

**CITY COURT OF
LAKE CHARLES, LOUISIANA
CITY OF LAKE CHARLES, LOUISIANA
COMPONENT UNIT FINANCIAL REPORT
DECEMBER 31, 2010 AND 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/6/11

CITY COURT OF
LAKE CHARLES, LOUISIANA

December 31, 2010

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CITY COURT OF
LAKE CHARLES, LOUISIANA

December 31, 2010

JUDGES

Honorable John S. Hood

Honorable Thomas P. Quirk

McELROY, QUIRK & BURCH

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01694-00 Audit 12/31/2010 1:00:00 2010 financial report

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CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

REPORT OF INDEPENDENT AUDITORS

Honorable John S. Hood
Honorable Thomas P. Quirk
City Court of Lake Charles
Lake Charles, Louisiana

We have audited the accompanying financial statements of the governmental activities 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 years ended December 31, 2010 and 2009, which collectively comprise the City Court's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City Court of Lake Charles, Louisiana management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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 the City Court of Lake Charles, Louisiana, as of December 31, 2010 and 2009, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2011, 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 grants. 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* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and supplementary information as described in the table of contents on pages 28 through 32 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.

M^s Elroy Quirk & Burch

Lake Charles, Louisiana
June 22, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Lake Charles City Court's financial performance provides an overview of the City Court's financial activities for the years ended December 31, 2010 and 2009.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of City Court as a whole and present a longer-term view of the City Court's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City Court's operations in more detail than the government-wide statements by providing information about the City Court's most significant funds. The remaining statements provide financial information about activities for which the City Court acts solely as an agent for the benefit of those outside of the government.

Reporting the City Court as a Whole

The Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about the City Court as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City Court's net assets and changes in them. The City Court's net assets - the difference between assets and liabilities - as one way to measure the City Court's financial position. Over time, increases or decreases in the City Court's net assets are one indicator of whether its financial health is improving or deteriorating.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the City Court as a whole. Some funds are required to be established by State law. However, the City Court establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain money. City Court's governmental fund uses a certain account approach described below:

Governmental funds - All of the City Court's basic services are reported in governmental funds, except for one fiduciary fund. The governmental fund focuses on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City Court's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City Court's programs.

Reporting the City Court's Fiduciary Responsibilities

The City Court is the agent, or fiduciary for the civil fund. All the City Court's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the City Court's other financial statements because the City Court cannot use these assets to finance its operations. The City Court is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY COURT AS A WHOLE

For the years ended December 31, 2010 and 2009, net assets changed as follows:

	<u>2010</u>	<u>2009</u>
Beginning net assets	\$ 2,345,998	\$ 1,921,901
Increase in net assets	<u>495,276</u>	<u>424,097</u>
Ending net assets	<u>\$ 2,841,274</u>	<u>\$ 2,345,998</u>

The City began paying the utilities of the City Court; therefore, the rent expense has been reduced causing the revenue for the Judicial Building to increase. Also, the waiving of warrant fees has been tightened with the Marshal; therefore, more fees are being collected resulting in more revenue.

An additional reason for the increase in net assets is due to the bill RS 13:1907 being passed for City Court stating that the civil fee account and such fee or cost has remained unclaimed in excess of five years and 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 judge of the court may transfer the amount of the surplus to the general operational fund of the court. The unclaimed amounts at December 31, 2010 and 2009 were \$96,682 and \$5,772, and were recorded in the general fund as revenue.

Governmental Activities

This section will show a condensed financial comparison of revenues and expenses and provide explanations for significant differences. To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. It also identifies how much each function draws from the general revenues or if it is self-financing through fees. Some of the individual line item revenues reported for each function are:

Administration (general government)

Fees earned from violation tickets paid

Judicial

Fees earned through violation tickets paid but restricted to not pay Judge's salary/retirement

Judicial Building

Fees collected for current rent, maintenance and future building for City Court

	Functions/Programs			Totals	
	Administration	Judicial	Judicial Building	2010	2009
Expenses:					
Salaries and benefits	\$ 91,290	\$ 160,346	\$ -	\$ 251,636	\$ 236,158
Materials and supplies	33,337	2,238	-	35,575	30,986
Professional development and training	35,607	15,758	-	51,365	55,285
Rent	-	-	65,687	65,687	65,271
Other expenses	65,174	30,439	-	95,613	43,867
Depreciation	17,473	2,186	-	19,659	21,133
Total expenses	242,881	210,967	65,687	519,535	452,700
Program revenues:					
Charges for services	110,015	294,578	-	404,593	453,212
Judicial building collections	-	-	336,440	336,440	251,670
General revenues	-	-	-	273,778	171,915
Total revenues				1,014,811	876,797
Change in net assets				\$ 495,276	\$ 424,097

THE CITY COURT'S FUNDS

The fund balance of the City Court's general fund and special revenue fund increased by \$495,276 during the year ended December 31, 2010. This is primarily due to an increase in warrant fees collected on tickets, the increase of collections from the reinstatement fee for the suspension of drivers' licenses, and the forfeited money from the civil filing fees. Also, there have been funds contributed to the Judicial Building fund from other agencies because of the new court house construction being started in 2011.

The following schedule presents a summary of the general and special revenue funds and expenditures for the years ended December 31, 2010 and 2009. Also presented on the schedules are the amounts and percentages of increase or decrease from amounts for the year ended December 31, 2010.

	Totals		Change from 2009	% Variance
	2010	2009		
Revenues:				
Charge for services	\$ 404,593	\$ 453,212	\$ (48,619)	-10.7%
Court cost and fines	266,241	156,458	109,783	70.2%
Interest income	1,260	954	306	32.1%
Miscellaneous income	6,277	14,503	(8,226)	-56.7%
Judicial building collections	<u>336,440</u>	<u>251,670</u>	<u>84,770</u>	<u>33.7%</u>
Total revenues	<u>\$ 1,014,811</u>	<u>\$ 876,797</u>	<u>\$ 138,014</u>	<u>15.7%</u>

- * Charges for services decreased due to fluctuation in filing fees.
- * Court cost and fines increased due to tickets normally having to appear in court are being allowed to be paid out of court with a larger fine.
- * Miscellaneous income has decreased due to fluctuation in credit card rates and charges.
- * Judicial building collections increased due to more civil suits being filed and additional seatbelts being written and paid.

	Totals		Change from 2009	% Variance
	2010	2009		
Expenditures:				
Bank service charges	\$ 980	\$ 1,301	\$ (321)	-24.7%
Dues and subscriptions	8,919	7,823	1,096	14.0%
Equipment lease	-	142	(142)	-100.0%
Maintenance	6,831	4,728	2,103	44.5%
Miscellaneous	68,119	21,597	46,522	215.4%
Office expense	26,656	23,163	3,493	15.1%
Professional development and training	51,365	55,285	(3,920)	-7.1%
Rent	65,687	65,271	416	0.6%
Retirement	31,677	27,426	4,251	15.5%
Salaries	219,959	208,732	11,227	5.4%
Taxes-payroll	8,071	7,675	396	5.2%
Telephone	11,612	8,424	3,188	37.8%
Capital outlay	<u>15,682</u>	<u>16,550</u>	<u>(868)</u>	<u>-5.2%</u>
Total expenditures	<u>\$ 515,558</u>	<u>\$ 448,117</u>	<u>\$ 67,441</u>	<u>15.0%</u>

- * Dues and subscriptions increased due to all employees being grandfathered into digital court reporting.
- * Maintenance increased due to extra work done on building for security and maintenance agreement paid that was previously paid by the city.
- * Miscellaneous increased due to an ad campaign that the supreme court strongly recommended the courts to make the public aware of services and what the court offers.
- * Office expense increased due to miscellaneous minor computer and software upgrades.
- * Professional development and training decreased due to trying to travel less for training purposes.
- * Retirement, Salaries, & taxes increased due to the court supplementing a portion of the salaries of the employees.
- * Telephone increased due to increase in phone plans.
- * Capital Outlay decreased due to not as much purchased this year as the prior year.

SIGNIFICANT BUDGET VARIANCES

Over the course of the year, the City Court revised the general fund and special revenue fund budgets one time. This amendment increased budgeted revenues and expenditures by \$150,656 and \$89,000, respectively. A list of the major changes from the original budget and explanations for those changes are as follows:

Revenue:

\$9,000 Charges for services: Increased due to additional tickets being paid.

\$100,000 Court Cost and Fines: Increased because tickets normally having to appear in court are being allowed to be paid with a larger fine outside of court appearance and sending older tickets to a collection company for collections.

\$(16,384) Miscellaneous: Decreased due to adjusting recording of certain revenue so was not budgeted accurately.

\$58,000 Judicial Building: Increased due to more tickets being paid and funds coming in to support building of court house.

Expenses:

\$49,325 Miscellaneous: Increased due to an ad campaign the Supreme Court encouraged the courts to conduct to make sure the public was aware of services offered in the respected court.

\$(10,322) Professional development and training: Decreased due to not going to as many meetings and conferences as expected.

\$23,131 Salaries: Increased due to the court supplementing the pay of employees.

CAPITAL ASSETS

At the end of December 31, 2010 and 2009, the City Court had \$416,952 and \$401,270 in capital assets. City Court does not have infrastructure of assets to report. This represents a net increase of \$15,682 and \$16,550 over the last two years due to the purchase of new computers, printers, video equipment and software.

	<u>2010</u>	<u>2009</u>
Equipment (i.e., computers, copy machines)	\$ 399,938	\$ 386,197
Furniture and fixtures (i.e., desks, chairs & filing cabinets)	<u>17,014</u>	<u>15,073</u>
	<u>\$ 416,952</u>	<u>\$ 401,270</u>

Difference: \$(15,682) computers, printers, software & video equipment purchased.

ECONOMIC FACTORS AND NEXT YEAR'S RATES

With the recession, people are filing more evictions and money suits and this increases our fees. This trend should be leveling back out, but it is unsure how long this will take. Officers are more on the lookout and possibly issuing more tickets for people taking chances creating an increase in fines and court cost. The court has now started turning over older tickets to a collection company that contacts people to get their tickets paid and so an increase in collections is projected. Also, in 2011 a Court house will be started and so more activity will take place with Judicial Building Funds.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the City Court's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Court Clerk's office at PO Box 1664; Lake Charles, Louisiana.

Rebecca Liles
City Court Comptroller

CITY COURT OF
LAKE CHARLES, LOUISIANA

STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS
December 31, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
Current assets:		
Cash	\$ 1,548,435	\$ 1,125,233
Cash - restricted	1,001	1,000
Due from other funds	<u>122,912</u>	<u>436,131</u>
Total current assets	<u>1,672,348</u>	<u>1,562,364</u>
Noncurrent assets:		
Cash - restricted	1,213,942	980,755
Capital assets (net)	<u>32,935</u>	<u>36,912</u>
Total noncurrent assets	<u>1,246,877</u>	<u>1,017,667</u>
Total assets	<u>2,919,225</u>	<u>2,580,031</u>
Liabilities:		
Accounts payable	3,037	2,564
Due to other agencies	74,914	51,963
Due to other funds	-	<u>179,506</u>
Total liabilities	<u>77,951</u>	<u>234,033</u>
Net assets		
Invested in capital assets, net of related debt	32,935	36,912
Restricted	1,214,943	981,755
Unrestricted	<u>1,593,396</u>	<u>1,327,331</u>
Total net assets	<u>\$ 2,841,274</u>	<u>\$ 2,345,998</u>

The accompanying notes are an integral part of these statements.

CITY COURT OF
LAKE CHARLES, LOUISIANA

STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
Year Ended December 31, 2010

	Functions/Programs			Total
	Administration	Judicial	Judicial Building	
Expenses:				
Salaries and benefits	\$ 91,290	\$ 160,346	\$ -	\$ 251,636
Materials and supplies	33,337	2,238	-	35,575
Professional development and training	35,607	15,758	-	51,365
Rent	-	-	65,687	65,687
Other program expense	65,174	30,439	-	95,613
Depreciation	17,473	2,186	-	19,659
Total expenses	242,881	210,967	65,687	519,535
Program revenues:				
Charges for services	110,015	294,578	-	404,593
Judicial building collections	-	-	336,440	336,440
Net program expense (income)	\$ 132,865	\$ (83,611)	\$ (270,753)	(221,498)
General revenues:				
Interest				1,260
Miscellaneous				6,277
Violations income				266,241
Total general revenues				273,778
Change in net assets				495,276
Net assets - beginning				2,345,998
Net assets - ending				\$ 2,841,274

The accompanying notes are an integral part of these statements.

CITY COURT OF
LAKE CHARLES, LOUISIANA

STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
Year Ended December 31, 2009

	Functions/Programs			Total
	Administration	Judicial	Judicial Building	
Expenses:				
Salaries and benefits	\$ 88,306	\$ 147,852	\$ -	\$ 236,158
Materials and supplies	27,694	3,292	-	30,986
Professional development and training	42,250	13,035	-	55,285
Rent	-	-	65,271	65,271
Other program expense	40,477	3,390	-	43,867
Depreciation	19,034	2,099	-	21,133
Total expenses	217,761	169,668	65,271	452,700
Program revenues:				
Charges for services	94,660	358,552	-	453,212
Judicial building collections	-	-	251,670	251,670
Net program expense (income)	\$ 123,101	\$ (188,884)	\$ (186,399)	(252,182)
General revenues:				
Interest				954
Miscellaneous				14,503
Violations income				156,458
Total general revenues				171,915
Change in net assets				424,097
Net assets - beginning				1,921,901
Net assets - ending				\$ 2,345,998

The accompanying notes are an integral part of these statements.

CITY COURT OF
LAKE CHARLES, LOUISIANA

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2010
With Comparative Totals for December 31, 2009

ASSETS	General Fund	Special Revenue Fund	Total Governmental Funds	
	Fund	Fund	2010	2009
Current assets:				
Cash	\$ 717,534	\$ 830,901	\$ 1,548,435	\$ 1,125,233
Due from other funds	104,855	18,057	122,912	436,131
Total current assets	822,389	848,958	1,671,347	1,561,364
Restricted assets:				
Cash	1,214,943	-	1,214,943	981,755
Total assets	\$ 2,037,332	\$ 848,958	\$ 2,886,290	\$ 2,543,119
LIABILITIES				
Current liabilities (payable from current assets):				
Accounts payable	\$ 3,037	\$ -	\$ 3,037	\$ 2,564
Due to other agencies	74,914	-	74,914	51,963
Due to other funds	-	-	-	179,506
Total current liabilities payable from current assets	77,951	-	77,951	234,033
FUND BALANCES				
Fund balance:				
Reserved	1,214,943	-	1,214,943	981,755
Unreserved	744,438	848,958	1,593,396	1,327,331
Total fund balance	1,959,381	848,958	2,808,339	2,309,086
Total liabilities and fund balances	\$ 2,037,332	\$ 848,958		
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of \$384,017			32,935	36,912
Net assets of government activities			\$ 2,841,274	\$ 2,345,998

The accompanying notes are an integral part of these statements.

CITY COURT OF
LAKE CHARLES, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
Year Ended December 31, 2010
With Comparative Totals for Year Ended December 31, 2009

	General Fund	Special Revenue Fund	Total Governmental Funds	
			2010	2009
Revenues:				
Charges for services	\$ 110,015	\$ 294,578	\$ 404,593	\$ 453,212
Court costs and fines	266,241	-	266,241	156,458
Interest income	939	321	1,260	954
Miscellaneous	3,307	2,970	6,277	14,503
Judicial building collections	336,440	-	336,440	251,670
Total revenues	<u>716,942</u>	<u>297,869</u>	<u>1,014,811</u>	<u>876,797</u>
Expenditures:				
Current:				
Bank service charges	730	250	980	1,301
Dues and subscriptions	7,814	1,105	8,919	7,823
Equipment lease	-	-	-	142
Maintenance	6,354	477	6,831	4,728
Miscellaneous	41,326	26,793	68,119	21,597
Office expense	25,523	1,133	26,656	23,163
Professional development and training	51,340	25	51,365	55,285
Rent	65,687	-	65,687	65,271
Retirement	31,677	-	31,677	27,426
Salaries	86,732	133,227	219,959	208,732
Taxes - payroll	8,071	-	8,071	7,675
Telephone	8,694	2,918	11,612	8,424
Capital outlay	13,755	1,927	15,682	16,550
Total expenditures	<u>347,703</u>	<u>167,855</u>	<u>515,558</u>	<u>448,117</u>
Excess (deficiency) of revenues over expenditures	369,239	130,014	499,253	428,680
Fund balances - beginning	<u>1,590,142</u>	<u>718,944</u>	<u>2,309,086</u>	<u>1,880,406</u>
Fund balances - ending	<u>\$ 1,959,381</u>	<u>\$ 848,958</u>	<u>\$ 2,808,339</u>	<u>\$ 2,309,086</u>

(continued on next page)

CITY COURT OF
LAKE CHARLES, LOUISIANA

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

Year Ended December 31, 2010

With Comparative Totals for Year Ended December 31, 2009

	Total Governmental Funds	
	2010	2009
Reconciliation of the change in fund balances-total governmental funds to the change in net assets of governmental activities:		
Net change in fund balances-total governmental funds	\$ 499,253	\$ 428,680
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:		
Capital asset purchases capitalized	15,682	16,550
Depreciation expense	(19,659)	(21,133)
Change in net assets of governmental activities	\$ 495,276	\$ 424,097

The accompanying notes are an integral part of these statements.

CITY COURT OF
LAKE CHARLES, LOUISIANA

STATEMENTS OF NET ASSETS - FIDUCIARY FUNDS
December 31, 2010 and 2009

ASSETS	Agency Funds	
	2010	2009
Cash	\$ 504,999	\$ 642,472
Receivables for civil cases	<u>6,455</u>	<u>7,306</u>
Total assets	<u>\$ 511,454</u>	<u>\$ 649,778</u>
LIABILITIES		
Accounts payable	\$ 10,295	\$ 13,293
Deposits held for disposition of civil cases	378,247	379,371
Due to other funds	<u>122,912</u>	<u>257,114</u>
Total liabilities	<u>\$ 511,454</u>	<u>\$ 649,778</u>

The accompanying notes are an integral part of these statements.

CITY COURT OF
LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
December 31, 2010

1. Summary of Significant Accounting Policies

The City Court of Lake Charles, Louisiana (City Court) is responsible for judicial court hearings held for the City of Lake Charles, Louisiana (City).

The financial statements of the City Court have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City Court applies all relevant GASB pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City Court does not apply FASB pronouncements or APB opinions issued after November 30, 1989. The City Court's more significant accounting policies are described below.

A. Financial Reporting Entity

The accompanying financial statements include the various activities that are within the control and authority of the City Court. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Statement No. 14 of the Governmental Accounting Standards Board. This statement defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Based on the foregoing criteria, the City Court is a component unit of the City and has no other fiscal or significant managerial responsibility over any other governmental unit that is not included in the financial statements of the City Court.

B. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Internal service fund activity is eliminated to avoid doubling up revenues and expenses. Fiduciary funds are also excluded from the government-wide financial statements.

The Statement of Net Assets 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 annual building rental and 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 accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

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.

FIDUCIARY FUND TYPES

Agency Fund - The Agency Fund is used to account for assets held by the City Court as an agent for individuals, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results in operations.

C. Measurement Focus and Basis of 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 government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds. 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 and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

The City Court currently has one agency fiduciary fund. Agency 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

The City Court's cash is considered to be cash on hand and demand deposits.

F. Restricted Assets

These assets consist of cash deposits restricted for various purposes as detailed in Note 2.

G. Capital Assets and Depreciation

The Accounting and reporting treatment applied to capital assets associated with a fund are determined by their measurement focus. General capital assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. The minimum capitalization threshold is any individual item with a total cost greater than \$1,000.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	15 to 40 years
Improvements, other than buildings	5 to 40 years
Machinery and equipment	3 to 15 years
Furniture and fixtures	3 to 10 years

2. Compliance and Accountability

Deposit laws and regulations (restricted assets):

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 courts.

Judicial Expense Fund - In accordance with Louisiana Statute RS 13:996, the City Court collects from every person from payment of court costs, an additional sum to be placed in a separate account designated as the Judicial Expense Fund. 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.

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, and 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.

3. Cash

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 entirely covered by federal depository insurance or by pledge of securities owned by the financial institution in the City Court's name.

4. Restricted Assets - Cash

Restricted assets described in Note 2 as of December 31, 2010 and 2009, are as follows:

	<u>2010</u>	<u>2009</u>
Cash deposits:		
Judicial building fund	\$ 1,133,922	\$ 956,422
Judicial expense fund	1,001	1,000
Building maintenance fund	<u>80,020</u>	<u>24,333</u>
Total restricted cash	<u>\$ 1,214,943</u>	<u>\$ 981,755</u>

5. Capital Assets

Capital asset activity for the year ending December 31, 2010, was as follows:

	Balance 1/1/10	Additions	Deletions	Balance 12/31/10
Governmental activities:				
Equipment	\$ 386,197	\$ 13,741	\$ -	\$ 399,938
Furniture and fixtures	15,073	1,941	-	17,014
Totals at historical cost	<u>401,270</u>	<u>15,682</u>	<u>-</u>	<u>416,952</u>
Less accumulated depreciation:				
Equipment	351,136	18,970	-	370,106
Furniture and fixtures	13,222	689	-	13,911
Total accumulated depreciation	<u>364,358</u>	<u>19,659</u>	<u>-</u>	<u>384,017</u>
Governmental activities capital assets, net	<u>\$ 36,912</u>	<u>\$ (3,977)</u>	<u>\$ -</u>	<u>\$ 32,935</u>

Capital asset activity for the year ending December 31, 2009, was as follows:

	Balance 1/1/09	Additions	Deletions	Balance 12/31/09
Governmental activities:				
Equipment	\$ 369,647	\$ 16,550	\$ -	\$ 386,197
Furniture and fixtures	15,073	-	-	15,073
Totals at historical cost	<u>384,720</u>	<u>16,550</u>	<u>-</u>	<u>401,270</u>
Less accumulated depreciation:				
Equipment	330,398	20,738	-	351,136
Furniture and fixtures	12,827	395	-	13,222
Total accumulated depreciation	<u>343,225</u>	<u>21,133</u>	<u>-</u>	<u>364,358</u>
Governmental activities capital assets, net	<u>\$ 41,495</u>	<u>\$ (4,583)</u>	<u>\$ -</u>	<u>\$ 36,912</u>

6. Retirement Benefits

Louisiana State Employees' Retirement System (LASERS):

Plan description:

The City Court Judges participate in the LASERS, a cost sharing municipal employer defined benefit pension plan administered by a separate Board of Trustees. LASERS provide retirement, disability and survivor benefits to participating, eligible employees. Benefits are established and amended by state statute. LASERS issue a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Louisiana's State Employees' Retirement System, Post Office Box 44213, Baton Rouge, Louisiana, 70804-4213, or by calling (225)922-0600.

Funding policy:

The City Court Judges are required by Louisiana State Statute to contribute 11.5% of their annual covered salary and the City Court is required to contribute at an actuarially determined rate. The employer rates for 2010, 2009, and 2008 were 22.0%, 18.6%, and 18.5%, of annual covered payroll. The contribution requirements of plan members and the employer are established by, and may be amended by, state law. As required by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year fiscal year. The City Court's contributions to LASERS for the years ended December 31, 2010, 2009, and 2008 were \$27,119, \$23,137, and \$22,641, and were equal to the required contribution for the years.

7. Pension Plan

Municipal Employees Retirement System:

Plan description:

The Lake Charles City Court contributes to the Municipal Employees Retirement System of Louisiana, a cost-sharing multiple-employer plan administered by the Municipal Employees Retirement System, State of Louisiana. The Municipal Employees Retirement System of Louisiana was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the State, which did not have their own retirement systems and which elected to become members of the system. The System is administered by a Board of Trustees composed of nine members, six of whom shall be active and contributing members of the System with at least ten years creditable service, elected by the members of the System; one of whom shall be the president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Senate Retirement Committee; one of whom

shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana. Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees Retirement System, effective on and after June 30, 1970. Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan "A" combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan "B" participates in only the original plan. The Lake Charles City Court is a member of plan "B" of the retirement system. Historical trend information for this plan is included in the separately issued report for the Municipal Employees Retirement System for the period ended June 30, 2010.

Funding policy:

Plan members are required to contribute 5.00% of their annual covered salary and the Lake Charles City Court is required to contribute at a statutorily determined rate. The current rate is 6.75% of annual covered payroll. The contribution requirements of plan members and the Lake Charles City Court are established and may be amended by the Board of Trustees. The Lake Charles City Court contributions to the Municipal Employees Retirement System of Louisiana for 2010, 2009 and 2008 were \$4,558, \$4,289 and \$4,225, respectively, equal to the required contributions for each year.

8. Operating Leases

Operating lease - building:

The City Court of Lake Charles and the Housing Authority of the City of Lake Charles had a lease agreement for the year ended December 31, 2010. The City Court leased 13,181 square feet of the property located at 800 Bilbo Street, Lake Charles, Louisiana from the Housing Authority. A sum of \$5,272 assessed as monthly rent and 70% of the utilities required for the operation of the building were paid quarterly by the City Court. As of October 1, 2003, the City of Lake Charles, Louisiana began to pay the utilities for the City Court. Total payments for the years ended December 31, 2010 and 2009 were \$63,269 and \$63,269.

9. Louisiana Revised Statutes Concerning Mandated Fees

Louisiana Revised Statutes mandate fees to be assessed to each claim filed through the City Court Civil Section. The Judges are legally entitled to a portion of these fees. Louisiana Revised Statute 13:1874.1 limits the amount of salary legally of a City Court Judge to that not exceeding a District Court Judge of the Judicial District in which the City Court is located. Because the fees assessed amount to greater than the judges' salary expended, an overage has been created. The overage can be used by the judges as they deem proper, as long as the expenditures from the overage are not direct or indirect compensation to the judges. Once the fee is assessed and collected in the Agency Fund it is transferred to the Special Revenue Fund where the judges' salaries and retirement payments are expended.

10. Louisiana Revised Statutes Concerning Forfeited Deposits

Louisiana Revised Statute 13:1907 establishes whenever a surplus of filing fees and cost has accumulated in the City Court of Lake Charles 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.

CITY COURT OF
LAKE CHARLES, LOUISIANA

REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2010

Required supplementary information includes financial information and disclosures that are required by GASB and are not considered a part of the basic financial statements. Such information includes:

- Budgetary comparison schedules - General Fund and Special Revenue Fund

CITY COURT OF LAKE CHARLES, LOUISIANA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GENERAL FUND BUDGET (GAAP BASIS) AND ACTUAL
 Years ended December 31, 2010

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Charges for services	\$ 96,000	\$ 110,000	\$ 110,015	\$ 15
Court costs and fines	167,000	267,000	266,241	(759)
Interest income	1,000	900	939	39
Miscellaneous income	19,200	3,200	3,307	107
Judicial building collections	<u>279,000</u>	<u>337,000</u>	<u>336,440</u>	<u>(560)</u>
Total revenues	<u>562,200</u>	<u>718,100</u>	<u>716,942</u>	<u>(1,158)</u>
Expenditures:				
Bank service charges	689	719	730	(11)
Dues and subscriptions	5,100	7,300	7,814	(514)
Maintenance	6,500	6,200	6,354	(154)
Miscellaneous	7,400	41,425	41,326	99
Office expense	21,660	25,200	25,523	(323)
Professional development and training	61,282	51,220	51,340	(120)
Rent	65,271	65,500	65,687	(187)
Retirement	28,280	31,500	31,677	(177)
Salaries	70,000	87,000	86,732	268
Taxes - payroll	6,400	8,000	8,071	(71)
Telephone	9,000	8,600	8,694	(94)
Capital outlay	<u>12,000</u>	<u>13,500</u>	<u>13,755</u>	<u>(255)</u>
Total expenditures	<u>293,582</u>	<u>346,164</u>	<u>347,703</u>	<u>(1,539)</u>
Excess (deficiency) of revenues over expenditures	268,618	371,936	369,239	(2,697)
Fund balances - beginning	<u>1,590,142</u>	<u>1,590,142</u>	<u>1,590,142</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,858,760</u>	<u>\$ 1,962,078</u>	<u>\$ 1,959,381</u>	<u>\$ (2,697)</u>

CITY COURT OF LAKE CHARLES, LOUISIANA

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GENERAL FUND BUDGET (GAAP BASIS) AND ACTUAL
 Years ended December 31, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Charges for services	\$ 108,000	\$ 95,000	\$ 94,660	\$ (340)
Court costs and fines	160,000	158,500	156,458	(2,042)
Interest income	630	800	774	(26)
Miscellaneous income	3,600	11,000	11,119	119
Judicial building collections	246,160	250,000	251,670	1,670
Total revenues	<u>518,390</u>	<u>515,300</u>	<u>514,681</u>	<u>(619)</u>
Expenditures:				
Accounting and legal	-	-	-	-
Bank service charges	210	1,000	1,051	(51)
Dues and subscriptions	4,300	5,700	6,049	(349)
Equipment lease	150	150	142	8
Maintenance	4,200	4,500	4,365	135
Miscellaneous	16,310	17,660	20,248	(2,588)
Office expense	19,210	23,610	21,645	1,965
Professional development and training	50,800	55,005	55,000	5
Rent	64,913	65,271	65,271	-
Retirement	26,220	27,500	27,426	74
Salaries	65,000	84,500	84,017	483
Taxes - payroll	6,000	7,500	7,675	(175)
Telephone	7,000	7,000	6,996	4
Capital outlay	-	12,000	11,893	107
Total expenditures	<u>264,313</u>	<u>311,396</u>	<u>311,778</u>	<u>(382)</u>
Excess (deficiency) of revenues over expenditures	254,077	203,904	202,903	(1,001)
Fund balances - beginning	<u>1,387,239</u>	<u>1,387,239</u>	<u>1,387,239</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,641,316</u>	<u>\$ 1,591,143</u>	<u>\$ 1,590,142</u>	<u>\$ (1,001)</u>

CITY COURT OF LAKE CHARLES, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUND BUDGET (GAAP BASIS) AND ACTUAL
 Years Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 300,000	\$ 295,000	\$ 294,578	\$ (422)
Interest income	180	320	321	1
Miscellaneous	3,384	3,000	2,970	(30)
Total revenues	<u>303,564</u>	<u>298,320</u>	<u>297,869</u>	<u>(451)</u>
Expenditures:				
Bank service charges	250	250	250	-
Dues and subscriptions	1,800	1,100	1,105	(5)
Maintenance	100	500	477	23
Miscellaneous	10,700	26,000	26,793	(794)
Office expense	2,029	1,160	1,133	27
Professional development and training	285	25	25	-
Salaries	128,869	135,000	133,227	1,773
Telephone	1,428	3,000	2,918	82
Capital outlay	4,657	-	1,927	(1,927)
Total expenditures	<u>150,118</u>	<u>167,035</u>	<u>167,855</u>	<u>(821)</u>
Excess (deficiency) of revenues over expenditures	153,446	131,285	130,014	(1,272)
Fund balances - beginning	<u>718,944</u>	<u>718,944</u>	<u>718,944</u>	-
Fund balances - ending	<u>\$ 872,390</u>	<u>\$ 850,229</u>	<u>\$ 848,958</u>	<u>\$ (1,272)</u>

CITY COURT OF LAKE CHARLES, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 SPECIAL REVENUE FUND BUDGET (GAAP BASIS) AND ACTUAL
 Years Ended December 31, 2009

	Budgeted Amounts		Actual	Variance
	Original	Final		
Revenues:				
Charges for services	\$ 217,000	\$ 360,000	\$ 358,552	\$ (1,448)
Interest income	200	200	180	(20)
Miscellaneous	3,000	3,000	3,384	384
Total revenues	<u>220,200</u>	<u>363,200</u>	<u>362,116</u>	<u>(1,084)</u>
Expenditures:				
Bank service charges	250	250	250	-
Dues and subscriptions	1,600	1,700	1,774	(74)
Maintenance	-	300	363	(63)
Miscellaneous	1,380	1,380	1,350	30
Office expense	1,906	1,606	1,518	88
Professional development and training	20	250	285	(35)
Salaries	124,715	124,715	124,715	-
Telephone	1,500	1,500	1,428	72
Capital outlay	2,500	4,500	4,657	(157)
Total expenditures	<u>133,871</u>	<u>136,201</u>	<u>136,340</u>	<u>(139)</u>
Excess (deficiency) of revenues over expenditures	86,329	226,999	225,776	(1,223)
Fund balances - beginning	<u>493,167</u>	<u>493,167</u>	<u>493,167</u>	-
Fund balances - ending	<u>\$ 579,496</u>	<u>\$ 720,166</u>	<u>\$ 718,943</u>	<u>\$ (1,223)</u>

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CFE - Certified Fraud Examiner
MT - Masters of Taxation
CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

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 John S. Hood
Honorable Thomas P. Quirk
City Court of Lake Charles
Lake Charles, Louisiana

We have audited 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, 2010, and have issued our report thereon dated June 22, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City Court's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City Court's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses. 10-01.

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 the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City Court's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City Court Judges, management, state awarding agencies, pass-through entities, others within the entity, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ms Elroy Quink & Burch

Lake Charles, Louisiana
June 22, 2011

CITY COURT OF
LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

We have audited the financial statements of the City Court of Lake Charles, Louisiana as of and for the year ended December 31, 2010, and have issued our report thereon dated June 22, 2011. 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 audit of the financial statements as of December 31, 2010 resulted in an unqualified opinion.

Section I - Summary of Auditor's Results

Report on Internal Control and Compliance Material to the Financial Statements

Internal control

Material weaknesses	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Other conditions	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Compliance

Compliance material to financial statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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(continued on next page)

CITY COURT OF
LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010
(Continued)

Section II - Financial Statement Findings

2010-01

Criteria: Effective internal control requires adequate segregation of duties among client personnel.

Condition: Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Effect: Without proper segregation of duties, errors within the financial records or fraud could go undetected.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

This condition was also reported as a result of the prior year's audit.

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.

CITY COURT OF
LAKE CHARLES, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

2009-01

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

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Current status: See current year reportable condition 2010-01.

2009-02

Condition: Effective internal control requires adequate that adequate collections be accurately allocated between the Special Revenue Fund and General Fund.

Recommendation: Prepare reconciliations each month to ensure that amounts collected for the Special Revenue Fund are reconciled to amounts paid to the Special Revenue Fund.

Current status: Recommended procedures implemented.