

BASIC FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

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

December 31, 2024

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LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN

NICHOLAS J. LANGLEY
PHILLIP D. ABSHIRE, III
SARAH CLARK WERNER
ALEXIS HABETZ O'NEAL
JESSICA LOTT-HANSEN

INDEPENDENT AUDITORS' REPORT

Honorable Jamie B. Bice
Honorable Ronald C. Richard

City Court of Lake Charles
Lake Charles, Louisiana

Report on the Audit of the Financial Statements

Opinions

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, as of and for the year ended December 31, 2024, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City Court of Lake Charles, as of December 31, 2024, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City Court of Lake Charles and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City Court of Lake Charles's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City Court of Lake Charles's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City Court of Lake Charles's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information on pages 35-38, Schedule of Employer's Proportionate Share of Net Pension Liability on page 39 Schedule of Employer's Pension Contributions on page 40, and Notes to the Required Supplementary Information on page 41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City Court of Lake Charles's basic financial statements. The accompanying 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 April 9, 2025, on our consideration of the City Court of Lake Charles, Louisiana'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 City Court of Lake Charles's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City Court of Lake Charles's internal control over financial reporting and compliance.



Lake Charles, Louisiana
April 9, 2025

BASIC FINANCIAL STATEMENTS

Governmental-Wide Financial Statements (GWFS)

**CITY COURT OF
LAKE CHARLES, LOUISIANA**

**STATEMENT OF NET POSITION
December 31, 2024**

ASSETS

Current assets:

Cash	\$ 107,513
Total current assets	<u>107,513</u>

Noncurrent assets:

Cash-restricted	123,918
Capital assets, net of accumulated depreciation	<u>79,177</u>
Total noncurrent assets	<u>203,095</u>

Total assets	310,608
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Deferred outflow of resources:

Pension related	<u>70,336</u>
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Total assets and deferred outflow of resources	<u><u>\$ 380,944</u></u>
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LIABILITIES

Current liabilities:

Accrued liabilities	\$ 8,972
Due to other agencies	43,264
Short-term compensated absences	26,095
Due to other funds	<u>146,618</u>
Total current liabilities	<u>224,949</u>

Noncurrent liabilities:

Long-term compensated absences	26,196
Net pension liability due after one year	<u>469,373</u>
Total current liabilities	<u>495,569</u>

Total liabilities	720,518
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Deferred inflows of resources:

Pension related	69,758
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NET POSITION

Net investment in capital assets	79,177
Restricted - judicial building	67,651
Restricted - building maintenance	62,272
Unrestricted	<u>(618,432)</u>
Total net position	<u>(409,332)</u>

Total liabilities, deferred inflows of resources and net position	<u><u>\$ 380,944</u></u>
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See accompanying notes and independent auditors' report.

**CITY COURT OF
LAKE CHARLES, LOUISIANA**

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024**

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets
		Fees and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Judicial	\$ 1,962,908	\$ 661,878	\$ 1,292,059	\$ -	\$ (8,971)
Total Governmental Activities	<u>\$ 1,962,908</u>	<u>\$ 661,878</u>	<u>\$ 1,292,059</u>	<u>\$ -</u>	(8,971)
General revenues:					
Interest					14,834
Miscellaneous					<u>3,600</u>
Total general revenues					<u>18,434</u>
Change in net position					9,463
Net position - beginning of year					<u>(418,795)</u>
Net position - end of year					<u>\$ (409,332)</u>

See accompanying notes and independent auditors' report.

Fund Financial Statements

**CITY COURT OF
LAKE CHARLES, LOUISIANA**

**BALANCE SHEETS - GOVERNMENTAL FUNDS
December 31, 2024**

Governmental Funds					
	General Fund	Special Revenue Funds			Total
		Judicial Expense	Judicial Building	Judicial Building Maintenance	
ASSETS					
Cash	\$ 107,513	\$ -	\$ -	\$ -	\$ 107,513
Due from other governmental funds	-	5,438	1,931	909	8,278
Due from other funds	385	-	2,110	1,055	3,550
Cash-restricted	-	-	63,610	60,308	123,918
Total assets	<u>\$ 107,898</u>	<u>\$ 5,438</u>	<u>\$ 67,651</u>	<u>\$ 62,272</u>	<u>\$ 243,259</u>
LIABILITIES					
Accrued liabilities	\$ 8,972	\$ -	\$ -	\$ -	\$ 8,972
Due to other agencies	43,264	-	-	-	43,264
Due to other governmental funds	8,278	-	-	-	8,278
Due to other funds	150,168	-	-	-	150,168
Total liabilities	<u>210,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,682</u>
FUND BALANCES					
Restricted	-	-	67,651	62,272	129,923
Unassigned	(102,784)	-	-	-	(102,784)
Total fund balances	<u>(102,784)</u>	<u>5,438</u>	<u>67,651</u>	<u>62,272</u>	<u>32,577</u>
Total liabilities and fund balances	<u>\$ 107,898</u>	<u>\$ 5,438</u>	<u>\$ 67,651</u>	<u>\$ 62,272</u>	<u>\$ 243,259</u>

See accompanying notes and independent auditors' report.

**CITY COURT OF
LAKE CHARLES, LOUISIANA**

**RECONCILIATION OF THE BALANCE SHEETS - GOVERNMENTAL FUNDS - TO THE
STATEMENT OF NET POSITION
For the Year Ended December 31, 2024**

FUND BALANCE OF GOVERNMENTAL FUNDS	\$ 32,577
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	70,336
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	318,149
Accumulated depreciation	(238,972)
	<hr/> 79,177
Loan-term liabilities are not reported in the fund financial statements because they are not due and payable in the current-period, but they are present as liabilities in the statement of net position.	
Net pension liability	(469,373)
Deferred inflows - pension related	(69,758)
Compensated absences	(52,291)
	<hr/> (591,422) <hr/>
Total net position of governmental activities at December 31, 2024	\$ <u><u>(409,332)</u></u>

See accompanying notes and independent auditors' report.

**CITY COURT OF
LAKE CHARLES, LOUISIANA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2024**

	Governmental Funds				
	Special Revenue Funds				
	General Fund	Judicial Expence	Judicial Building	Judicial Building Maintenance	Total
Revenues:					
Charges for services	\$ -	478,277	\$ 71,211	\$ 34,322	\$ 583,810
Court costs and fines	59,634	-	-	-	59,634
Interest income	12,096	-	1,080	1,658	14,834
Miscellaneous	3,600	-	-	-	3,600
On-behalf payments:					
City government	1,159,975	-	-	-	1,159,975
Parish government	21,203	-	-	-	21,203
State government	110,881	-	-	-	110,881
Total revenues	1,367,389	478,277	72,291	35,980	1,953,937
Expenditures:					
Salaries, wages and benefits	1,309,934	467,203	-	-	1,777,137
Building expense	-	-	-	65,595	65,595
Dues and subscriptions	11,796	-	-	-	11,796
Insurance expense	-	5,636	-	-	5,636
Interpreter	9,500	-	-	-	9,500
Maintenance	29	-	-	-	29
Miscellaneous	9,987	-	-	-	9,987
Office expense	13,756	-	-	-	13,756
Professional development & training	10,550	-	-	-	10,550
Rent	2,340	-	-	-	2,340
Telephone	5,295	-	-	-	5,295
Intergovernmental transfer	-	-	76,536	-	76,536
Capital outlay	-	-	-	-	-
Total expenditures	1,373,187	472,839	76,536	65,595	1,988,157
(Deficiency) excess of revenues over expenditures	(5,798)	5,438	(4,245)	(29,615)	(34,220)
Other Financing Sources (Uses)					
Operating transfers in	32,734	-	-	-	32,734
Operating transfers (out)	-	-	(2,234)	(30,500)	(32,734)
Total other financing sources (uses)	32,734	-	(2,234)	(30,500)	-
Net changes in fund balance	26,936	5,438	(6,479)	(60,115)	(34,220)
Fund balance - beginning, as previously stated	(183,212)	-	74,130	122,387	13,305
Restatement of beginning fund balance	53,492	-	-	-	53,492
Fund balance - beginning, restated	(129,720)	-	74,130	122,387	66,797
Fund balance - ending	\$ (102,784)	\$ 5,438	\$ 67,651	\$ 62,272	\$ 32,577

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, 2024**

Total net change in fund balance - governmental funds	\$	(34,220)
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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		(24,037)
		<hr style="width:100%; border: 0.5px solid black;"/> (24,037)

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		103,077
Pension expense		(35,357)
		<hr style="width:100%; border: 0.5px solid black;"/> 67,720

Total changes in net position at December 31, 2024 per Statement of Activities	\$	<hr style="width:100%; border: 0.5px solid black;"/> 9,463
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See accompanying notes and independent auditors' report.

**CITY COURT OF
LAKE CHARLES, LOUISIANA**

**STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND
December 31, 2024**

	Advanced Court Cost Fund
ASSETS	
Cash	\$ 738,064
Due from general fund	146,618
Receivables for civil cases	8,422
Total assets	<u>893,104</u>
LIABILITIES	
Due to other agencies	40,448
Total liabilities	<u>40,448</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	758,301
Use by the general fund at the judges discretion	94,355
Total net position	<u><u>\$ 852,656</u></u>

See accompanying notes and independent auditors' report.

**CITY COURT OF
LAKE CHARLES, LOUISIANA**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CUSTODIAL FUND
For the Year Ended December 31, 2024**

	<u>Advanced Court Cost Fund</u>
ADDITIONS:	
Court costs/fines	\$ 1,312,750
Interest income	11,190
Total additions	<u>1,323,940</u>
DEDUCTIONS:	
Refunds to individuals/businesses	272,563
Payments to other governments	775,690
Transfers to governmental funds	<u>241,416</u>
Total Deductions	<u>1,289,669</u>
Change in fiduciary position	34,271
Net position, beginning of year	<u>818,385</u>
Net position, end of year	<u><u>\$ 852,656</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, 2024

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 Statement of Net Position and the Statement of Activities report financial information for the City Court as a whole. They include all the City Court funds which are considered governmental activities. Fiduciary funds are also excluded from the governmental-wide financial statements. 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) fees and charges paid by the recipients of services offered by the City Court; (2) grants and contributions that are restricted to meeting the operational and capital requirement of a particular program. Other revenue sources not classified 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 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. The various funds of the City Court are classified into two categories: governmental and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Sheriff or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

CITY COURT OF
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

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 Funds - 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 of judges’ fees earned from the civil fund and judges’ fees earned from tickets collected. 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.

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.

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.

CITY COURT OF
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

C. MEASUREMENT FOCUS AND BASIC ACCOUNTING – (Continued)

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.

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, custodial 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 these expenditures. 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.

F. CASH - RESTRICTED

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

CITY COURT OF
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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. The City Court also capitalizes significant groups of assets that individually fall below the capitalization threshold when the items are acquired together, function as a group to fulfill a common purpose, and are expected to provide service over more than one reporting period.

All capital assets are depreciated using the straight-line method over the following useful lives:

Office equipment	3 to 15 years
Furniture and fixtures	3 to 10 years
Software	5 to 10 years

Capital assets are recorded in the Statement of Net Position and Statement of Activities. 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

All full-time and part-time employees earn from 10-25 days of vacation leave each year, depending upon length of service. Vacation leave is available for use by employees within thirty-six months of accrual. Employees shall accrue no more than 600 hours of annual leave. Upon resignation, termination or retirement, unused vacation leave up to 600 hours is paid to the employee at the employee's current rate of pay.

Sick leave is earned at the rate of 12-18 days per year, depending upon length of service, for all full-time employees. Unused sick leave may be accumulated from year to year. However, unused sick leave is forfeited upon termination unless employment reached more than 20 years. If the employee was hired on or before December 31, 2003, accumulation of sick leave shall not exceed 600 hours. If the employee was hired on or after January 1, 2004, accumulation of sick leave shall not exceed 400 hours.

At December 31, 2024, employees of the City Court have accumulated \$52,291 in leave privileges as shown in the statement of net position.

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. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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, 2024

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, 2024, the City Court's deferred outflows and inflows of resources were attributable to its pension plan.

L. EQUITY CLASSIFICATION

In the 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, 2024

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 PRONOUNCEMENTS

The GASB issued statement No. 101, *Compensated Absences*, to update the recognition and measurement guidance for leave benefits such as vacation and sick leave. The City Court implemented GASB 101 in the current fiscal year end. However, the City Court has historically accounted for compensated absences in a manner consistent with the provisions of GASB 101. As a result, implementation of this standard did not have a material impact on the financial statements, and no changes were required to the City's existing policies or prior period balances.

O. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement enhances disclosure requirements for specific types of capital assets, including lease assets, intangible right-to-use assets, subscription assets, and other intangible assets, by requiring separate disclosures by major class. Additionally, it establishes criteria and disclosure requirements for capital assets held for sale. The provisions of this Statement are effective for fiscal years beginning after June 15, 2025. The City Court is currently evaluating the impact of this Statement on its financial reporting and disclosures.

In October 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires the disclosure of risks that could significantly affect a government's ability to continue to provide services or meet its obligations as they come due. Specifically, the Statement requires disclosures related to:

- **Concentrations:** Situations in which a government is exposed to a lack of diversity in activities, revenues, or relationships, such as dependency on a single employer, taxpayer, grantor, or revenue source.
- **Constraints:** Limitations on a government's ability to respond to economic or operational challenges, such as legal or contractual restrictions on raising revenue or accessing financial resources.

Disclosures must include the nature of the risk, how the government is exposed to it, and, if known, the potential effect on the government's financial position or results of operations. The provisions of this Statement are effective for fiscal years beginning after June 15, 2024. The City Court is currently evaluating the impact of this Statement and will implement the required disclosures, if applicable, in future financial statements.

CITY COURT OF
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

P. RESTATEMENT OF NET POSITION

In prior years, the City Court's compensated absences were incorrectly included in the general fund balance. The general fund balance as of December 31, 2023 has been restated as follows:

	<u>General Fund</u>
Total fund balance December 31, 2023 as previously reported	\$ (183,212)
Compensated absences as of December 31, 2023	53,492
Total fund balance December 31, 2023, restated	<u>\$ (129,720)</u>

2. CASH

At December 31, 2024, the City Court had cash, restricted cash and interest-bearing deposits (book balances) totaling \$969,495 for governmental and fiduciary funds. Of this amount, \$123,918 is restricted as described in Note 3.

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.

The following summary of deposit balances (bank balances) at December 31, 2024, and the related federal insurance and pledged securities were as follows:

Bank balances	<u>\$ 1,029,086</u>
Federal deposit insurance	\$ 250,000
Pledge securities	<u>1,089,704</u>
Total federal insurance and pledged securities	<u>\$ 1,339,704</u>

As of December 31, 2024, 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.

CITY COURT OF
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

3. CASH - RESTRICTED

Restricted assets described in Note 1(F) as of December 31, 2024 were as follows:

Cash deposits:

Judicial building fund	\$ 63,610
Building maintenance fund	60,308
	<u>\$ 123,918</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 2024 was \$76,536.

4. CAPITAL ASSETS

Capital assets and depreciation activity for the year ended December 31, 2024, were as follows:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024
Governmental activities:				
Capital assets being depreciated				
Office equipment	\$ 97,019	\$ -	\$ -	\$ 97,019
Furniture and fixtures	24,280	-	-	24,280
Software	196,850	-	-	196,850
Total at historical costs	318,149	-	-	318,149
Less accumulated depreciation:				
Office equipment	92,700	3,160	-	95,860
Furniture and fixtures	4,124	1,192	-	5,316
Software	118,111	19,685	-	137,796
Total accumulated depreciation	214,935	24,037	-	238,972
Total capital assets being depreciated, net	<u>\$ 103,214</u>	<u>\$ (24,037)</u>	<u>\$ -</u>	<u>\$ 79,177</u>

Depreciation was charged to governmental functions in the amount of \$24,037 for the year ended December 31, 2024. The entity had no infrastructure assets as of December 31, 2024.

CITY COURT OF
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

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.

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, 2023, 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

CITY COURT OF
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

5. RETIREMENT BENEFITS— (Continued)

service, at age 55 upon completing 25 years of credible service, and 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 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 Benefits

The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan ("DROP"). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their

CITY COURT OF
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

5. RETIREMENT BENEFITS – (Continued)

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.

Disability Benefits

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

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

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation or 100% of final average compensation if the injury was the result of an intentional act of violence.

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.

CITY COURT OF
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

5. RETIREMENT BENEFITS – (Continued)

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, 2023 for the Judges hired after 12/30/2010 were 43.8% from January 1, 2024 – June 30, 2024 and 44.7% from July 1, 2024 – December 31, 2024 for the employer rate. Contributions to the pension plan from the City Court were \$78,487 for the year ended December 31, 2024.

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

At December 31, 2024, the Employer reported a liability of \$469,373 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 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, 2024 the City Court’s proportion was 0.00863%, which was a decrease of 0.00899% from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the City Court recognized pension expense of \$35,357 plus employer’s amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$15,173.

At December 31, 2024, 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	\$ -	\$ (2,076)
Net difference between projected and actual earnings on pension plan investments	-	(55,963)
Change in actuarial assumptions with regards to future economic or demographic factors or other inputs	3,281	
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,352	(11,719)
Employer contributions subsequent to measurement date	48,703	-
Total	<u>\$ 70,336</u>	<u>\$ (69,758)</u>

CITY COURT OF
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

5. RETIREMENT BENEFITS – (Continued)

The \$48,703 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, 2024. 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,

	<u>LASERS</u>
2025	\$ (27,130)
2026	14,569
2027	(21,569)
2028	(13,995)
Total	<u><u>\$ (48,125)</u></u>

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, 2024 are as follows:

Valuation Date	June 30, 2024
Actuarial cost method	Entry Age Normal Cost
Actuarial Assumptions:	
Expected remaining service lives	2 years
Investment rate of return	7.25% per annum net of investment expenses
Inflation rate	2.4% per annum
Mortality	<p>Non-disabled members - The PubG-2010 Healthy Retiree on a fully generational basis by Mortality Improvement Scale MP-2021.</p> <p>Disabled members – MMortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.</p>
Termination, Disability, and Retirement	Termination, disability and retirement assumptions were projected based on a five-year (2019-2023) experience study of the System's members.

CITY COURT OF
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

5. RETIREMENT BENEFITS – (Continued)

Salary increases	Salary increases were projected based on a 2019-2023 experience study of the System's members. The salary increase ranges for specific types of members are:	
	Type	
	Regular	Lower to Upper Range
	Regular	3.3%-14.0%
	Judges	2.4% - 4.8%
	Corrections	4.4% - 15.3%
	Hazardous Duty	4.4% - 15.3%
	Wildlife	4.4% - 15.3%
Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.	

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 2.40% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term nominal rate of return is 8.50% for 2024. 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, 2024 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Cash	0.76%
Domestic Equity	4.29%
International Equity	5.22%
Domestic Fixed Income	2.04%
International Fixed Income	5.24%
Alternative Investments	8.19%
Total Fund	5.61%

Discount Rates

The discount rate used to measure the total pension liability was 7.25%. 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

CITY COURT OF
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2024

5. RETIREMENT BENEFITS – (Continued)

members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Employer's proportionate share of the Net Pension Liability using the discount rate of 7.25%, 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, 2024		
	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Employer's proportionate share of the net pension liability	\$ 648,191	\$ 469,373	\$ 317,418

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.

6. ON-BEHALF PAYMENTS

Employees receive payments directly from the City of Lake Charles, the Calcasieu Parish Police Jury 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 \$1,159,975 from the City of Lake Charles, \$21,203 from the Calcasieu Parish Police Jury and \$110,881 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. The total amount transferred for the year end December 31, 2024 was \$6,307.

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, 2024

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 \$76,536.

10. COMMITMENTS

As of December 31, 2024, the City Court owes \$360,000 on the building mentioned in Note 9. Future maturities of this commitment includes payments of \$170,000 and \$190,000 due during 2025 and 2026, respectively.

11. LITIGATIONS AND CLAIMS

The City Court is not involved in any material matters of pending or threatened litigation as of December 31, 2024.

12. FUND BALANCE DEFICIT – GENERAL FUND

At year end, the general fund reported an unassigned fund balance deficit of \$104,894. The deficit is primarily due to the decrease in tickets written by Lake Charles City Police. Management intends to eliminate the deficit through planned budgetary adjustments and transfers from other funds in the upcoming fiscal year.

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, 2024

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Court costs and fines	\$ 35,800	\$ 60,431	\$ 59,634	\$ (797)
Interest income	3,262	3,700	12,096	8,396
Miscellaneous	3,600	3,600	3,600	-
On-behalf payments	1,045,703	1,131,903	1,292,059	160,156
Total revenues	1,088,365	1,199,634	1,367,389	167,755
Expenditures:				
Salaries, wages and benefits	1,186,703	1,235,514	1,309,934	(74,420)
Dues and subscriptions	5,250	17,600	11,796	5,804
Maintenance	125	50	29	21
Miscellaneous	4,775	10,142	9,987	155
Office expense	21,550	14,155	13,756	399
Professional development and training	23,075	20,280	10,550	9,730
Rent	2,340	2,340	2,340	-
Telephone	5,500	5,500	5,295	205
Capital Outlay	-	-	-	-
Total expenditures	1,249,318	1,305,581	1,363,687	(58,106)
Deficiency of revenue under expenditures	(160,953)	(105,947)	3,702	109,649
Other Financing Sources				
Operating transfers in	30,500	30,500	32,734	2,234
Operating transfers (out)	-	(3,117)	-	3,117
Total other financing sources	30,500	27,383	32,734	5,351
Net changes in fund balance	(130,453)	(78,564)	36,436	115,000
Fund balance - beginning, restated	(129,720)	(129,720)	(129,720)	
Fund balance - ending	\$ (260,173)	\$ (208,284)	\$ (93,284)	

**CITY COURT OF
LAKE CHARLES, LOUISIANA**

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

For the Year Ended December 31, 2024

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Charges for services	\$ 360,000	\$ 491,569	\$ 478,277	\$ (13,292)
Total revenues	360,000	491,569	478,277	(13,292)
Expenditures:				
Salaries, wages and benefits	360,000	491,569	467,203	24,366
Insurance expense	-	-	5,636	(5,636)
Total expenditures	360,000	491,569	472,839	18,730
Excess of revenue over expenditures	-	-	5,438	(32,022)
Other Financing (Uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing (uses)	-	-	-	-
Net changes in fund balance	-	-	5,438	(32,022)
Fund balance - beginning	-	-	-	
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,438</u>	

**CITY COURT OF
LAKE CHARLES, LOUISIANA**

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

For the Year Ended December 31, 2024

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Revenues:				
Judicial building collections	\$ 65,000	\$ 70,000	\$ 71,211	\$ 1,211
Interest income	291	-	1,080	1,080
Total revenues	<u>65,291</u>	<u>70,000</u>	<u>72,291</u>	<u>2,291</u>
Expenditures:				
Intergovernmental transfer	<u>35,000</u>	<u>77,000</u>	<u>76,536</u>	<u>464</u>
Total expenditures	<u>35,000</u>	<u>77,000</u>	<u>76,536</u>	<u>464</u>
Excess (deficiency) of revenue over (under) expenditures	30,291	(7,000)	(4,245)	1,828
Other Financing Sources (Uses)				
Operating transfers in	-	-	-	-
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>(2,234)</u>	<u>(2,234)</u>
Net changes in fund balance	30,291	(7,000)	(6,479)	(406)
Fund balance - beginning	<u>74,130</u>	<u>74,130</u>	<u>74,130</u>	
Fund balance - ending	<u>\$ 104,421</u>	<u>\$ 67,130</u>	<u>\$ 67,651</u>	

**CITY COURT OF
LAKE CHARLES, LOUISIANA**

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

For the Year Ended December 31, 2024

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Judicial building maintenance collections	\$ 29,000	\$ 35,000	\$ 34,322	\$ (678)
Interest income	447	-	1,658	1,658
Total revenues	<u>29,447</u>	<u>35,000</u>	<u>35,980</u>	<u>980</u>
Expenditures:				
Building expense	<u>60,000</u>	<u>66,000</u>	<u>65,595</u>	<u>405</u>
Total expenditures	<u>60,000</u>	<u>66,000</u>	<u>65,595</u>	<u>405</u>
Deficiency of revenue under expenses	(30,553)	(31,000)	(29,615)	576
Other Financing Sources (Uses)				
Operating transfers in	-	-	-	-
Operating transfers out	<u>-</u>	<u>(30,500)</u>	<u>(30,500)</u>	<u>-</u>
Total other financing (uses)	<u>-</u>	<u>(30,500)</u>	<u>(30,500)</u>	<u>-</u>
Net changes in fund balance	(30,553)	(61,500)	(60,115)	576
Fund balance - beginning	<u>122,387</u>	<u>122,387</u>	<u>122,387</u>	
Fund balance - ending	<u>\$ 91,834</u>	<u>\$ 60,887</u>	<u>\$ 62,272</u>	

**CITY COURT OF
LAKE CHARLES, LOUISIANA**

SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

For the Year Ended December 31, 2024

<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:					
2024	0.86300%	\$ 469,373	\$ 209,169	224.3993%	74.6%
2023	0.00899%	\$ 601,614	\$ 184,348	326.3469%	68.4%
2022	0.00919%	\$ 694,362	\$ 175,610	395.4000%	63.7%
2021	0.00871%	\$ 479,561	\$ 169,178	283.4653%	72.8%
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	0.00816%	\$ 555,751	\$ 151,301	367.3148%	62.5%

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, 2024

<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>
LASER:					
2024	\$ 78,540	\$ 78,540	\$ -	\$ 209,169	37.55%
2023	\$ 81,593	\$ 81,593	\$ -	\$ 184,348	44.26%
2022	\$ 76,233	\$ 76,233	\$ -	\$ 175,610	43.41%
2021	\$ 73,254	\$ 73,254	\$ -	\$ 169,178	43.30%
2020	\$ 69,174	\$ 69,174	\$ -	\$ 162,319	42.62%
2019	\$ 66,651	\$ 66,651	\$ -	\$ 162,881	40.92%
2018	\$ 63,016	\$ 63,016	\$ -	\$ 158,626	39.73%
2017	\$ 60,478	\$ 60,478	\$ -	\$ 156,491	38.65%
2016	\$ 58,327	\$ 58,327	\$ -	\$ 153,385	38.03%
2015	\$ 57,966	\$ 57,966	\$ -	\$ 151,301	38.31%

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, 2024

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 City Court Judges.

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, 2024 for the Louisiana State Employees' Retirement System reflect a discount rate of 7.25% as of the valuation date June 30, 2024.

SUPPLEMENTAL INFORMATION

**CITY COURT OF
LAKE CHARLES, LOUISIANA**

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

For the Year Ended December 31, 2024

Agency Head Name: Honorable Jamie B. Bice

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 189,745
Benefits - Insurance	8,287
Benefits - Taxes	3,572
Benefits - Retirement	74,423
Travel	<u>714</u>
Total	<u><u>\$ 276,741</u></u>

Agency Head Name: Honorable Ronald Richard

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 189,745
Benefits - Insurance	18,277
Benefits - Taxes	3,207
Benefits - Retirement	74,423
Travel	<u>4,030</u>
Total	<u><u>\$ 289,682</u></u>

Lake Charles City Court
Justice System Funding Schedule - Collecting/Disbursing Schedule

Cash Basis Presentation

As Required by La. R.S. 24:515.2

	Amount for 01/01/2024 - 06/30/2024	Amount for 07/01/2024 - 12/31/2024
1. Beginning Cash Balance	680,650	737,999
2. Collections		
a. Civil Fees	675,649	637,877
b. Bond Fees	-	-
c. Cash Bonds	-	-
d. Asset Forfeiture/Sale	-	-
e. Pre-Trial Diversion Program Fees	-	-
f. Criminal Court Costs/Fees	456,029	422,325
g. Criminal Fines – Contempt	-	-
h. Criminal Fines – Other/Non-Contempt	-	-
i. Restitution	-	-
j. Probation/Parole/Supervision Fees	-	-
k. Service Fees	-	-
l. Collection Fees	-	-
m. Interest Earnings on Collected Balances	5,789	6,306
n. Other	-	-
Total Collected	1,137,467	1,066,508
3. Deductions: Collections Retained by the Lake Charles City Court		
I. Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	-	-
II. Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-	-
III. Other Amounts "Self-Disbursed" [Enter amounts on appropriate collection type lines]		
a. Civil Fees	224,331	152,962
b. Bond Fees	-	-
c. Cash Bonds	-	-
d. Asset Forfeiture/Sale	-	-
e. Pre-Trial Diversion Program Fees	-	-
f. Criminal Court Costs/Fees	121,501	146,850
g. Criminal Fines – Contempt	-	-
h. Criminal Fines – Other/Non-Contempt	-	-
i. Restitution	-	-
j. Probation/Parole/Supervision Fees	-	-
k. Service Fees	-	-
l. Collection Fees [excluding amounts reported in bullets I and II above]	-	-
m. Interest Earnings on Collected Balances	-	-
n. Other	2,032	2,750
Total Collections Retained by the Lake Charles City Court	347,864	302,562
4. Deductions: Amounts Disbursed to Individuals and Entities, Excluding Governments and Nonprofit:		
a. Collection/Processing Fees Paid to Third Party Entities	949	-
b. Civil Fee Refunds	126,840	154,500
c. Bond Refunds	-	-
d. Restitution Disbursements to Individuals and Entities, Excluding Governments or a Nonprofit	-	-
e. Other Disbursements to Individuals and Entities, Excluding Governments or a Nonprofit	11,585	8,921
Total Amounts Disbursed to Individuals and Entities, Excluding Governments and Nonprofit:	139,374	163,421
5. Deductions: Total Disbursements to Other Governments & Nonprofits	592,880	583,829
6. Total Amounts Disbursed/Retained	1,080,118	1,049,812
7. Ending Cash Balance	737,999	754,695
8. Ending Balance of "Partial Payments" Collected but not Disbursed	-	-
9. Other Information:		
I. Ending Balance of Amounts Assessed but Not Yet Collected [i.e. total ending receivable balances]	-	-
II. Total Waivers During the Fiscal Period [i.e. non-cash reduction of receivable balances, such as time served or community service]	-	-

Lake Charles City Court			
Justice System Funding Schedule - Receiving Schedule			
Cash Basis Presentation			
As Required by La. R.S. 24:515.2			
		Amount for 01/01/2024 - 06/30/2024	Amount for 07/01/2024 - 12/31/2024
1. Ending Balance of Amounts Assessed but Not Received:		-	-
2. Details of Receipts from Collecting/Disbursing Agency			
		Amount for 01/01/2024 - 06/30/2024	Amount for 07/01/2024 - 12/31/2024
Agency Remitting Money	Remittance Type		
Department of Public Safety and Corrections Public Safety Services	g. Criminal Fines – Contempt	2,025	2,200

COMPLIANCE AND INTERNAL CONTROL



LESTER LANGLEY, JR.
DANNY L. WILLIAMS
PHILLIP D. ABSHIRE, JR.
DAPHNE BORDELON BERKEN

NICHOLAS J. LANGLEY
PHILLIP D. ABSHIRE, III
SARAH CLARK WERNER
ALEXIS HABETZ O'NEAL
JESSICA LOTT-HANSEN

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, 2024, and the related notes to the financial statements, which collectively compromise the City Court of Lake Charles, Louisiana's basic financial statements, and have issued our report thereon dated April 9, 2025.

Report on 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.

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.

We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. We consider item 01-24IC to be a significant deficiency.

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City Court's Response to Findings

The 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 the responses.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Long & McLean Co., LLP

Lake Charles, Louisiana
April 9, 2025

CITY COURT OF
LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST

For the Year Ended December 31, 2024

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

01-24IC – Segregation of Duties

Finding: The City Court did not have adequate segregation of functions among client personnel.

Criteria: Effective internal control requires that incompatible functions be performed by separate persons.

Effect: Due to the lack of segregation of duties, misstatements could result without being prevented or detected in a timely manner.

Cause: The cause of the deficiency is due to small staff size.

Recommendation: All incompatible functions be performed by a separate person.

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 with regard to compliance.

CITY COURT OF
LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COST – (Continued)

For the Year Ended December 31, 2024

Section III – Prior Year Findings and Management Corrective Action Plan

Internal Control Over Financial Reporting

01-23IC – Segregation of Duties

Finding: The City Court did not have adequate segregation of functions among client personnel.

Criteria: Effective internal control requires that incompatible functions be performed by separate persons.

Effect: Due to the lack of segregation of duties, misstatements could result without being prevented or detected in a timely manner.

Cause: The cause of the deficiency is due to small staff size.

Recommendation: All incompatible functions be performed by a separate person.

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

01-23C – Budget Preparation

Finding: Actual expenditures exceeded budgeted expenditures by more than 5% for the general fund. Actual operating transfers out exceeded budgeted operating transfers out by more than 5% for the judicial building fund and the judicial building maintenance fund.

Criteria: State law requires that actual expenditures and other financing sources (uses) fall within 5% of the budget.

Effect: Due to the lack of budgeting for transfers, expenditures and operating transfers out were greater than the budget by more than 5%.

Cause: The cause of the deficiency is due to the City Court not budgeting for transfers in and out between funds as well as not properly amending the budget for salaries, wages and benefits paid by the City.

Recommendation: Management should budget for transfers in and out of funds. Management should amend the budget to properly reflect salaries and benefits for the general fund.

Management's response: Management will budget for transfers in and out going forward. Management will also amend the budget in a timely manner to properly reflect salaries and benefits during the year for the general fund and special revenue funds.