of City Court of Lake Charles, Louisiana, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 35-36, Schedule of Employer's Proportionate Share of Net Pension Liability on page 37, Schedule of Employer's Pension Contributions on page 38, and Notes to the Required Supplementary Information on page 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Lake Charles, Louisiana's basic financial statements. The schedule of compensation, benefits and other payments to agency heads and the Justice Funding Schedule – collecting/disbursing entity are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This supplementary information is the responsibility of management and is derived from and relate 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 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 23, 2021, on our consideration of the City Court of Lake Charles, Louisiana'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City Court of Lake Charles's internal control over financial reporting and compliance.

Joseph C. Williams, Co., CPA

Lake Charles, Louisiana  
June 23, 2021

## **BASIC FINANCIAL STATEMENTS**

**Governmental-Wide Financial Statements (GWFS)**

**CITY COURT OF  
LAKE CHARLES, LOUISIANA**

**STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS  
December 31, 2020**

**ASSETS**

Current assets:

Cash	\$ 74,827
Accounts receivable	26,515
Total current assets	<u>101,342</u>

Noncurrent assets:

Cash-restricted	543,564
Capital assets, net	166,841
Total noncurrent assets	<u>710,405</u>

Deferred outflow of resources:

Pension related	<u>114,625</u>
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Total assets and deferred outflow of resources	<u><u>\$ 926,372</u></u>
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**LIABILITIES**

Current liabilities:

Accrued liabilities	\$ 18,889
Due to other agencies	59,865
Due to other funds	26,473
Total current liabilities	<u>105,227</u>

Deferred inflows of resources:

Pension related	6,390
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Net pension liability due after one year	665,375
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**NET POSITION**

Net investment in capital assets	166,841
Restricted - judicial building	276,813
Restricted - building maintenance	276,501
Unrestricted	<u>(570,775)</u>
Total net position	<u>149,380</u>

Total liabilities, deferred inflows of resources and net position	<u><u>\$ 926,372</u></u>
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See accompanying notes and independent auditors' report.



**CITY COURT OF  
LAKE CHARLES, LOUISIANA**

**STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2020**

Activities	Expenses	Program Revenues					Net (Expense) Revenues and Changes in Net Assets
		Fees and Charges for Services	Operating Grants and Contributions	Judicial Expense	Judicial Building	Judicial Building Maintenance	Governmental Activities
Governmental Activities:							
Judicial	\$ 1,969,505	\$ 65,644	\$ 978,287	\$ 209,224	\$ 91,515	\$ 23,950	
Total Governmental Activities	\$ 1,969,505	\$ 65,644	\$ 978,287	\$ 209,224	\$ 91,515	\$ 23,950	\$ (600,885)
						General revenues:	
						Interest	4,375
						Miscellaneous	23,871
						Total general revenues	28,246
						Change in net position	(572,639)
						Net position - beginning of year	722,019
						Net position - end of year	\$ 149,380

See accompanying notes and independent auditors' report.

**Fund Financial Statements**

**CITY COURT OF  
LAKE CHARLES, LOUISIANA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2020**

	<u>General Fund</u>	<u>Judicial Expense</u>	<u>Judicial Building</u>	<u>Judicial Building Maintenance</u>	<u>Total</u>
<b>ASSETS</b>					
Cash	\$ 74,827	\$ -	\$ -	\$ -	\$ 74,827
Accounts receivable	16,765	-	7,720	2,030	26,515
Restricted cash	-	-	269,093	274,471	543,564
Total assets	<u>\$ 91,592</u>	<u>\$ -</u>	<u>\$ 276,813</u>	<u>\$ 276,501</u>	<u>\$ 644,906</u>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 18,889	\$ -	\$ -	\$ -	\$ 18,889
Due to other agencies	59,865	-	-	-	59,865
Due to other funds	26,473	-	-	-	26,473
Total liabilities	<u>105,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,227</u>
<b>FUND BALANCES</b>					
Restricted	-	-	276,813	276,501	553,314
Unassigned	(13,635)	-	-	-	(13,635)
Total fund balances	<u>(13,635)</u>	<u>-</u>	<u>276,813</u>	<u>276,501</u>	<u>539,679</u>
Total liabilities and fund balances	<u>\$ 91,592</u>	<u>\$ -</u>	<u>\$ 276,813</u>	<u>\$ 276,501</u>	<u>\$ 644,906</u>

See accompanying notes and independent auditors' report.

**CITY COURT OF  
LAKE CHARLES, LOUISIANA**

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND - TO THE  
STATEMENT OF NET POSITION  
For the Year Ended December 31, 2020**

FUND BALANCE OF GOVERNMENTAL FUNDS	S	539,679
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Amounts reported for governmental activities in the statement of activities are different due to the following:

Certain long-term assets are not reported in the financial statements because they are not available to pay current-period expenditures, but they are reported as assets in the statement of net position.

Deferred outflows - pension related		114,625
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Capital outlay is reported in governmental funds as expenditures. However, in the statement of activities, the cost of the asset is allocated over the estimated useful lives as depreciation expense.

Capital outlay		311,072
Accumulated depreciation		(144,231)
		166,841

Government funds do not report changes in long term liabilities as expenditures. However, the following changes in long-term liabilities do appear in the statement of activities since the liabilities are reported on the Statement of Net Position.

Net pension liability		(665,375)
Deferred inflows - pension related		(6,390)
		(671,765)

Total net position of governmental activities at December 31, 2020	S	149,380
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**CITY COURT OF  
LAKE CHARLES, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS**

**For the Year Ended December 31, 2020**

	<u>General Fund</u>	<u>Judicial Expense</u>	<u>Judicial Building</u>	<u>Judicial Building Maintenance</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Charges for services	\$ 39,840	\$ 209,224	\$ 91,515	\$ 23,950	\$ 364,529
Court costs and fines	25,804	-	-	-	25,804
Interest income	342	1,546	1,360	1,127	4,375
State grant	15,215	-	-	-	15,215
Miscellaneous	8,656	-	-	-	8,656
On-behalf payments:					
City government	865,659	-	-	-	865,659
Parish government	14,638	-	-	-	14,638
State government	97,990	-	-	-	97,990
Total revenues	<u>1,068,144</u>	<u>210,770</u>	<u>92,875</u>	<u>25,077</u>	<u>1,396,866</u>
<b>Expenditures:</b>					
Salaries, wages and benefits	1,194,390	272,768	-	-	1,467,158
Bank service charges	2,616	-	-	-	2,616
Building expense	69,571	-	-	-	69,571
Dues and subscriptions	8,427	635	-	-	9,062
Maintenance	75	-	-	-	75
Miscellaneous	2,031	320	-	-	2,351
Office expense	52,513	118	-	-	52,631
Professional development & training	20,584	-	-	-	20,584
Rent	2,088	-	-	-	2,088
Telephone	6,765	1,001	-	-	7,766
Intergovernmental transfer	-	-	197,259	-	197,259
Capital outlay	-	-	-	-	-
Refund to Civil Fund	-	120,417	-	-	120,417
Total expenditures	<u>1,359,060</u>	<u>395,259</u>	<u>197,259</u>	<u>-</u>	<u>1,951,578</u>
Excess (deficiency) of revenues over expenditures	(290,916)	(184,489)	(104,384)	25,077	(554,712)
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	189,672	-	111,071	-	300,743
Operating transfers (out)	-	(211,446)	(57,951)	(31,346)	(300,743)
Total other financing sources (uses)	<u>189,672</u>	<u>(211,446)</u>	<u>53,120</u>	<u>(31,346)</u>	<u>-</u>
Net changes in fund balance	(101,244)	(395,935)	(51,264)	(6,269)	(554,712)
Fund balance - beginning	<u>87,609</u>	<u>395,935</u>	<u>328,077</u>	<u>282,770</u>	<u>1,094,391</u>
Fund balance - ending	<u>\$ (13,635)</u>	<u>\$ -</u>	<u>\$ 276,813</u>	<u>\$ 276,501</u>	<u>\$ 539,679</u>

See accompanying notes and independent auditors' report.

**CITY COURT OF  
LAKE CHARLES, LOUISIANA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2020**

Total net change in fund balance - governmental funds	S	(554,712)
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Amounts reported for governmental activities in the statement of activities are different due to the following:

Capital outlay is reported in governmental funds as expenditures. However, in the statement of activities, the cost of the asset is allocated over the estimated useful lives as depreciation expense.

Capital outlay		-
Depreciation expense		(29,730)
		(29,730)

Governmental funds report proceeds from sale of capital assets. However, in the Statement of Activities, the loss on the disposal of capital assets is reported. The change in net assets differs from the change in fund balance by the carrying value of capital assets disposed.

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Government funds do not report changes in long term liabilities as expenditures. However, the following changes in long-term liabilities do appear in the statement of activities since the liabilities are reported on the Statement of Net Position.

Pension contribution subsequent to the measurement date		69,175
Pension expense		(57,372)
		11,803

Total changes in net position at December 31, 2020 per Statement of Activities	S	(572,639)
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**CITY COURT OF  
LAKE CHARLES, LOUISIANA**

**STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND**

**December 31, 2020**

	<u>Advanced Court Cost Fund</u>
<b>ASSETS</b>	
Cash	\$ 888,715
Due from general fund	26,473
Receivables for civil cases	6,869
Total assets	<u>\$ 922,057</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 24,474
Deposits held for disposition of civil cases	757,098
Due to others	140,485
Total liabilities	<u>\$ 922,057</u>

See accompanying notes and independent auditors' report.

**CITY COURT OF  
LAKE CHARLES, LOUISIANA**

**STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND**

**December 31, 2020**

	<u>Advanced Court Cost Fund</u>
ADDITIONS:	
Court costs/fines	\$ 776,012
Interest income	3,209
Total additions	<u>779,221</u>
DEDUCTIONS:	
Refunds to individuals/businesses	177,563
Payments to other governments	390,942
Transfers to governmental funds	95,800
Total Deductions	<u>664,305</u>
Change in liabilities	114,916
Liabilities at beginning of year	807,141
Liabilities at end of year	<u><u>\$ 922,057</u></u>

See accompanying notes and independent auditors' report.



**Notes to the Financial Statements**

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

*INTRODUCTION*

The City Court of Lake Charles, Louisiana (the “City Court”) was created under the authority of Louisiana Revised Statutes (“LRS”) 13:1952. The City Court has jurisdiction within the Third Ward of Calcasieu Parish and has the authority to decide certain juvenile, traffic and criminal matters, as well as civil disputes, up to \$50,000. City Court revenues include court costs on civil and criminal cases, and other revenues.

The accounting and reporting policies of the City Court conform with generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City Court is fiscally dependent on the City of Lake Charles (the “City”). The City owns the building in which the City Court operates and provides funds for salaries. Because the City Court is fiscally dependent on the City, the City Court was determined to be a component unit of the City, the financial reporting entity. The accompanying financial statements presents information only on the funds maintained by the City Court and does not present information on the City, the general governmental services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

B. BASIS OF PRESENTATION

The City Court uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City Court functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

**Governmental-Wide Financial Statements**

The governmental-wide financial statements include a Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government. Internal service fund activity is eliminated to avoid duplicating revenues and expenses. Fiduciary funds are also excluded from the governmental-wide financial statements.

The Statement of Net Position and the Statement of Activities report financial information for the City Court as a whole so that individual funds are not displayed. However, the Statement of Activities reports the expense of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) court cost charges to users for the City Court’s services; (2) court cost charges which finance repayment of the principal and interest on the building loan agreement with the City; and (3) maintenance. These revenues are subject to externally imposed restrictions to these program uses. Other revenue sources not properly included with program revenues are reported as general revenues.

**Fund Financial Statements**

The City Court uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating.

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

B. BASIS OF PRESENTATION – (Continued)

*GOVERNMENTAL FUNDS*

General Fund - The General Fund is the general operating fund of the City Court. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Special Revenue Funds are used to account for all specific revenue sources that are legally restricted to expenditures for specified purposes.

Judicial Expense Fund – This fund contains the transfers the judges’ fees earned from the civil fund. Funds are accumulated and used only to pay the judges in years that their salary falls below the legal maximum allowed. The remainder of this fund is utilized in accordance with Louisiana Statute RS 13:996, stating that this fund is established and may be used for any purpose or purposes connected with, incidental to or related to the proper administration or function of the City Court. No salary may be paid from the Judicial Expense Fund to any of the judges of the City Court.

Judicial Building Fund - In accordance with Louisiana Statute RS 13:1899, the City Court collects a filing fee and places it in an account dedicated exclusively to the acquisition, leasing, construction, equipping and maintenance of new and existing city court buildings.

Building Maintenance Fund – In accordance with Louisiana Statute RS 13:2080.1, the City Court collects from every person filing any type of civil suit or proceeding, and who is not otherwise exempt by law from payment of court cost, an additional sum to be placed in a separate account designated as the Building Maintenance Fund. This fund is established and may be used for any capital improvements for the building housing the city court.

*FIDUCIARY FUND TYPES*

Custodial Fund - The custodial funds are used to account for assets held by the City Court as an agent for individuals, other governments, and/or other funds. These funds do not involve measurement of results in operations.

Advanced Court Costs Fund- Advanced court costs are deposits made by plaintiffs who file civil suits. These deposits are recorded as a liability. The court acts only as a collection agent for fees in civil matters. As the suits are processed, the various fees earned are paid out on a monthly basis. Thus, the activity in this account is not reflected in the statement of revenues collected and expenditures paid. After a case is dismissed, any excess deposit is refunded to the plaintiff.

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. MEASUREMENT FOCUS AND BASIC ACCOUNTING

Measurement focus refers to what is being measured. Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The governmental-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources should be recognized when the exchange takes place. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the governmental-wide statements and the fund financial statements. The primary effect of internal activity (between or within funds) has been eliminated from the government-wide financial statements.

In the fund financial statements, governmental funds are accounted for using the modified accrual basis of accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City Court, are charges to service and court costs and fines.

The City Court currently has one custodial fiduciary fund. Custodial funds are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

D. BUDGETS AND BUDGETARY ACCOUNTING

The Comptroller prepares a proposed budget and submits it to the City Court Judges prior to the beginning of each fiscal year. The operating budget includes proposed expenditures and the means of financing them.

Any revisions that alter total expenditures of any fund must be approved by the Judges. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. All budgetary appropriations lapse at the end of each fiscal year.

Budgets for the General and Special Revenue Funds are adopted on a modified accrual basis of accounting. Budgeted amounts are as originally adopted, or as amended by the City Court Judges.

E. CASH

Cash includes amounts in demand deposits, interest-bearing demand deposits and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the City Court may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the City Court may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost, which approximates fair value.

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

F. RESTRICTED ASSETS - CASH

These assets consist of cash deposits restricted for various purposes as detailed in Note 3.

G. CAPITAL ASSETS AND DEPRECIATION

Capital assets are capitalized at historical costs. The City Court maintains a threshold level of \$2,500 or more for capitalizing assets.

Capital assets are recorded in the Statement of Net Position and Statement of Activities. All capital assets are depreciated using the straight-line method over the following useful lives:

Building improvements	15 to 40 years
Office equipment	3 to 15 years
Furniture and fixtures	3 to 10 years

Since surplus assets are sold for an immaterial amount when declared no longer needed by the City Court, no salvage value is taken into consideration for depreciation purposes.

H. COMPENSATED ABSENCES

The City Court's obligation for employees' rights to receive compensation for future absences (such as vacation and sick pay) cannot be reasonably estimated, and thus, is not recognized in the accompanying financial statements.

I. PENSIONS

For purposes of measuring the Net Pension Liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Louisiana State Employees' Retirement System (LASERS) and additions to/deductions from LASERS' fiduciary net position have been determined on the same basis as they are reported by LASERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

J. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

K. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

In some instances, GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenue until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At December 31, 2020, the City Court's deferred outflows and inflows of resources were attributable to its pension plan.

L. EQUITY CLASSIFICATION

In governmental-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 and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints may be placed on the use, either by (1) external groups, such as creditors, grantors, contributors, 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.”

M. FUND EQUITY

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City Court is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- b. Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- c. Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Judges. The judges are the highest level of decision making authority for the City Court. These amounts cannot be used for any other purpose unless the judges remove or change the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

M. FUND EQUITY – (Continued)

- d. Assigned: This classification includes amounts that are constrained by the City Court’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the judges or through the judges delegating this responsibility through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- e. Unassigned: This classification includes the residual fund balance for the General Fund.

The City Court typically uses restricted fund balances first, followed by committed, and then assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

N. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

In January 2017, GASB approved Statement No. 84, “*Fiduciary Activities*.” GASB Statement No. 84 establishes general criteria for determining when a governmental unit has a fiduciary role for managing certain types of assets. GASB No. 84 replaces *agency funds* with *custodial funds*, which generally are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The provisions of GASB Statement No. 84 must be implemented by the City Court for periods beginning after December 15, 2018, with earlier application encouraged. The standard did not have a material impact on our net position or change in net position.

O. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENT

In June 2017, GASB approved Statement No. 87, “*Leases*.” The objective of this Statement is to establish 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 provisions of GASB No. 87 must be implemented by the City Court for periods beginning after June 15, 2021, with earlier application encouraged. The effect of implementation of the statement on our financial statements has not yet been determined.

2. CASH

At December 31, 2020, the City Court had cash and interest-bearing deposits (book balances) totaling \$963,542 for governmental and fiduciary funds.

In accordance with a fiscal agency agreement which is approved by the City Judges, the City Court maintains demand and time deposits through an administrator bank at participating local depository banks which are members of the Federal Reserve System. Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. Government, obligations issued or guaranteed by an agency established by the U.S. Government, general obligation bonds of any state of the U.S., or any Louisiana parish, municipality, or school district. The City Court’s bank and demand and time deposits at year end were fully collateralized.

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

2. CASH – (Continued)

The following summary of deposit balances (bank balances) at December 31, 2020, and the related federal insurance and pledged securities were as follows:

Bank balances	<u>\$ 1,515,358</u>
Federal deposit insurance	\$ 250,000
Pledge securities	<u>1,553,668</u>
Total federal insurance and pledged securities	<u>\$ 1,803,668</u>

As of December 31, 2020, the City Court’s total bank balances were fully insured or collateralized with securities held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties and, therefore, not exposed to custodial credit risk.

3. RESTRICTED ASSETS - CASH

Restricted assets described in Note 1(F) as of December 31, 2020 were as follows:

Cash deposits:

Judicial building fund	\$ 269,093
Building maintenance fund	<u>274,471</u>
	<u>\$ 543,564</u>

The City Court and the City completed the new City Court Building in 2013. The building is owned by the City. Included in the funding for the construction was a three-million-dollar loan to the City from the Calcasieu Parish Public Trust Authority. As per the loan agreement, the payment and security of the bonds will provide for a pledge by the City and the City Court of revenues collected by the City Court and deposited into the Judicial Building Fund and Judicial Maintenance Fund. The City Court will make annual payments equal to the current year’s debt service requirement if funds are available. The amount paid in principal and interest payments for 2020 was \$197,259.



CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

4. CAPITAL ASSETS

Capital assets and depreciation activity for the year ended December 31, 2020, were as follows:

	Balance 1/1/2020	Additions	Deletions	Balance 12/31/2020
Governmental activities:				
Office equipment	\$ 89,657	\$ -	\$ -	\$ 89,657
Furniture and fixtures	16,480	-	-	16,480
Software	204,935	-	-	204,935
Total at historical costs	311,072	-	-	311,072
Less accumulated depreciation:				
Office equipment	66,793	9,388	-	76,181
Furniture and fixtures	721	412	-	1,133
Software	46,987	19,930	-	66,917
Total accumulated depreciation	114,501	29,730	-	144,231
Governmental activities capital assets, net				
	<u>\$ 196,571</u>	<u>\$ (29,730)</u>	<u>\$ -</u>	<u>\$ 166,841</u>

Depreciation was charged to governmental functions in the amount of \$29,730 for the year ended December 31, 2020. The entity had no infrastructure assets as of December 31, 2020

5. RETIREMENT BENEFITS

**Plan Descriptions**

The City Court participates in two state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the City's full-time employees: Municipal Employees' Retirement System ("MERS") and Louisiana State Employees' Retirement System ("LASERS") of the State of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual, publicly-available financial reports that include financial statements and require supplementary information for the systems.

Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. The City Court of Lake Charles implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. Additional disclosures with respect to GASB 68 to the City's participation in these systems are provided below.

Generally accepted accounting principles require the City Court to recognize the difference between the actuarial total pension liability and the fair value of the legally restricted plan assets related to its participation in MERS, all cost-sharing, multiple employer defined benefit pension plans, as a net pension liability on the statement of net position.

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

5. RETIREMENT BENEFITS– (Continued)

In addition, the City Court is required to recognize its share of the deferred outflows and deferred inflows associated with its participation in the plan. However, because the City Court employees participate under the umbrella of the City (of which they are a component unit), their share of the net pension liability, deferred inflows and outflows are included in the City amounts. Information specific to the City Court needed to implement these accounting requirements is not readily available. As such, the City Court did not apply the provisions as required by generally accepted accounting principles for MERS. Information related to participation in these retirement plans can be found in the financial statements of the City as of September 30, 2020, which includes the City Court.

**Plan description – LASERS**

The City Court of Lake Charles has two judges participating in LASERS. The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of LRS 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of total pension liability includes all benefits to be provided to current active and inactive employees through LASERS in accordance with benefit terms and any legal agreements in force at the measurement date.

*Benefits Provided*

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

**Retirement Benefits**

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

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

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

5. RETIREMENT BENEFITS – (Continued)

creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service.

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

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

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification.

#### **Deferred Retirement Options**

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

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option ("IBO") in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

5. RETIREMENT BENEFITS – (Continued)

**Disability Benefits**

Generally, active members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

**Survivor's Benefit**

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

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

**Permanent Benefit Increases/Cost of Living Adjustments**

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

**Contributions**

Contribution requirements of active employees are governed by Section 401 of Title 11 of the Louisiana Revised Statutes (La. R.S. 11:401) and may be amended by the Louisiana Legislature. Employee and employer contributions are deducted from a member's salary, and along with employer contributions are remitted to LASERS by participating employers. The rates in effect during the year ended December 31, 2020 for the Judges hired after 1/01/2011 was 42.00% from January 1, 2020 – June 30, 2020 and 43.6% from July 1, 2020 – December 31, 2020 for the employer rate.

The City Court's contractually required composite contribution rate for the year ended December 31, 2020 was 13.0% from January 1, 2020 to June 30, 2020 and 13.0% from July 1, 2020 to December 31, 2020 for employees hired after 01/01/2011 of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the City Court were \$69,174 for the year ended December 31, 2020.

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

5. RETIREMENT BENEFITS – (Continued)

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

At December 31, 2020, the Employer reported a liability of \$665,375 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City Court’s proportion of the Net Pension Liability was based on a projection of the City Court’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020 the Agency’s proportion was 0.00805%, which was a decrease of 0.00058% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City Court recognized pension expense of \$57,372 plus employer’s amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$28,082.

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

	Deferred Outflows of Recourses	Deferred Inflows of Recourses
Differences between expected and actual experience	\$ (20,019)	\$ -
Changes in assumptions	2,129	6,390
Net difference between projected and actual earnings on pension plan investments	97,265	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	141	-
Employer contributions subsequent to measurement date	35,109	-
<b>Total</b>	<b>\$ 114,625</b>	<b>\$ 6,390</b>

The \$35,109 reported as deferred outflows of resources related to pensions resulting from City Court contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended 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:

Year Ending December 31,	LASERS
2021	\$ (19,878)
<b>Total</b>	<b>\$ (19,878)</b>

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

5. RETIREMENT BENEFITS – (Continued)

*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

<b>Valuation Date</b>	30-Jun-20												
<b>Actuarial cost method</b>	Entry Age Normal Cost												
<b>Actuarial Assumptions:</b>													
<b>Expected remaining service lives</b>	2 years												
<b>Investment rate of return</b>	7.55% per annum net of investment expenses*												
<b>Inflation rate</b>	2.3% per annum												
<b>Mortality</b>	<p><b>Non-disabled members</b> - The RP-2014 Blue Collar (males/females) and White Collar (females) Healthy Annuitant Tables projected on a fully generational basis by Mortality Improvement Scale MP-2018.</p> <p><b>Disabled members</b> – Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>												
<b>Termination, Disability, and Retirement</b>	Termination, disability and retirement assumptions were projected based on a five-year (2014-2018) experience study of the System's members for 2019.												
<b>Salary increases</b>	<p>Salary increases were projected based on a 2014-2018 experience study of the System's members. The salary increase ranges for specific types of members are:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Type</th> <th style="text-align: center;">Lower to Upper Range</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Regular</td> <td style="text-align: center;">3.0%-12.8%</td> </tr> <tr> <td style="text-align: center;">Judges</td> <td style="text-align: center;">2.6% - 5.1%</td> </tr> <tr> <td style="text-align: center;">Corrections</td> <td style="text-align: center;">3.6% - 13.8%</td> </tr> <tr> <td style="text-align: center;">Hazardous Duty</td> <td style="text-align: center;">3.6% - 13.8%</td> </tr> <tr> <td style="text-align: center;">Wildlife</td> <td style="text-align: center;">3.6% - 13.8%</td> </tr> </tbody> </table>	Type	Lower to Upper Range	Regular	3.0%-12.8%	Judges	2.6% - 5.1%	Corrections	3.6% - 13.8%	Hazardous Duty	3.6% - 13.8%	Wildlife	3.6% - 13.8%
Type	Lower to Upper Range												
Regular	3.0%-12.8%												
Judges	2.6% - 5.1%												
Corrections	3.6% - 13.8%												
Hazardous Duty	3.6% - 13.8%												
Wildlife	3.6% - 13.8%												
<b>Cost of living adjustments</b>	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.												

\*The investment rate of return used in the actuarial valuation for funding purposes was 7.90%, recognizing an additional 35 basis points for gain-sharing. The net return available to fund regular plan benefits is 7.5%, which is the same as the discount rate. Therefore, we conclude that 7.55% discount is reasonable.

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

5. RETIREMENT BENEFITS – (Continued)

*Actuarial Assumptions -- Continued*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.3% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.25% for 2020.

Best estimates of geometric real rates of return for each major asset class included in the System’s target asset allocation as of June 30, 2020 are summarized in the following table:

<b>Asset Class</b>	<b>Long Term Expected Real Rate of Return</b>
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 Rates*

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 rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the pension plan’s actuary. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current 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.

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

5. RETIREMENT BENEFITS – (Continued)

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

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

	Change in Discount Rate:		
	June 30, 2020		
	1% Decrease 6.55%	Current Discount Rate 7.55%	1% Increase 8.55%
Employer's proportionate share of the net pension liability (asset)	817,643	665,375	536,160

***Pension Plan Fiduciary Net Position***

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

6. ON-BEHALF PAYMENTS

Employees receive payments directly from the City of Lake Charles, the Calcasieu Parish Government and the State of Louisiana for salaries, payroll taxes, health insurance, unemployment benefits, retirement plan contributions and worker’s compensation. Salaries paid to these employees include \$865,659 from the City of Lake Charles, \$14,638 from the Calcasieu Parish Government and \$97,990 from the State of Louisiana.

7. LOUISIANA REVISED STATUTES CONCERNING THE ADVANCED COURT COST CUSTODIAL FUND

Louisiana Revised Statute 13:1907 establishes whenever a surplus of filing fees and cost has accumulated in the City Court civil fee account and such fee or cost has remained unclaimed in excess of five years, the City Court may transfer the amount of surplus to the general operational fund of the court upon receipt of evidence that notice has been provided or attempted at the last known address to the person who would be due a refund.

8. RISK MANAGEMENT

The City Court is exposed to risks of loss in the areas of professional liability and workers’ compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.



CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

9. RELATED PARTY TRANSACTIONS

The accompanying financial statements do not include certain portions of the City Court’s expenses paid directly by other governmental entities. The City pays the salaries, payroll taxes, and insurances for the City Court and is included in the on-behalf payments.

The City Court has signed an order with the City as of December 1, 2010, stating that the City Court shall pay to the City, in order to provide for the repayment of the loan including the total interest becoming due and payable and the total principal amount and premium, if any. The amount paid to the City for the building is included in the intergovernmental transfer under the judicial building fund in the amount of \$197,259.

10. COMMITMENTS

As of December 31, 2020, the City Court owes \$965,000 on the building mentioned in Note 9. Future maturities of this commitment are as follows:

2021	\$ 140,000
2022	\$ 150,000
2023	\$ 155,000
2024	\$ 160,000
2025	\$ 170,000
Thereafter	\$ 190,000

11. CORONAVIRUS-19 PANDEMIC

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (“COVID-19”) originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic that has resulted in travel and business disruption and volatile conditions in the capital and credit markets and overall economy. Globally, governments have implemented travel bans, stay-at-home, or total lock-down mandates and other social distancing measures to combat the spread of COVID-19. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. However, these impacts did not have a significant impact on the City Court’s financial position, liquidity, or results of operations.

The City Court has implemented some and may take additional precautionary measures intended to help ensure the well-being of its employees, facilitate continued uninterrupted servicing of customers, and minimize business disruptions. The City Court has recovered its volumes since the onset of the COVID-19 outbreak, and management believes the City Court will be able to maintain adequate liquidity through its continuing operations.

12. LITIGATIONS AND CLAIMS

The City Court is not involved in any material matters of pending or threatened litigation as of December 31, 2020.

13. SUBSEQUENT EVENTS

Management of the City Court has evaluated subsequent events through the date of the independent auditors’ report, which is the date the financials were available to be issued. Management is not aware of any subsequent events which required recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY COURT OF  
LAKE CHARLES, LOUISIANA**

**GOVERNMENTAL FUNDS - GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE (GAAP BUDGETARY BASIS) - BUDGET TO ACTUAL**

**For the Year Ended December 31, 2020**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for services	\$ 56,370	\$ 40,000	\$ 39,840	\$ (160)
Court costs and fines	71,431	59,000	25,804	(33,196)
Interest income	2,259	344	342	(2)
State grant	-	-	15,215	15,215
Miscellaneous	9,941	8,650	8,656	6
On-behalf payments	-	-	978,287	978,287
Total revenues	<u>140,001</u>	<u>107,994</u>	<u>1,068,144</u>	<u>960,150</u>
<b>Expenditures:</b>				
Salaries, wages and benefits	357,914	395,971	1,194,390	(798,419)
Bank service charges	6,417	2,600	2,616	(16)
Building expense	64,624	68,000	69,571	(1,571)
Dues and subscriptions	8,545	9,100	8,427	673
Maintenance	240	75	75	-
Miscellaneous	4,051	2,375	2,031	344
Office expense	36,762	50,500	52,513	(2,013)
Professional development and training	71,155	20,635	20,584	51
Rent	2,088	2,088	2,088	-
Telephone	6,468	7,800	6,765	1,035
Capital Outlay	40,614	-	-	-
Total expenditures	<u>598,878</u>	<u>559,144</u>	<u>1,359,060</u>	<u>(799,916)</u>
Excess (deficiency) of revenue and other sources over expenses and other uses	(458,877)	(451,150)	(290,916)	160,234
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	-	189,672	(189,672)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>189,672</u>	<u>(189,672)</u>
<b>Net changes in fund balance</b>	(458,877)	(451,150)	(101,244)	(29,438)
Fund balance - beginning	<u>87,609</u>	<u>87,609</u>	<u>87,609</u>	<u>-</u>
Fund balance - ending	<u>\$ (371,268)</u>	<u>\$ (363,541)</u>	<u>\$ (13,635)</u>	<u>\$ (29,438)</u>

**CITY COURT OF  
LAKE CHARLES, LOUISIANA**

**GOVERNMENTAL FUNDS - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE (GAAP BUDGETARY BASIS) - BUDGET TO ACTUAL**

**For the Year Ended December 31, 2020**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for services	\$ 355,764	\$ 209,500	\$ 209,224	\$ (276)
Interest income	26,634	4,056	4,033	(23)
Judicial building collections	157,210	91,500	91,515	15
Judicial building maintenance collections	40,995	24,000	23,950	(50)
Total revenues	<u>580,603</u>	<u>329,056</u>	<u>328,722</u>	<u>(334)</u>
<b>Expenditures:</b>				
Salaries, wages and benefits	81,738	90,429	272,768	(182,339)
Dues and subscriptions	-	-	635	(635)
Miscellaneous	-	-	320	(320)
Office expense	-	-	118	(118)
Telephone	-	-	1,001	(1,001)
Intergovernmental transfer	1,044,775	197,300	197,259	41
Refund to Civil Fund	-	120,400	120,417	(17)
Total expenditures	<u>1,126,513</u>	<u>408,129</u>	<u>592,518</u>	<u>(184,389)</u>
Excess (deficiency) of revenue and other sources over expenses and other uses	(545,910)	(79,073)	(263,796)	184,055
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	-	111,071	(111,071)
Operating transfers (out)	-	-	(300,743)	300,743
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(189,672)</u>	<u>189,672</u>
<b>Net changes in fund balance</b>	(545,910)	(79,073)	(453,468)	373,727
Fund balance - beginning	<u>1,006,782</u>	<u>1,006,782</u>	<u>1,006,782</u>	<u>-</u>
Fund balance - ending	<u>\$ 460,872</u>	<u>\$ 927,709</u>	<u>\$ 553,314</u>	<u>\$ 373,727</u>

**CITY COURT OF  
LAKE CHARLES, LOUISIANA**

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**

**For the Year Ended December 31, 2020**

<u>Plan Year</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a percentage of it's Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
LASER:					
2020	0.00805%	\$ 665,375	\$ 162,319	409.9181%	58.0%
2019	0.00863%	\$ 625,164	\$ 162,881	383.8164%	62.9%
2018	0.08560%	\$ 583,854	\$ 158,626	368.0695%	64.3%
2017	0.00871%	\$ 613,012	\$ 156,491	391.7235%	62.5%
2016	0.00582%	\$ 669,116	\$ 153,385	436.2330%	57.7%
2015	0.60000%	\$ 555,751	\$ 151,301	367.3148%	62.5%

\*This schedule will contain ten years of historical information once such information becomes available.  
See accompanying independent auditors' report and the accompanying notes to the required supplemental schedules.

**CITY COURT OF  
LAKE CHARLES, LOUISIANA**

**SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS**

**For the Year Ended December 31, 2020**

<u>Plan Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions As a Percentage of Covered Employee Payroll</u>
<b>LASER:</b>					
2020	\$ 67,661	\$ 69,174	\$ (1,513)	\$ 162,319	42.62%
2019	\$ 63,117	\$ 66,651	\$ (3,534)	\$ 162,881	40.92%
2018	\$ 63,016	\$ 63,016	\$ -	\$ 158,626	39.73%
2017	\$ 60,152	\$ 60,478	\$ (326)	\$ 156,491	38.65%
2016	\$ 58,327	\$ 58,327	\$ -	\$ 153,385	38.03%
2015	\$ 57,966	\$ 57,966	\$ -	\$ 151,301	38.31%

\*This schedule will contain ten years of historical information once such information becomes available.  
See accompanying independent auditors' report and the accompanying notes to the required supplemental schedules.

CITY COURT OF  
LAKE CHARLES, LOUISIANA

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended December 31, 2020

1. BUDGET PRACTICES

- A. The proposed budget is prepared and submitted to the City Court Judges for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
- B. The proposed budget is made available for public inspection.
- C. The budget is legally adopted prior to the commencement of the fiscal year for which the budget is being adopted.
- D. All budgetary appropriations lapse at the end of each fiscal year.
- E. The budget is adopted on a basis consistent with GAAP. Budgeted amounts are as originally adopted or as finally amended by the Board.

2. PENSION PLAN

Changes of Assumptions - Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

Amounts reported in the year ended June 30, 2020 for the Louisiana State Employees' Retirement System reflect an adjustment in the discount rate used to measure the total pension liability. The discount rate for the System was reduced by 0.05 % to 7.55% as of the valuation date June 30, 2020.

SUPPLEMENTAL INFORMATION



**CITY COURT OF  
LAKE CHARLES, LOUISIANA**

**SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO AGENCY HEAD**

**For the Year Ended December 31, 2020**

**Agency Head Name:** Honorable John S. Hood

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 154,646
Benefits - Insurance	6,174
Benefits - Taxes	1,212
Benefits - Retirement	65,626
Travel	<u>1,463</u>
Total	<u><u>\$ 229,121</u></u>

**Agency Head Name:** Honorable Jamie B. Bice

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 154,646
Benefits - Insurance	7,558
Benefits - Taxes	3,072
Benefits - Retirement	66,194
Travel	<u>1,791</u>
Total	<u><u>\$ 233,261</u></u>

**City Court of Lake Charles, Louisiana**  
**Justice System Funding Schedule - Collecting/Disbursing Entity**  
**As Required by Act 87 of the 2020 Regular Legislative Session**

<b>Cash Basis Presentation</b>	<b>First Six Month Period Ended 6/30/2020</b>	<b>Second Six Month Period Ended 12/31/2020</b>
<b>Beginning Balance of Amounts Collected (i.e. cash on hand)</b>	<b>\$ 738,975</b>	<b>\$ 748,232</b>
<b>Add: Collections</b>		
Civil Fees (including refundable amounts such as garnishments or advance deposits )	420,599	554,474
Criminal Court Costs/Fees	366,558	281,888
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	2,503	9,271
Interest Earnings on Collected Balances	3,419	132
<b>Subtotal Collections</b>	<b>793,079</b>	<b>845,765</b>
<b>Less: Disbursements To Governments &amp; Nonprofits:</b>		
<i>3rd Circuit Court of Appeals - Civil Fees</i>	336	-
<i>Acadia Parish Sheriff's Office - Civil Fees</i>	29	243
<i>Allen Parish Sheriff's Office - Civil Fees</i>	117	284
<i>Ascension Parish Sheriff's Office - Civil Fees</i>	19	21
<i>Avoyelles Parish Sheriff's Office - Civil Fees</i>	43	65
<i>Beauregard Parish Sheriff's Office - Civil Fees</i>	273	765
<i>Bossier Parish Sheriff's Office - Civil Fees</i>	65	47
<i>Caddo Parish Sheriff's Office - Civil Fees</i>	65	298
<i>Calcasieu Parish Clerk of Court - Civil Fees</i>	26,550	50,025
<i>Calcasieu Parish Police Jury - Criminal Court Costs/Fees</i>	12,590	4,875
<i>Calcasieu Parish Public Law Library - Civil Fees</i>	8,865	5,880
<i>Calcasieu Parish Sheriff's Office - Civil Fees</i>	6,996	9,405
<i>Calcasieu Parish Sheriff's Office - Criminal Court Costs/Fees</i>	50	-
<i>Cameron Parish Sheriff's Office - Civil Fees</i>	581	588
<i>Catahoula Parish Sheriff's Office - Civil Fees</i>	-	23
<i>City of Lake Charles - Civil Fees</i>	20	60
<i>City of Lake Charles - Criminal Court Costs/Fees</i>	9,917	6,825
<i>City of Lake Charles - Criminal Fines</i>	79,239	51,795
<i>Claiborne Parish Sheriff's Office - Civil Fees</i>	-	33
<i>Crime Stoppers - Criminal Court Costs/Fees</i>	2,940	1,896
<i>Department of Public Safety - Criminal Court Costs/Fees</i>	2,700	1,625
<i>DHH-IH/SCI T.F. - Criminal Court Costs/Fees</i>	1,025	540
<i>District Attorney's Office of the 14th District - Criminal Court Costs/Fees</i>	4,760	2,040
<i>East Baton Rouge Parish Sheriff's Office - Civil Fees</i>	5,970	8,596
<i>East Baton Rouge Parish Sheriff's Office - Criminal Court Costs/Fees</i>	39	-
<i>East Feliciana Parish Sheriff's Office - Civil Fees</i>	45	-
<i>Evangeline Parish Sheriff's Office - Civil Fees</i>	49	34
<i>Family and Youth Counseling Agency - Criminal Court Costs/Fees</i>	7,350	4,740
<i>Grant Parish Sheriff's Office - Civil Fees</i>	-	38
<i>Iberia Parish Sheriff's Office - Civil Fees</i>	15	-
<i>Indigent Defender Board - Criminal Court Costs/Fees</i>	66,150	42,660
<i>Jefferson Davis Parish Sheriff's Office - Civil Fees</i>	519	609
<i>Jefferson Parish Sheriff's Office - Civil Fees</i>	90	210
<i>LA COM ON LAW ENF - Criminal Court Costs/Fees</i>	4,845	2,976
<i>Lafayette Parish Sheriff's Office - Civil Fees</i>	435	593
<i>Lafourche Parish Sheriff's Office - Civil Fees</i>	-	33
<i>Louisiana State Treasurer - Civil Fees</i>	30,243	20,435
<i>Louisiana State Treasurer - Criminal Court Costs/Fees</i>	4,410	2,844
<i>Louisiana Supreme Court - Civil Fees</i>	591	392
<i>Louisiana Supreme Court - Criminal Court Costs/Fees</i>	707	461
<i>Morehouse Parish Sheriff's Office - Civil Fees</i>	-	30
<i>Office of Motor Vehicles - Criminal Court Costs/Fees</i>	400	800
<i>Orleans Parish Sheriff's Office - Civil Fees</i>	90	420
<i>Rapides Parish Sheriff's Office - Civil Fees</i>	70	144
<i>Richland Parish Sheriff's Office - Civil Fees</i>	-	113

**City Court of Lake Charles, Louisiana**  
**Justice System Funding Schedule - Collecting/Disbursing Entity - Continued**  
**As Required by Act 87 of the 2020 Regular Legislative Session**

	<b>First Six Month Period Ended 6/30/2020</b>	<b>Second Six Month Period Ended 12/31/2020</b>
<b>Less: Disbursements To Governments &amp; Nonprofits (Continued):</b>		
<i>Secretary of State - Civil Fees</i>	2,500	1,600
<i>Southwest Louisiana Crime Lab - Criminal Court Costs/Fees</i>	55,000	33,350
<i>Southwest Louisiana Law Center - Civil Fees</i>	3,615	2,355
<i>St. Charles Parish Sheriff's Office - Civil Fees</i>	-	35
<i>St. James Parish Sheriff's Office - Civil Fees</i>	-	23
<i>St. Landry Parish Sheriff's Office - Civil Fees</i>	-	156
<i>St. Martin Parish Sheriff's Office - Civil Fees</i>	1	-
<i>St. Tammany Parish Sheriff's Office - Civil Fees</i>	212	142
<i>Tangipahoa Parish Sheriff's Office - Civil Fees</i>	-	61
<i>Terrebonne Parish Sheriff's Office - Civil Fees</i>	38	30
<i>Vermilion Parish Sheriff's Office - Civil Fees</i>	36	-
<i>Vernon Parish Sheriff's Office - Civil Fees</i>	30	104
<i>Ward III Marshall's Office - Civil Fees</i>	52,415	43,282
<i>Ward III Marshall's Office - Criminal Court Costs/Fees</i>	30,910	18,095
<i>Ward IV Marshall's Office - Civil Fees</i>	30	-
<b>Subtotal Disbursements to Governments &amp; Nonprofits</b>	<b>423,985</b>	<b>322,694</b>
<b>Less: Amounts Retained by Collecting Agency</b>		
<i>Self Disbursed - Building Maintenance</i>	13,260	8,660
<i>Self Disbursed - Contempt and Warrant Fees</i>	6,250	3,300
<i>Self Disbursed - Judges Civil Filing Fees</i>	115,030	94,195
<i>Self Disbursed - Judicial Building</i>	51,480	32,315
<i>Self Disbursed - Judicial Expense</i>	22,200	89,295
<i>Self Disbursed - Other</i>	17,711	14,321
<b>Subtotal Amounts Retained by Collecting Agency</b>	<b>225,931</b>	<b>242,086</b>
<b>Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies</b>		
Civil Fee Refunds	122,374	65,297
Other Disbursements to Individuals/Businesses	2,466	4,098
Payments to 3rd Party Collection/Processing Agencies	9,067	10,347
<b>Subtotal Disbursements to Individuals/3rd Party Collection or Processing Agencies</b>	<b>133,907</b>	<b>79,742</b>
<b>Subtotal Disbursements/Retainage</b>	<b>783,823</b>	<b>644,522</b>
<b>Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)</b>	<b>\$ 748,232</b>	<b>\$ 949,475</b>

COMPLIANCE AND INTERNAL CONTROL



# Langley, Williams & Company, L.L.C.

## CERTIFIED PUBLIC ACCOUNTANTS

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DAPHNE BORDELON BERKEN  
PHILLIP D. ABSHIRE, III  
NICHOLAS J. LANGLEY  
ALEXIS H. O'NEAL  
SARAH CLARK WERNER

## INDEPENDENT AUDITORS' 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 Jamie B. Bice  
Honorable Ronald C. Richard  
City Court of Lake Charles  
Lake Charles, Louisiana

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 governmental activities, each major fund, and aggregate remaining fund information of the City Court of Lake Charles, Louisiana (City Court), a component unit of the City of Lake Charles, Louisiana, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City Court of Lake Charles, Louisiana's basic financial statements, and have issued our report thereon dated June 23, 2021.

### ***Internal Control Over Financial Reporting***

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

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

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 weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan that we consider to be significant deficiencies. We consider item 01-20 to be a significant deficiency.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. The instances of noncompliance are identified as 01-20C and 02-20C

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

City Court's response to the findings identified in our audit are described in the accompanying Summary Schedule of Current and Prior Year Audit Findings and Corrective Action Plan. The City Court's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on them.

### ***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 compliance. This report is an integral part of the 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.

*Joyce Williams, Co., CPA*

Lake Charles, Louisiana  
June 23, 2021

CITY COURT OF  
LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST

For the Year Ended December 31, 2020

Section I - Summary of Auditor's Results

**Financial Statements**

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiency identified not considered to be a material weakness?	Yes
Noncompliance material to financial statements noted?	No

Section II – Current Year Findings and Management Corrective Action Plan

**Internal Control Over Financial Reporting**

**01-20IC – Segregation of Duties**

Condition and criteria: Effective internal control requires adequate segregation of duties among client personnel. Because of the entity's size and the limited number of account personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Management's response: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve an adequate level of segregation of responsibilities. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures and periodic review of bank reconciliations.

**Compliance**

**01-20C – Compliance with Best Budget Practices**

Condition and criteria: When an elected official amends the entity's budget, it must be published in the official journal as describe by R.S. 39:1307(B).

Management's response: Management has responded that they were unaware of this requirement and that going forward they will publish the amended budget in the official journal.

CITY COURT OF  
LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST – (Continued)

For the Year Ended December 31, 2020

Section II – Current Year Findings and Management Corrective Action Plan – (Continued)

**Compliance – (Continued)**

**02-20C – Compliance with Best Budget Practices**

Condition and criteria: The December 31, 2020 amended budget expenditures for the general fund and special revenues funds were over the 5% threshold to actual results due to the fact that on-behalf payment revenues and expenditures for salaries and benefits were not budgeted for.

Management’s Response: The City Court plans to amend the budget in a timely manner to include on-behalf payments during the year for the general fund and special revenue funds.

Section II – Prior Year Findings and Management Corrective Action Plan

**Internal Control Over Financial Reporting**

**01-19C – Segregation of Duties**

Condition and criteria: Effective internal control requires adequate segregation of duties among client personnel. Because of the entity’s size and the limited number of account personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Management’s response: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve an adequate level of segregation of responsibilities. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures and periodic review of bank reconciliations.

**Compliance**

There were no findings in regards to compliance.