

CITY OF LAKE CHARLES, LOUISIANA

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

for the
Fiscal Year Ended
September 30, 2020



Prepared by
Department of Finance

THIS PAGE LEFT INTENTIONALLY BLANK



CITY OF LAKE CHARLES
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2020
Table of Contents

	Page
INTRODUCTORY SECTION	
Letter of Transmittal	1
GFOA Certificate of Achievement	7
Organizational Chart	8
List of Elected Officials	9
List of Department Heads	10
FINANCIAL SECTION	
Independent Auditor's Report	11
Management's Discussion and Analysis	14
Basic Financial Statements:	
Government-wide Financial Statement:	
Statement of Net Position	28
Statement of Activities	29
Fund Financial Statement:	
Balance Sheet – Governmental Funds	30
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities	34
Statement of Net Position – Proprietary Funds	36
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	38
Statement of Cash Flows – Proprietary Funds	40
Notes to the Financial Statements	42
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	88
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Disaster Recovery Special Revenue Fund	89
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Riverboat Gaming Special Revenue Fund	90
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Wastewater Special Revenue Fund	91
Notes to required supplemental information	92
Schedule of Changes in Total OPEB Liability and Related Ratios	93
Schedule of Employer's Proportionate Share of Net Pension Liability	94
Schedule of Employer's Pension Contributions	95
Other Supplementary Information:	
Schedule of Total Compensation for Mayor, City of Lake Charles	98
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	100
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	101
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Grant Special Revenue Fund	102
Recreation Special Revenue Fund	103

Continued from previous page

	Page
Central School Special Revenue Fund	104
Special Event Special Revenue Fund	105
2015 One-quarter Cent Sales Tax Special Revenue Fund	106
Economic Development Districts	107
Facility Renewal Special Revenue Fund	108
Community Development Special Revenue Fund	109
 Combining Internal Service Fund Statements	
Combining Statement of Net Position - Internal Service Funds	112
Combining Statement of Revenue, Expenses, and Changes in Net Position – Internal Service Funds	113
Combining Statement of Cash Flows – Internal Service Funds	114
 Capital Assets Used in the Operation of Governmental Funds:	
Comparative Schedules by Source	116
Schedule by Function and Activity	117
Schedule of Changes by Function and Activity	118
 STATISTICAL SECTION	
Financial Trends:	
Net Position by Component	120
Changes in Net Position	122
Governmental Activities Tax Revenues by Source, inclusive of 28% Monthly Sales Tax	124
Fund Balances of Governmental Funds	126
Changes in Fund Balances of Governmental Funds	127
 Revenue Capacity:	
Assessed and Estimated Actual Value of Taxable Property	128
Property Tax Millage Rates – Direct and Overlapping Governments	130
Principal Property Taxpayers	131
Property Tax Levies and Collections	132
Sales Tax Rates – Direct and Overlapping Governments	134
Principal Sales Taxpayers	135
 Debt Capacity:	
Ratios of Outstanding Debt	136
Direct and Overlapping Governmental Activities Debt	137
Computation of Legal Debt Margin	138
 Demographic and Economic Information:	
Demographic and Economic Statistics	139
Principal Employers in the MSA	140
 Operating Information:	
Full-time Equivalent City Employees by Function	141
Operating Indicators by Function	142
Capital Assets Statistics by Function	143



CITY OF LAKE CHARLES

NICHOLAS E. HUNTER
MAYOR

326 Pujoe Street • P.O. Box 3706
Lake Charles, LA 70602-3706
(337) 491-1251 • FAX (337) 491-1225

DEPARTMENT OF FINANCE
KAREN D. HARRELL, DIRECTOR

March 29, 2021

Honorable Nicholas Hunter, Mayor
Members of the City Council

Dear Mayor and City Council Members:

In accordance with requirements of the City's Charter and applicable state law, I am pleased to submit the Comprehensive Annual Financial Report of the City of Lake Charles for the fiscal year ended September 30, 2020. This report has been prepared by the City's Finance Department in conformity with generally accepted accounting principles (GAAP), and the basic financial statements contained herein have been independently audited in accordance with generally accepted auditing standards. However, the completeness and reliability of all information presented in this report remains the responsibility of the City's management. McElroy, Quirk, and Burch (APC), a firm of licensed certified public accountants, have audited the City of Lake Charles's financial statements. The purpose of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on these financial statements. The independent auditor's report is presented as the first component of the financial section of this report.

Governmental Accounting Standards Board (GASB) requires certain government-wide statements as well as the fund financial statements. The purposes and contents of these financial statements are further explained in Management's Discussion and Analysis (MD&A) which follows the independent auditor's report and should be read in conjunction with this letter of transmittal for a more complete understanding of the City's financial condition and activity.

City Profile

The City of Lake Charles was incorporated in 1867 and is the principal city and trade center of Southwest Louisiana, which is comprised of a five parish area with a population of 305,377. According to the U. S. Census bureau, Lake Charles's population was 71,993 in 2010. Although the formal census is taken every ten years, the US Census City/Town Population estimates the city at 78,656 in 2021. The corporate limits of the City include 56 square miles. Lake Charles, which is in Calcasieu Parish, is located on Interstate 10, approximately two hours east of Houston, Texas and west of Baton Rouge, Louisiana and 46 miles north of the Gulf of Mexico.

The City operates under a mayor-council form of government pursuant to a 1961 home rule charter, and provides a full range of traditional municipal services such as public safety, construction and maintenance of municipal infrastructure including water and wastewater, parks and recreation, planning and zoning, trash collection and solid waste disposal and public transportation. The City also has specialized facilities such as a municipal golf course, a civic center coliseum and theater complex, and two art centers. All of these activities are integral parts of the city government and are included in this report. Certain components of the judicial function are legally separate entities which are discretely presented in these statements as "component units."

The City adopts an annual operating budget and a project-based capital budget in accordance with procedures established by its charter and by state statute. Although the budget document is comprehensive, covering all funds under the City's control, legal control of expenditures is exercised primarily at the department level for the General

United for Progress and Prosperity

TRANSMITTAL LETTER

Fund and for each Special Revenue Fund pursuant to charter and statutory requirements. Budget-to-actual comparisons for major funds of these types are included in this report.

The City also maintains an internal control framework designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, as well as the reliability of financial records for preparing financial statements. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. An evaluation of internal controls and legal compliance is required by federal law in connection with the independent audit, and the auditor's reports thereon are included in a separately issued "uniform guidance" report.

Economic Environment

March 2021 marked the one-year anniversary of the world-wide coronavirus pandemic. For the five months following the onset of the pandemic, the City navigated its way through this crisis, learning new ways to handle day-to-day operations to provide essential municipal services. The administration was concerned about the initial drop in gaming and sales tax revenues and its effects to the operating and capital budget. Although the City has a solid financial position, the funding provided by the Coronavirus Aid Relief and Economic Security Act (CARES) was needed to cover the additional expenses related to battling the virus. The City's local businesses and local workforce were severely impacted. The pandemic resulted in thousands of layoffs in construction, leisure, hospitality and food service, along with the temporary and/or permanent closure of countless businesses.

Fast forward from pandemic spring to pandemic summer. On August 27, 2020 Hurricane Laura made landfall. It has been described as a 30-mile wide tornado with 150-mile-an-hour winds and has entered the record books as the strongest storm to hit Louisiana since the Franklin Pierce Administration (1856). Hurricane Delta followed six weeks later with less wind but more flooding. Like the thousands of homes and businesses still rebuilding from these two powerful storms, the City continues its own efforts in repairing and, as necessary, rebuilding major facilities and infrastructure. Damages are estimated at over \$19 billion in southwestern Louisiana and southeastern Texas areas near the Gulf of Mexico. Over 3.9 million cubic yards of debris has been picked up to date throughout the City of Lake Charles alone, with cost estimates to reach \$82 million for this effort. With a shortage of contractors, building materials and supplies, recovery is going to take longer.

February ushered in a winter storm with record-low temperatures, freezing rain, sleet and snow resulting in thousands of burst pipes, residents and city infrastructure alike, and the interruption of vital public utility services, namely electricity, water and sewer. This Historic Winter Storm received a federal emergency Disaster Declaration.

United States Secretary of the Treasury Janet Yellen summed up the City's last year best when she addressed members of the National League of Cities earlier this month. In her introductory remarks titled "Three Storms and a Pandemic" she cited comments by Mayor Hunter that according to local FEMA representatives, it is believed that no other city in the country has ever experienced four federally declared disasters in such a short time. Secretary Yellen further stated that "It might be that Lake Charles has the unfortunate distinction of the most disaster-stricken city in the most disastrous year in recent memory."

Lake Charles is a resilient community, with an economic base that has been dominated by petrochemical manufacturing and refining since the 1940's. Through the years, Southwest Louisiana has diversified its economy with aerospace, aviation, shipping, education, gaming, tourism, and more recently, the liquefied natural gas industry, all of which provide much stability for our area. It is this diversity that will help sustain us through these challenging times.

The City created three Economic Development Districts (EDDs) in 2019: Lakefront, I-10 Corridor and Enterprise Boulevard. The incremental increase in existing sales taxes of the City may be used to develop and formulate economic development plans that may include financial incentives to public and private entities for projects in each district.

On March 19, 2021, the Joint Legislative Committee on the Budget (JLCB) approved a request for sales tax increment financing (TIF) within these districts. Through an agreement with the Louisiana Department of Revenue, the City will

TRANSMITTAL LETTER

be able to use two percent of the state's 4.45 percent sales tax, and the City has pledged 2 percent of its 2.5 percent sales tax to be reserved for public infrastructure projects within the districts. Only the incremental increase in sales tax revenue within the districts will be reserved for future projects. This item was scheduled for a vote by the JLCB in March 2020 but was delayed a year by the State, due to the Coronavirus. Mayor Hunter stated that the approval of this TIF is more important in the aftermaths of the recent disaster and is the first TIF approved by the State in eight years.

There are several completed and proposed projects in these districts. Very visible development has taken place on the lakefront with the sheet piles in place, the lakebed reclaimed, and the groundwork laid for the construction of the boardwalk along the water's edge between the parking garage and gator pond. Although delayed, plans are once again moving forward for the \$20 million Port Wonder lakefront development project, which will house the Children's Museum of Lake Charles and the Louisiana Department of Wildlife and Fisheries' Science Center and Educational Complex, funded by governmental and private pledges.

Phase one renovation to the parking garage have been completed, with plans for complete renovation of the structure under design. Crying Eagle Lakefront Restaurant and Micro Brewery remains committed to their project, which will consist of a family-friendly, full service restaurant, small brew house and scenic seating.

Acadian Ambulance Southwest Louisiana Operations Center held a grand opening this month on its \$1.9 million economic development project. The facility will serve as the administrative and fleet center operations for the area, includes an ambulance crew station, offices for Acadian Total Security and classrooms for Acadian's National EMS Academy. This project fits the vision of the EDDs: revitalization of the former Dimmick Supply Company, and removal of the blight from this site located on Enterprise Boulevard. This is the first project completed but several other initiatives are underway in this district.

The entire Southwest Louisiana area continues to rebuild from the aftermath of the hurricanes. Businesses, governments and residents will spend years recovering from the devastation of Hurricane Laura and Hurricane Delta. Just as we saw after Hurricane Rita in 2005, sales tax revenues have increased by 24 percent for the last 4 months. We recognize that this is temporary, due to the purchase of materials for reconstruction of home and facilities and the replacement of damaged material and contents, such as appliances and furniture, even automobiles. And although this is positive for our bottom line, it is a financial burden to those paying the costs. The City will use these additional revenues to help offset some of our unreimbursed expenses.

Mayor Hunter has worked tirelessly with FEMA to address housing problems that continue to plague the area seven months after the storm. Many residents are still displaced and living outside of the area. Temporary housing for residents seems to be taking longer than necessary, as FEMA continues to seek suitable locations to set up housing facilities.

Other economic indicators such as unemployment, housing market, gaming and sales tax revenue trends can be found in the Management Discussion and Analysis which follow in the next section of this report.

Current and Future Financial Plans

The City's primary operating account, the General Fund, had an ending fund balance of \$30.3 million on September 30, 2020. Although operating revenues exceed operating expenditures by \$10 million, transfers to the Disaster Recovery Fund and other funds resulted in a decrease of \$6.7 million in fund balance, from \$37 million at the end of fiscal year 2019.

The General Fund budget, as currently amended for fiscal year 2021, projects that operating revenues of \$76.2 million will be used to cover departmental expenditure of \$72 million. Operational transfers of \$6.4 million, including \$2.8 million for disaster recovery and transfers of \$3.5 million for capital projects will result in \$5.8 million use of fund balance reserves during fiscal year 2021. Although the adopted budget provided that accumulated fund balance reserves of \$3.5 million will be transferred to the Capital Project Fund, that transfer is contingent upon actual revenues and expenditures with the year. As amended, the fund balance at the end of fiscal year 2021 would total \$24.5 million.

TRANSMITTAL LETTER

If sales tax revenue continue at the current rate of collections, the fund balance at year end would exceed the current projections.

The General Fund ending fund balance of \$30.3 million is 44 percent of \$68.6 million, which represents departmental expenditures of \$65.9 million, plus recurring operational subsidies of \$2.6 million. It is the City's policy to maintain a 30 percent minimum fund balance target for the General Fund.

The Disaster Recovery Fund qualified as a major fund in 2020. Expenditures for the coronavirus and Hurricane Laura totaled \$56 million in fiscal year 2020. It is estimated that expenditures will be \$100 million in this fund during fiscal year 2021, collectively adding a staggering number to the City's normal financial activity. Insurance proceeds and FEMA funding will cover much of these expenses, but the City will be responsible for no less than 10 percent of most of these costs.

The City and Parish have been notified of various funding awards, such as Community Development- CV funds, FEMA Hazardous Mitigation Grant Program and the American Rescue Plan Act. The City will also explore mitigation measures as we rebuild our facilities in order to maximize various FEMA funding initiatives. The City intends to strategically plan all recovery efforts to build a better, stronger, more efficient government.

Capital Improvements:

The adopted capital budget for fiscal year 2021 was \$35.5 million and included \$13.4 million for streets and drainage, \$14.8 million for utility improvements, \$5 million for community and general government projects. Budgeted projects have continued to be designed but some construction projects were delayed due to the storms.

Projects recently completed include projects totaling \$3.5 million for drainage, \$1.2 million for annual wastewater basin rehabilitation and \$2.6 million for various road, bridge and utility projects.

Bids were recently received for the Prien Lake Road project from Cove Lane to Ihles Road, with funding from both the City and Parish. The southeast water plant and distribution line project continues in the design stage, with right of way acquisitions currently underway. The southern wastewater loop is another major project that is under design. Both the water and wastewater projects will be partially funded with state revolving loan fund programs.

Various road projects continue, including bridge repairs, asphalt overlay, street striping, intersection improvements, sidewalks and streetscaping. Drainage projects have been identified and rehabilitation has begun. Wastewater projects include annual rehabilitation of basins, distribution lines and lift stations, plant repairs and improvements, as well as extension of services. Water projects include water storage tank construction and rehab, filter media replacement and chemical feed system improvements.

Phase 1 of the Lakefront Boardwalk project is nearing completion, with phase 2 in the planning stage. Port Wonder's plans were paused due to COVID and storms but are now back on track. The parking garage repairs have begun. The new municipal golf course will open in the summer. The maintenance barn and cart barns are currently being built and the club house will be under construction by the end of the year.

Annually the City completes a five year capital improvement plan. This serves as the basis for budgeting and planning for future City capital improvement projects. The Planning Department and Engineering Division study infrastructure needs for Lake Charles and the surrounding areas beyond the required five year plan.

Major infrastructure improvements are needed for streets, water and wastewater. The City, Parish and State governments are working together on comprehensive plans to address these needs, as well as drainage improvements.

TRANSMITTAL LETTER

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lake Charles for its comprehensive annual financial report for the fiscal year ended September 30, 2019. The City also received this award for its reports of the preceding thirty-five years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. Such reports must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for one year only. We believe our current report continues to meet Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated efforts of the Finance Department staff. We wish to acknowledge Mayor Hunter for his input and vision for the development and financial future of the City of Lake Charles. His recent reelection by 74 percent of the voters illustrates the confidence that the citizens have in his ability to manage this City, even in the toughest of times. The City Council and others in the administrative staff take an active role in the City's financial affairs and we appreciate their interest and support.

Respectfully submitted,

A handwritten signature in blue ink that reads "Karen Domingue Harrell". The signature is written in a cursive, flowing style.

Karen Domingue Harrell
Director of Finance

THIS PAGE LEFT INTENTIONALLY BLANK





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Lake Charles
Louisiana**

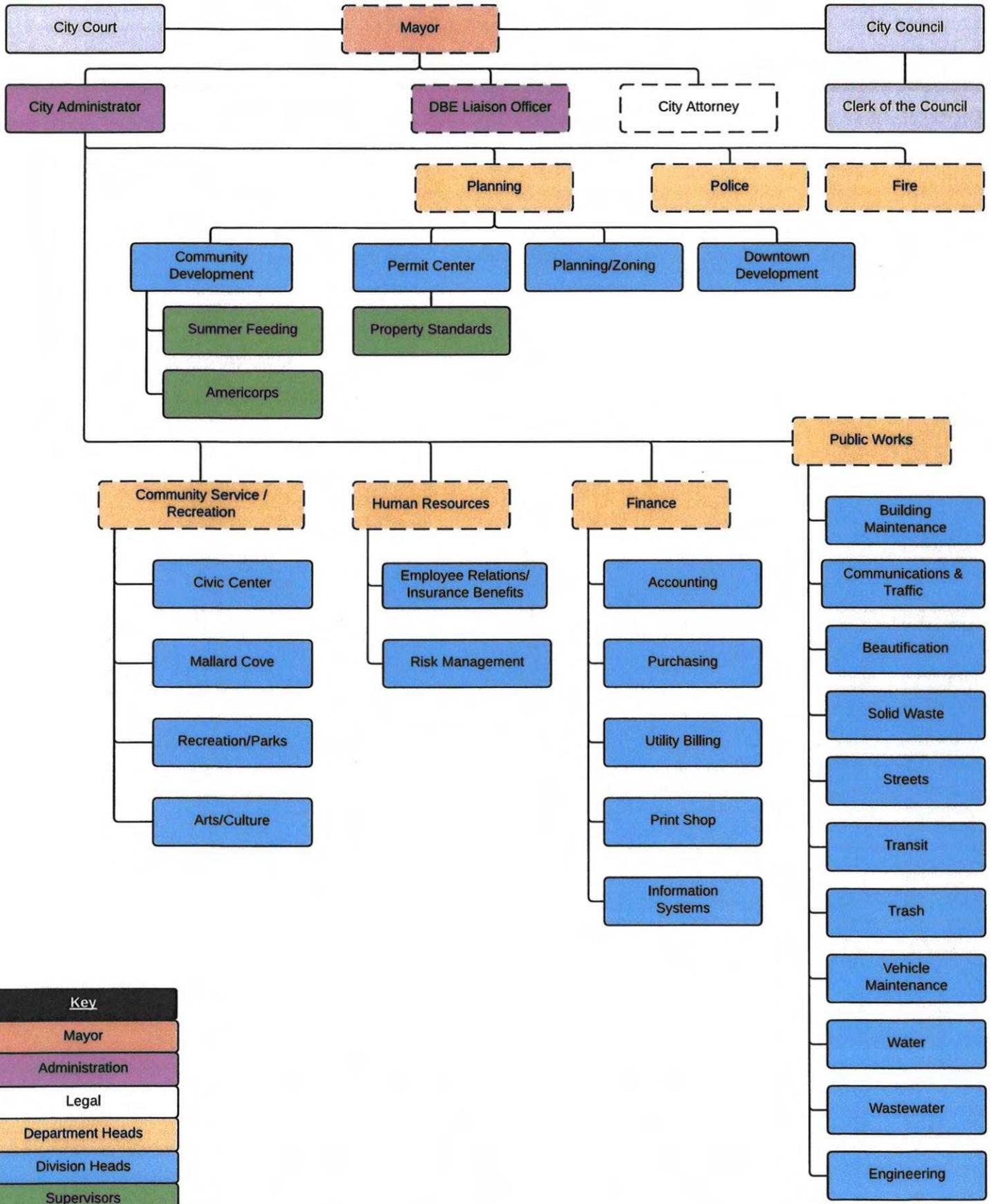
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

City of Lake Charles Organization Chart



Key

- Mayor
- Administration
- Legal
- Department Heads
- Division Heads
- Supervisors
- City Charter Positions

**CITY OF LAKE CHARLES
ELECTED CITY OFFICIALS**

	<u>PRESENT TERM BEGINS</u>	<u>PRESENT TERM EXPIRES</u>	<u>BEGAN AS MEMBER</u>
<u>MAYOR</u>			
Nicholas Hunter	July 1, 2017	June 30, 2021	July 2017
<u>CITY COUNCIL</u>			
Stuart Weatherford, President	July 1, 2017	June 30, 2021	July 2005
Rodney Geyen, Vice President	July 1, 2017	June 30, 2021	July 1997
Luvertha August	July 1, 2017	June 30, 2021	January 2008
Mark Eckard	July 1, 2017	June 30, 2021	July 2009
John Ieyoub	July 1, 2017	June 30, 2021	July 2009
Mary Morris	July 1, 2017	June 30, 2021	July 2013
Johnnie Thibodeaux	July 1, 2017	June 30, 2021	July 2017
<u>CITY JUDGES</u>			
Jamie B. Bice	January 1, 2021	December 31, 2026	January 2015
Ronald C. Richard	January 1, 2021	December 31, 2026	January 2021
<u>WARD 3 MARSHAL</u>			
Nathan Keller	January 1, 2021	December 31, 2026	January 2021

**CITY OF LAKE CHARLES
DEPARTMENT HEADS**

<u>EMPLOYEE</u>	<u>DEPARTMENT</u>
John Cardone	Mayor's Office
David Morgan	Legal
Karen Harrell	Finance
Wendy Goodwin	Human Resources
Keith Murray	Fire
Shawn Caldwell	Police
Jeff Jones	Public Works
Clarence Ceasar	Community Services
Mike Huber	Planning

INDEPENDENT AUDITORS' REPORT

Honorable Mayor Nicholas Hunter
and City Council
City of Lake Charles
Lake Charles, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City Court of Lake Charles or the Office of the Ward Three Marshal, which represent 0.3 percent, 0.3 percent and 1.7 percent, respectively, of the assets, net position and revenues of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City Court of Lake Charles and the Office of the Ward Three Marshal, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of changes in total other post-employment liability and related ratios, schedule of employer's proportionate share of net pension liability, and schedule of employer's pension contributions, as identified in the table of contents, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the City of Lake Charles, Louisiana's basic financial statements. The introductory section, schedule of total compensation for Mayor, City of Lake Charles, combining and individual funds statements and schedules, combining internal service fund statements, schedules of capital assets used in the operation of governmental funds, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements

The schedule of total compensation for Mayor, City of Lake Charles, combining and individual fund statements and schedules, combining internal service fund statements, and capital assets used in the operation of governmental funds, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the schedule of total compensation for Mayor, City of Lake Charles, combining and individual nonmajor governmental fund statements, combining and individual fund statements and schedules, combining internal service fund statements, and schedules of capital assets used in the operation of governmental funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021, on our consideration of the City 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Lake Charles, Louisiana's internal control over financial reporting and compliance.

Mr. Elroy Quirk + Bunch

Lake Charles, Louisiana
March 29, 2021

CITY OF LAKE CHARLES, LOUISIANA MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis seeks to provide an overview of the financial activity and performance of the City of Lake Charles for the fiscal year ended September 30, 2020, and accompanies the basic financial statements beginning on page 27 of this report. The transmittal letter on pages 1 - 5 of this report provides further information from a broader perspective, and should be consulted in conjunction with this discussion and the financial statements themselves for a more complete understanding of the City's financial condition and economic environment.

This Comprehensive Annual Financial Report for September 30, 2020 is a reflection of two of the four disasters that have been declared in Lake Charles since March 2020. The City incurred additional cost and lost revenue beginning in March 2020 due to the coronavirus pandemic. On August 28, 2020 the area was hit by Hurricane Laura, a record setting storm that decimated the area. Recovery efforts began that day and will continue for the next several years. Hurricane Delta hit our area six weeks after Hurricane Laura in the first week of fiscal year 2021. The Historic Winter Weather, the fourth disaster, was declared in February 2021.

Hurricane Laura made landfall a month before the end of the fiscal year, but expenses within those 32 days totaled more than \$50 million for debris removal and emergency protective measures. The federal government has provided aid for both of these disasters and those revenues, which were recognizable through September 30, are included. The large variances discussed and reflected in this report are primarily related to these disasters.

Financial Highlights

- The City's total net position at the end of fiscal year 2020 was \$538 million, compared to the September 30, 2019 balance of \$525 million. Per the Statement of Activities, total Governmental and Business-Type Activities revenues of \$199 million were used to cover total expenses of \$186 million, primarily public safety and public works related activities.
- Total revenue from both governmental and business-type activities was \$199 million, which was an increase of \$46 million or 30 percent from the previous year total of \$153 million. Operating grants and contributions increased by \$47 million and reflects federal revenue from the Coronavirus Aid Relief and Economic Security (CARES) Act, Federal Emergency Management Association (FEMA) and insurance proceeds for hurricane damage.
- Sales tax remains the largest revenue, accounting for 32 percent of the total. Revenues of \$63 million in fiscal year 2020 is a reduction of six percent compared to prior year. Capital grants and contributions are 7 percent of total revenues. The increase to \$14 million in 2020 includes developer donated capital contributions for streets and other infrastructure.
- In the fund financial statements, total governmental fund balances of \$154.4 million is an increase of \$1.2 million from \$153.2 million in 2019. The fund balance in the General Fund was reduced by \$6.7 million to \$30 million, with funds being transferred to the Disaster Recovery Fund for recovery expenses. The Capital Project Fund reserves increased by \$7.5 million with additional transfers for capital improvements that will be completed in the current fiscal year, as well as funds accumulated for projects that are currently under design.
- The 2020 governmental fund revenues of \$167 million are an increase of 26 percent above the \$132 million collected in 2019. Intergovernmental revenues increased by \$35 million primarily for CARES Act and FEMA disaster recovery funds. Taxes of \$87.3 million is a reduction of 5.7 percent from \$92.6 million in fiscal year 2019. The increase in miscellaneous revenue is primarily due to insurance proceeds for property damaged by Hurricane Laura.
- Governmental fund expenditures of \$162 million is a 44 percent increase from the 2019 expenditures of \$112.9 million. Expenditures of \$56 million in the Disaster Recovery Special Revenue Fund accounts for the overall increase in expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The General Fund operating revenues of \$76 million were exceeded by expenditures of \$82.7 million resulting in a total fund balance reduction of \$6.7 million. The total expenditures included \$10.8 million in transfers from the General Fund to the Disaster Recovery Fund and \$3.5 million for capital projects. The ending fund balance was \$30.3 million at September 30, 2020 compared to \$37 million at the end of fiscal year 2019.

The Financial Statements

This report encompasses a series of financial statements consisting of the following components:

1. The government-wide financial statements are designed to provide an organization-wide overview similar in nature to the form of reporting used for private-sector businesses. The two components of this presentation are:
 - The Statement of Net Position is roughly equivalent to a private business balance sheet, summarizing all of the City's assets and liabilities and reporting the difference between the two as "net position." Changes in net position over time may provide an indication of either an improving or declining financial position.
 - The Statement of Activities is an organization-wide operating statement which accounts for changes in fund net position during the City's 2020 fiscal year. This statement takes into account all revenues and expenses accrued for that year, regardless of when cash is received or paid.

The government-wide statements presented on pages 28 - 29 of this report are a result of the financial reporting model established by Governmental Accounting Standards Board Statement No. 34. These statements also distinguish governmental activities, which are those city functions principally supported by taxes and intergovernmental revenues from business-type activities which are intended to recover a significant portion of their costs through user fees and charges. The City's governmental activities include such functions as public safety (fire and police) and public works (principally streets, sanitation and sewerage), while its business-type activities consist of a civic center, golf course, transit system, and water utility.

The government-wide statements also include two component units, City Court and the Ward Three Marshal, which are legally separate entities with financial dependency on the City as their "primary government." They do not include other legally separate local entities which are financially and operationally independent of the City. This discussion and analysis pertains only to the City as primary government.

2. Fund financial statements report financial data for individual funds into which the City's accounts are organized to maintain compliance with finance-related legal and contractual requirements. This report includes two categories of funds, governmental and proprietary. (The City has no fiduciary funds.)

The governmental fund financial statements generally cover the same functions as the governmental activities in the government-wide statements but differ in their focus on near-term spendable resources rather than longer-term measurement of net position. A comparison of the fund and government-wide statements with respect to governmental functions is useful in gaining a longer-term perspective than that provided solely by the near-term focus of governmental fund statements, and reconciliation is provided in the governmental fund statements to support such comparison.

The City maintains fourteen individual governmental funds, six of which are classified as major. Budget to actual statements for four funds are separately displayed in the Required Supplemental Information section beginning on page 88 of this report. There are eight special revenue funds which are aggregated into a single display on those schedules but are individually presented in the combining statements referred to below.

The proprietary fund financial statements cover business-type activities in which external customers are charged for services, as well as internal service activities funded by charges to other city funds and operating units. The enterprise fund category in these statements corresponds to the business-type activities reported in the government-wide statements. The internal service category consists of two funds which account for risk

MANAGEMENT'S DISCUSSION AND ANALYSIS

financing and employee group medical benefits. All proprietary fund statements are reported on the accrual basis of accounting as used in the government-wide statements and in private-sector business.

3. Notes to the financial statements provide additional information and explanation necessary for full understanding of the government-wide and fund financial statements and are presented on pages 42 - 86 of this report.
4. Required Supplemental Information is included with information related to OPEB, Net Pension Liability and budget to actual schedules for the major governmental funds.
5. Other information, consisting of the combining statements for the eight non-major governmental funds and two internal service funds and the schedule of total compensation for Mayor, is presented immediately following the Required Supplemental Information.
6. The statistical section contains primarily trend data and non-financial information about the City's various activities.

City-wide Financial Analysis

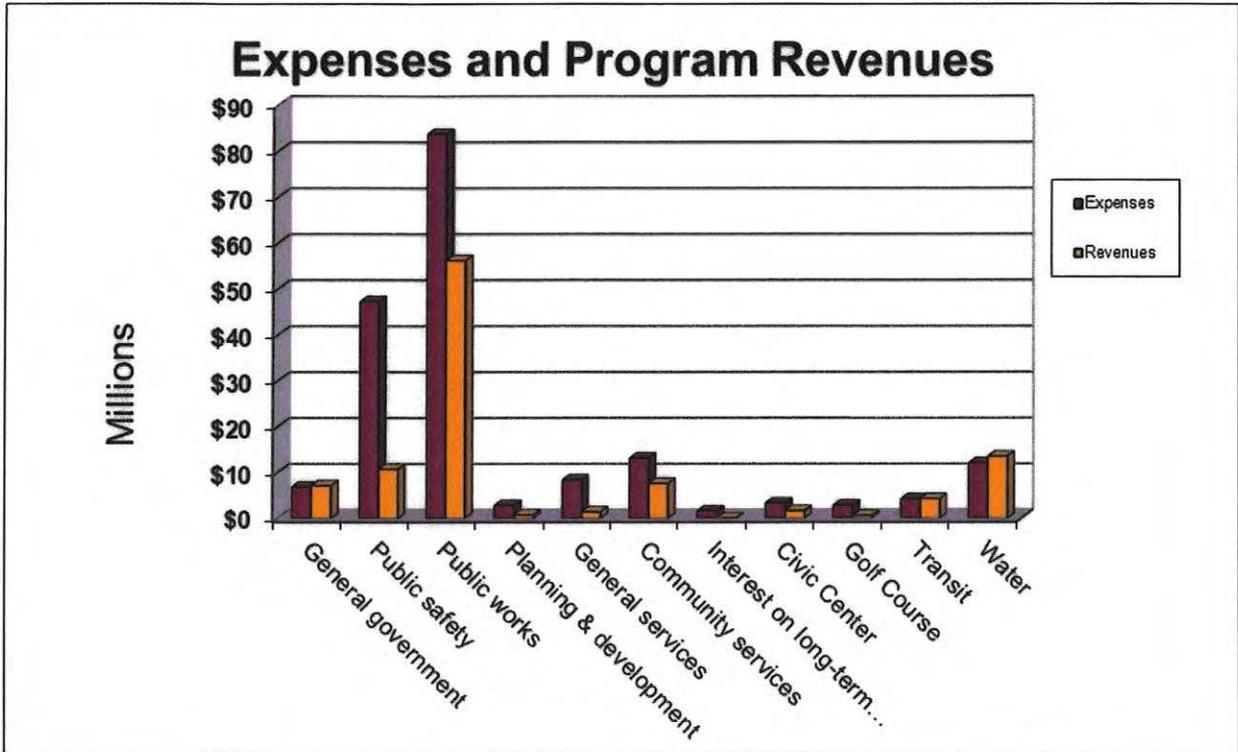
As shown on the government-wide financial statements, the City's net position at the end of 2020 was \$537,930,113, with 75 percent of this total consisting of capital assets, i.e., physical plant, equipment, and infrastructure, less related outstanding debt. An additional 6 percent of the net position is externally restricted by law or contract, leaving 19 percent as unrestricted net position which is generally available for use at the City's discretion. Year-end assets, liabilities, and net position are summarized below. It should be noted that the investment in capital assets is not available as a financial resource for payment of related debt, other liabilities, or future costs, which will require the use of either existing financial resources or future revenues. Also note that capital assets are reported net of accumulated depreciation and that the infrastructure portion of these reported assets includes only those projects completed since 1975.

NET POSITION						
(in thousands)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 242,886	\$ 190,544	\$ 33,948	\$ 33,424	\$ 276,834	\$ 223,968
Capital assets	379,756	374,885	76,941	73,788	456,697	448,673
Total assets	<u>622,642</u>	<u>565,429</u>	<u>110,889</u>	<u>107,212</u>	<u>733,531</u>	<u>672,641</u>
Deferred outflows of resources	17,338	16,675	1,310	1,475	18,648	18,150
Long-term liabilities	127,092	133,345	6,661	6,352	133,753	139,697
Current and other liabilities	70,416	17,826	4,450	2,780	74,866	20,606
Total liabilities	<u>197,508</u>	<u>151,171</u>	<u>11,111</u>	<u>9,132</u>	<u>208,619</u>	<u>160,303</u>
Deferred inflows of resources	5,548	5,022	82	212	5,630	5,234
Net position:						
Net investment in capital assets	325,072	313,647	76,941	73,788	402,013	387,435
Restricted	34,961	34,219	-	-	34,961	34,219
Unrestricted	76,891	78,046	24,065	25,554	100,956	103,600
Total net position	<u>\$ 436,924</u>	<u>425,912</u>	<u>\$ 101,006</u>	<u>99,342</u>	<u>\$ 537,930</u>	<u>525,254</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS

Total net position of \$537,930,113 is an increase of \$12,676,016 or 2.4 percent from the 2019 net position of \$525,254,097. The change in net position for governmental activities was a 2.6 percent increase, while business-type activities experienced a 1.7 percent increase. Explanations of the changes are outlined in the pertinent sections below.

The following chart summarizes expenses and related program revenues for the various governmental and business-type functions displayed in the financial statements. The significance of this comparison is that the portion of each function’s expenses not offset by program revenues is left to be covered by general revenues, namely taxes and other restricted sources.



On an overall basis, the City’s total costs in 2020 were \$163.6 million for governmental activities and \$22.5 million for business-type activities. Total expenses of \$186 million are a 39 percent increase over 2019 expenses of \$134 million. The portions not covered by program revenues, or net costs funded by taxes and other general revenues, were \$79.7 million for governmental activities. The public works function increased to \$84 million in 2020 to account for damages related to Hurricane Laura but the increase in grants and contributions increase proportionally, resulting in excess expenses over program revenue of \$27 million. The public safety function (fire and police) has \$36 million in excess expenses over program revenues during 2020.

The City’s total revenue for 2020 was \$199 million, a 30 percent increase from 2019 revenues of \$153.5 million. Operating and capital contributions accounted for the increase.

The Statement of Activities for 2020 categorizes the City’s revenues as either program revenues, which are service charges or grants and contributions for specific governmental or business-type functions, or general revenues which include most taxes and other revenue sources of a government-wide nature.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Major components of program and general revenues, together with total expenses and the resulting change in net position, are summarized below for the 2020 fiscal year.

CHANGES IN NET POSITION						
(in thousands)						
	Governmental		Business-Type		Total	
	2020	2019	2020	2019	2020	2019
Program revenues:						
Charges for services	\$ 19,910	\$ 20,917	\$ 14,088	\$ 15,197	\$ 33,998	\$ 36,114
Operating grants & contributions	51,497	5,011	4,169	3,103	55,666	8,114
Capital grants & contributions	12,491	6,020	1,819	180	14,310	6,200
General revenues:						
Property taxes	11,661	11,246	-	-	11,661	11,246
Sales taxes	63,189	67,170	-	-	63,189	67,170
Utility franchise taxes	5,351	5,801	-	-	5,351	5,801
Riverboat gaming taxes	9,413	11,046	-	-	9,413	11,046
Other general revenues	4,845	7,119	357	738	5,202	7,857
Total revenues	178,357	134,330	20,433	19,218	198,790	153,548
Expenses:						
General government	6,834	6,585	-	-	6,834	6,585
Public safety	47,227	42,492	-	-	47,227	42,492
Public works	83,648	44,160	-	-	83,648	44,160
Planning and development	2,809	3,292	-	-	2,809	3,292
General services	8,398	6,558	-	-	8,398	6,558
Community services	13,133	7,520	-	-	13,133	7,520
Interest in long-term debt	1,591	1,865	-	-	1,591	1,865
Civic Center	-	-	3,333	3,913	3,333	3,913
Golf Course	-	-	2,845	1,815	2,845	1,815
Transit	-	-	4,235	3,897	4,235	3,897
Water	-	-	12,061	12,075	12,061	12,075
Total expenses	163,640	112,472	22,474	21,700	186,114	134,172
Excess before transfers	14,717	21,858	(2,041)	(2,482)	12,676	19,376
Transfers	(3,705)	(4,678)	3,705	4,678	-	-
Increase (decrease) net position	11,012	17,180	1,664	2,196	12,676	19,376
Net position - beginning	425,912	408,732	99,342	97,146	525,254	505,878
Net position - ending	\$ 436,924	\$ 425,912	\$ 101,006	\$ 99,342	\$ 537,930	\$ 525,254

As indicated by the above table and the following chart, sales taxes are the City's largest single revenue source, accounting for 32 percent of all government-wide revenue in 2020. Revenue of \$63 million is a decrease of 6 percent from 2019 collections. The decrease is primarily attributable to the coronavirus pandemic. However, the rebuilding efforts from Hurricanes Laura and Delta are reflected in the current sales tax trend, with an increase of 24 percent for the past 4 month's collections when compared to collections for the same 4-month period in fiscal year 2020.

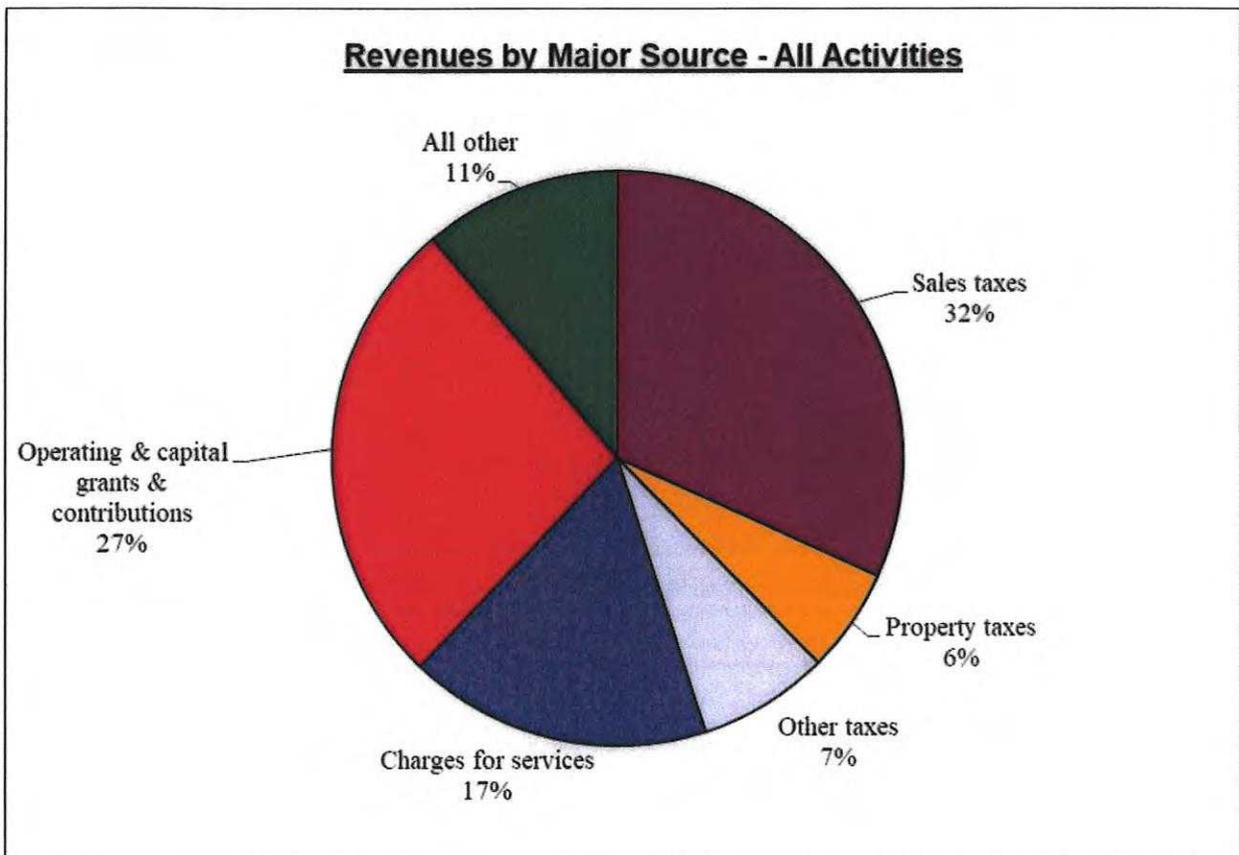
Operating grants and contributions represent 28 percent of total revenue and increased to \$55.7 million compared to \$8 million in fiscal year 2019. The increase in operating grants and contributions includes intergovernmental revenue of \$4.5 million from the CARES Act, \$35.7 from FEMA for disaster recovery and \$7.3 million from the City's property insurer for initial repairs and remediation of various City properties and functions. Capital grants and contributions account for 7 percent of all revenue and the increase in the current year includes \$9.7 million from developer donated infrastructure for roads and sewer collection line.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Charges for services of \$34 million account for 17 percent of all revenue and were decreased by \$2 million in 2020 compared to prior year. Revenue reductions reflect the closure of City facilities. Recreation programs, the Civic Center and municipal golf course were all shut down initially by the pandemic but remain closed due to restoration efforts at those facilities. The City is optimistic that most of these services will resume within the next few months.

Property taxes account for 6 percent of total revenues and increased by 4 percent in 2020. Property taxes were reassessed in 2020 and the City rolled back mileages from 15.23 to 15.05. However all property was assessed again to reflect damages related to the hurricanes. It is anticipated that fiscal year 2021 property revenues will be negatively affected.

Gaming tax revenue were also affected by the pandemic and hurricanes, with a 15 percent decrease in revenues from \$9.4 million in the current year, compared to \$11 million in 2019. The City of Lake Charles and the Calcasieu Parish Police Jury created the Calcasieu Parish Gaming Revenue District and in April 2007 entered into a cooperative endeavor agreement to pool most gaming revenues received parish-wide. Due to recent changes in state regulations, one casino located on a riverboat within Calcasieu Parish was closed after Hurricane Laura. A land based casino is being built to replace the riverboat but that revenue loss will continue into fiscal year 2021. Other general revenues includes interest earnings which were reduced to \$2.5 million, a 53 percent reduction from 2019.



Total expenses increased by 39 percent to \$186 million compared to \$134 million in 2019. The public works category accounted for 45 percent of all expenses in 2020 and was the largest categorical increase of \$39.5 million. The increase is primarily due to Hurricane Laura expenses related to debris collection and emergency restoration of water and wastewater functions. Public safety accounts for 25 percent of all expenses and increased by 11 percent to \$47 million in 2020. The increase is due to premium pay for employees, both during the quarantined times of COVID and immediately following Hurricane Laura. The increase in community services is related to the cost of emergency measures taken immediately following the hurricane to secure and remediate the facilities that house these functions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Fund Financial Statements

This discussion pertains to the financial statements for the various funds into which the City's accounts are divided to comply with legal requirements. As previously noted, the two fund classifications represented in these statements are governmental and proprietary funds. The below discussion of the Fund Financial Statements is a better representation of the City's current financial condition, rather than the above statements, which represent a longer-term picture of resources and liabilities.

The City's governmental funds had a combined fund balance of \$154,395,517 at the end of fiscal year 2020, an increase of only \$1 million from fiscal year 2019 balance. However, there were significant changes in individual funds. The reserves in the General Fund were reduced by \$6.7 million to \$30.3 million compared to \$37 million in 2019, with \$10.8 million being transferred to the Disaster Recovery Fund. The Capital Project fund balance increased by \$7.5 million and accounts for the largest portion of reserves.

The City's proprietary funds' net position increased to \$101,006,321 in 2020 compared to \$99,341,818 in the previous year. The Water Fund's net position accounts for 77 percent of the total and increased by \$2 million as the City continues to accumulate funds for future capital improvements and expansions to the City's water system, primarily a new water treatment plant with supporting transport lines.

General Fund Summary

The General Fund is the City's principal operating fund, accounting for 38 percent of all revenue received by the City and 45.5 percent of revenue for all governmental funds.

The City ended fiscal year 2019 with a fund balance reserve of \$37 million in the General Fund and budgeted a transfer of \$3.5 million for capital projects in fiscal year 2020. Hurricane Laura hit Lake Charles at the end of August, and with emergency expenditures estimated at \$54 million through September 30, 2020, the budget was amended to transfer \$9.8 million to the Disaster Recovery Fund. The General Fund balance at September 30, 2020 was \$30.3 million.

The General Fund revenues of \$76,095,344 were \$3.7 million or 4.7 percent less than fiscal year 2019 revenues of \$79,826,403. Total sales tax revenues of \$48 million account for 63 percent of all General Fund revenues and were a 6 percent decrease from last fiscal year. Property taxes of \$10.3 million account for 13.6 percent of General Fund revenues and increased by 3.6 percent. Nearly all other revenue categories decreased compared to prior year.

Actual General Fund operating expenditures of \$65,925,770 were decreased by 1 percent compared to prior year expenditures of \$66,577,442. Salaries of \$27.6 million accounts for 42 percent of total expenditures and were unchanged from prior year. Overtime cost decreased in the General Fund to \$3.4 million but shifted to the Disaster Recovery Fund. Other operational expenses, such as maintenance, material and supplies account for 22 percent of all operating expenditures and were reduced by 3 percent due to the City having reduced operations and spending reduction mandates in response to the unknown economic effects of the coronavirus pandemic.

Contribution expenses for all retirement systems were increased to \$6.8 million in 2020 compared to \$6.5 million in the 2019 fiscal year. For the period July, 1 2019 through June 30, 2020, retirement contribution rates were 27.75 percent for the Fire Department, and increased to 32.25 percent on July 1, 2020. The rates for the Police Department were 32.5 percent and increased to 33.75 percent on July 1, 2020. The rates for all other employees increased from 14 percent to 15.5 percent on July 1, 2020.

The General Fund had operating transfers which are necessary to subsidize the grant funds and the proprietary funds totaling \$2.6 million in 2020, compared to \$4.2 million in fiscal year 2019. The reduction was related to lower subsidies for the Recreation Fund, Civic Center and Mallard Cove Funds, which were not operating for much of the year due to the pandemic. As previously mentioned, \$10.8 million was transferred to the Disaster Recovery Fund. The adopted budget for fiscal year 2020 included \$3.5 million for capital improvements, primarily for wastewater system improvements and drainage projects.

MANAGEMENT'S DISCUSSION AND ANALYSIS

In summary, current year operating revenues of \$76.1 million were sufficient to cover operating expenditures of \$65.9 million but transfers of \$16.9 million resulted in a fund balance decrease of \$6.7 million. The General Fund's ending balance in 2020 was \$30,357,152, which represents 37 percent of total expenditures and all transfers made from the fund that year. The fund balance amount at 2019 fiscal year end was \$37,092,202, which was 45 percent of total expenditures.

Other Major Fund Summary

The Disaster Recovery Special Revenue Fund was initially established to account for revenues and expenses related to Hurricane Rita, and it has since be used to account for any disaster thereafter. Fund balance reserves were retained in this fund for use during any subsequent disaster. Revenues and expenses related to the coronavirus pandemic and Hurricane Laura required this fund to be classified as a major fund. Revenues of \$47.6 million represents 28 percent of all governmental fund revenues and expenditures of \$56 million account for 34 percent of total expenses. The fiscal year 2021 budget for the Disaster Recovery Fund was recently amended to provide for \$100 million of expenses for Hurricane Laura and Delta. Debris removal alone is estimated to cost the City \$82 million across both fiscal years.

The original adopted budget for the Disaster Recovery Fund included anticipated revenues and expenditures for Hazard Mitigation Grants for a Home Elevation Program to mitigate repetitive loss due to flooding. Although several properties have been identified and approved, there was no activity for this program in the current fiscal year. Grant funds will be reauthorized as needed until all homes are completed.

The revenues recorded in the Riverboat Gaming Special Revenue Fund of \$9.5 million was a 15 percent decrease over prior year revenues of \$11 million. The revenue reductions were related to the shutdown of the casinos due to the coronavirus and hurricane. The gaming taxes received by the City each year are first and primarily dedicated to the repayment of a portion of the City's debt obligations. Remaining funds are used to fund one-time capital improvements. It was anticipated that current year revenues would be below needed transfers; fund balance reserves of \$1.9 million from fiscal year 2019 were reduced to \$1.3 million in 2020.

The Wastewater Special Revenue Fund revenues of \$16.8 million in fiscal year 2020 was a decrease of 3 percent compared to \$17.4 million in 2019. Sales tax receipts of 16 percent of one cent are dedicated to wastewater and were reduced to \$4 million compared to \$4.3 million in the previous year. Sewer user fees of \$12.6 million are the primary source of revenue and were decreased by less than one percent from the prior year. The rate schedule provided an increase in water and sewer fees effective January 1, 2020 and January 1, 2021.

Wastewater operating expenses of \$11 million is a 5.6 percent increase over last fiscal year. Each year funds are transferred to the Capital Project Fund and to debt service funds to pay for debt service obligations. The transfer to the Capital Project Fund is used for infrastructure improvements to the wastewater system. Needed expansions and improvements are considered when determining a rate schedule. Total transfers in fiscal year 2020 were \$6.9 million; \$3.4 million for debt service payments and \$3.5 million for capital improvements. The transfer in 2019 was \$8 million. Fund balance reserves from 2019 of \$5 million were decreased in 2020 to \$4.2 million.

The Debt Service Fund revenues and expenditures were increased in 2019 because of an additional \$1 million receipt of funds from Lake Charles City Court, which were used to prepay a portion of the debt related to the City Court building that was completed in 2013. Transfers of \$9 million into the debt service funds come primarily from the Wastewater, Gaming and Capital Project funds and are used to meet the annual principal and interest debt service requirement.

Capital Project Fund Summary

The Capital Projects Fund revenues decreased to \$10.7 million compared to \$14.9 million in fiscal year 2019. The Capital Project Fund received 28 percent of a one cent sales tax levy, collections which were reduced by 6 percent. Included in the prior year were intergovernmental revenues from DOTD and the Calcasieu Parish Police Jury for various projects, which were completed last year, resulting in a reduction when compared to current year's revenue. Miscellaneous revenues include interest earnings which are reduced by \$1 million compared to last fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

There was \$14.9 million transferred into the fund in the current fiscal year, compared to \$22.9 million transferred in 2019. Transfers are from the General, Riverboat Gaming, Wastewater and other special revenue funds. The funds are used for improvements to streets and drainage, wastewater system improvements and other general capital projects.

Expenditures of \$15 million in fiscal year 2020 is a reduction of \$3 million compared to \$18 million in fiscal year 2019. Many large wastewater projects have been completed in the last several years and accounts for most of the reduction in spending. Fiscal year 2019 was spent planning and preparing for many large projects that were scheduled to be underway by the end of 2020. However the disasters of 2020 slowed many projects and additional funds were accumulated in anticipation of projects moving forward in fiscal year 2021. Fund balance was increased by \$7.5 million to \$102 million in 2020.

The business-type activities revenues of \$14 million are decreased by 5 percent from fiscal year 2019. Charges for Services were reduced in the Civic Center and Golf Course Funds due to those facilities being closed by the coronavirus pandemic but make up only 8 percent of total revenues. Water revenues account for the majority of revenues and were unchanged from last fiscal year. Operating expenses, less depreciation, was unchanged from the previous year. Total net position increased by \$1.7 million from the prior year, as funds are accumulated for several large capital projects.

Capital Assets

The City's total net investment in capital assets of \$457 million at the end of the 2020 fiscal year was an increase of \$8 million from \$449 million at the end of 2019. Infrastructure increased by \$8.7 million during the year, primarily street and sewer projects, including the developer donated Contraband Parkway. On-going construction projects increased by \$3 million in the Governmental Activities and include streets, lakefront development and wastewater system improvements. The increase of \$4 million for construction in progress in the Business-type Activities is primarily in the Water Fund and relates to the building of a new water plant and a new ground storage tank.

Components of the City's capital assets are summarized in the following table. As previously noted, reported value for infrastructure is limited to projects completed since 1975. Additional detail is provided by the financial statements and notes thereto (Note 4-C).

Net Investment in Capital Assets as of September 30, 2020						
	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 16,359	\$ 16,199	\$ 2,186	\$ 2,186	\$ 18,545	\$ 18,385
Construction in progress	17,222	14,139	6,195	2,313	23,417	16,452
Buildings	22,825	25,044	5,744	5,617	28,569	30,661
Improvements other than buildings	69,481	73,639	59,108	60,512	128,589	134,151
Equipment	13,255	13,941	3,708	3,160	16,963	17,101
Infrastructure	240,614	231,923	-	-	240,614	231,923
Total	<u>\$379,756</u>	<u>\$374,885</u>	<u>\$ 76,941</u>	<u>\$ 73,788</u>	<u>\$ 456,697</u>	<u>\$ 448,673</u>

Debt Administration

As of September 30, 2020, the City's Governmental Activities reported \$127 million in non-current liabilities compared to \$133.3 million in the previous year. Bonded debt of \$35.9 million is reduced from \$45.5 million in

MANAGEMENT'S DISCUSSION AND ANALYSIS

fiscal year 2019 and is payable from future annual appropriations, all of the outstanding bond principal is due within ten years.

The City has no outstanding general obligation debt to which a bond rating can be assigned. All outstanding bond issues are insured and therefore rated "AAA" by Standard and Poor's. Statutory debt limits are not applicable to any of the City's current outstanding debt.

As per notification by Standard and Poor's on February 2018, all City of Lake Charles debt was upgraded one notch following new criteria application; therefore, all debt was upgraded from "AA-" to "AA".

The voters of Lake Charles approved a \$90 million bond issue in November 2006. Through the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA), the City has issued bonds in 2007 and in 2010 totaling \$75 million. The proceeds were used for improving streets and roads, park and recreation facilities, water and wastewater systems, downtown and/or lakefront development infrastructure and economic development initiatives within the City. Riverboat gaming revenue, sales tax revenues and funds from sewer user fees are used to repay the debt.

The City issued \$15,825,000 in Revenue Refunding Bonds in December 2014. The proceeds were used to advance refund a portion of the outstanding 2007 Public Improvement Bonds. In May 2017 the City issued \$24,140,000 in Revenue Refunding Bonds to refund the remaining 2007 Public Improvement Bonds and to advance refund a portion of the outstanding 2010 Public Improvement Bonds. Both Series were assigned a rating of "AA-" (stable outlook) by Standard and Poor's.

The City refunded \$20 million in variable rate bonds in October 2009. At that time, the City requested a rating from Standard and Poor's and was upgraded to a rating of 'A+'. The bonds, in the amount of \$17,735,000, were insured and were sold with a rating of "AAA". The sewer user fees of the Wastewater Special Revenue Fund are used to repay this debt.

The City of Lake Charles was approved in 2011 by the Louisiana Department of Environmental Quality (DEQ) for a \$21,000,000 loan from the State Revolving Loan Fund for improvements to the City's wastewater system. Current principal balance is \$14,618,000. The debt will be repaid with sewer user fees of the Wastewater Special Revenue Fund through 2032.

The City has been approved for an additional \$15 million loan from the DEQ State Revolving Loan Fund in anticipation of future major sewer improvement projects. As with the 2011 loan, interest and administration fees will total 0.95 percent and would be repaid over a 20-year period.

The City has been approved for a \$20 million loan from the Department of Health Drinking Water Revolving Loan Fund in anticipation of future major water system expansions. Interest and administration fees will total 2.45 percent and would be repaid over a 20-year period.

Additional information regarding long-term debt and liabilities is provided in the financial statements and accompanying notes (Note 4-G).

Economic Outlook

The economic outlook for the past 5 or more years has focused on Southwest Louisiana's historic expansion into the liquefied natural gas industry. Lake Charles is once again making history by having four national disaster declarations within a one year period. Unfortunately, the latter has a much different effect on our government, our businesses and our citizens than the former.

Many businesses were adversely effected by the mandated government shut-down beginning in March 2020. Sales tax collections declined by 17 percent during the first two months of the pandemic. Total sales tax collections for the fiscal year were reduced by 6%, a loss of \$4 million. The sales tax collections for the first four months of fiscal year

MANAGEMENT'S DISCUSSION AND ANALYSIS

2021 are up 24 percent but those revenues are directly related to hurricane recovery because many restaurants and other businesses have remained closed.

All gaming casinos in Calcasieu Parish were required to close their doors on March 16, 2020, including gaming floors, hotels, restaurants, and retail shops. Reopening began, at the earliest, on May 19, with limited capacity. These casinos were forced to close their gaming floors again in August and October for Hurricanes Laura and Delta. Where possible after the storms, because the need was so great, the casinos hotels were used to house utility and construction crews that inundated the area immediately following Hurricane Laura. All of these facilities sustained damage, with one riverboat casino planning to remain closed until spring 2022, when the construction of a land-based casino is completed. In total, net gaming proceeds were down 32.5 percent for 2020 calendar year. The City of Lake Charles collected \$9.4 million, or \$1.6 million less in fiscal year 2020 and anticipates only \$8 million will be received in fiscal year 2021. The casinos are reopened and with the Governor recently reducing COVID restrictions, we are optimistic that business will begin to rebound soon.

The Louisiana Workforce Commission report dated March 15, 2021 for January 2021 reflected a Civilian Labor Force (not seasonally adjusted) unemployment rate of 6.8 percent for the United States, which compares to 4 percent in January 2020 and statewide unemployment rate is 7.6 percent, compared to 5.2 percent last January. The unemployment rate for the Lake Charles MSA was estimated at 8.2 percent for January 2021, compared to 4.8 percent in January 2020. The report stated that the Lake Charles MSA lost 20,600 jobs over the year; however 8,100 of the jobs lost were construction jobs that were anticipated to be reduced once the large industrial projects were completed. Every listed category in the job market report was reduced during 2020, with categories such as retail, food service, leisure and hospitality directly related to the pandemic and the hurricanes.

The City's Planning Department reported in 2019 there were 438 single-family dwelling and 31 multi-family dwelling units permitted with a value of \$99.5 million. In 2020 there were 396 single-family dwelling and 31 multi-family dwelling units permitted with a value of \$65 million. All are in various stages of construction or have been completed.

The real estate market in Southwest Louisiana has also been effected by the hurricanes. A recent report indicated that 408 real estate properties closed during the last quarter of 2019; more than 500 closed in January and February alone in 2021. The median house price in Southwest Louisiana is \$216,000, a 9 percent increase over 2019. Building new construction costs \$150 to \$170 per square foot. Interest rates are historically low and can result in significant savings to homeowner over the life of the mortgage.

Next Year's Budget

The City was immediately affected by the pandemic and was required to amend the 2020 budget in July to account for additional expenditures and anticipated revenue losses. We were still in the early stages of the coronavirus pandemic and believed we had an uncertain future when budget preparations began for the 2021 fiscal year. We were uncertain how long it would last and what the economic future would be in the upcoming year. The City proposed a 2021 General Fund budget with modest revenue projections and level expenditures.

The budget was submitted to the City Council on August 14, 2020, so we were unaware of Hurricane Laura and the devastation she would cause. The full final impact of this storm will not be known for year, but there was an immediate need for budgets for both fiscal years 2020 and 2021 to be amended to account for revenues and expenditures related to Hurricane Laura and Hurricane Delta.

The Disaster Recovery Fund was amended in anticipation of \$56 million in expenses and \$47.6 million in revenues through September 30, 2020. The General Fund provided \$10.8 million of fund balance reserves to the Disaster Recovery Fund to pay for the City's cost share of expenditures. The fund balance of the General Fund was \$30.4 million at fiscal year end, which is 36.6 percent of all expenditures incurred in fiscal year 2020 and within our policy of reserves of 35 percent of departmental expenses and operational subsidies to other funds.

Additionally, the budget authorized the use of \$3.5 million of its previously accumulated fund balance to be transferred for capital projects, primarily to pay for needed improvements to the wastewater basin system and drainage improvements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City adopted a capital project budget of \$33 million which includes \$13.3 million for streets and drainage, \$14.7 million for water and wastewater projects, and \$5 million for community and government services, as well as debt service obligations. Many of these projects were put on hold as needed due to the storms. The uncertainty of some funding sources, such as sales tax and gaming revenue, as well as hardships for current contractors to perform work in the area justified the delays. Many of our projects are now back on track, as well as a many new projects for facilities and functions that have to be rebuilt after the storms.

Several big projects have continued to be designed, such as a new Water Treatment Plant, with supporting distribution line. A new major sewer transport line will provide relief to existing lines, as well as allow for expansion of the system. Both of these projects will be funded from accumulated reserves and proceeds from state revolving loan funds. The Prien Lake Road project was initially delayed because of the storm but bids were recently received for the construction of this much needed arterial road, which is funded by both the City and the Calcasieu Parish Police Jury.

Mayor Hunter and the City's administration has been committed to developing the lakefront and are very excited to see the installation of the bulkhead and foundation work that was done along the lakefront, providing the infrastructure backbone for future development within the Lakefront and I-10 Economic Development District Corridors. The anchor of this development will be Port Wonder, a \$20 million lakefront project that will house the Children's Museum of Lake Charles and the Louisiana Department of Wildlife and Fisheries' Science Center and Educational Complex. Both governmental and private partners have combined financial support and remain committed to fund the project. Crying Eagle Restaurant and Brewery also remains committed to development of a business on the lakefront. Initial cleanup of the existing parking garage has begun, with design work nearly completed for a total renovation.

The economic development districts were created to provide incentives for development and businesses within their boundaries. The Enterprise Boulevard District has been very successful in repurposing blighted property. The former Dimmick Supply Company building had been empty for many years. This week Governor Edwards was in Lake Charles to officially open Acadian Ambulance Southwest Louisiana Operations Center. This \$1.9 million renovation houses multiple components of their operation including their administrative and fleet center, an ambulance crew and their training academy. Several small businesses have been approved for incentives and will be built and opened by the end of the year.

The City has always been aware of our close proximity to the Gulf of Mexico and realizes the importance of responsible fiscal policies and sufficient monetary reserves. Everyone along the coast fears the destruction that can be caused by a major hurricane. In the midst of a national pandemic, we were hit by Hurricane Laura, the strongest hurricane on record to make landfall in Louisiana since 1856, and six weeks later we were hit by Hurricane Delta.

The response from the Federal Government has been positive, beginning with an announcement of 100 percent funding for 30 days, followed by a more recent announcement of a FEMA cost share adjustment to cover 90 percent of most categories of eligible expenses. As do many of our citizens, the City continues to work with our insurance carriers to determine funding eligibility. Although the City will have to reach into our reserves, we know that we will remain fiscally stable. We will work diligently, for the next several years, to seek all available funding from all sources to rebuild our City better and stronger than it was before the unforgettable year of 2020. We thank the people of Southwest Louisiana for their resiliency, hard work and commitment to restoring their lives, property and businesses.

Requests for Information

This report is intended to provide interested parties with a general overview of the finances of the City of Lake Charles. Questions or requests for further financial information should be addressed to the Department of Finance, City of Lake Charles, P. O. Box 3706, Lake Charles, Louisiana 70602.

THIS PAGE INTENTIONALLY LEFT BLANK



BASIC FINANCIAL STATEMENTS



CITY OF LAKE CHARLES, LOUISIANA

Statement of Net Position

September 30, 2020

	Primary Government			Component Units	
	Governmental	Business-Type	Total	City	City
	Activities	Activities		Court	Marshal
ASSETS					
Cash and cash equivalents	\$ 134,010,506	\$ 12,350,908	\$ 146,361,414	\$ 594,701	\$ 560,497
Investments	51,640,492	15,520,210	67,160,702	-	-
Receivables (net of allowance for uncollectables)	55,619,997	3,750,619	59,370,616	-	1,097
Internal balances	(150,078)	150,078	-	-	-
Inventories	312,910	310,336	623,246	-	-
Prepays	1,452,177	49,414	1,501,591	-	-
Restricted assets:					
Cash and cash equivalents	-	1,816,666	1,816,666	610,847	-
Capital assets not being depreciated:					
Land	16,359,652	2,185,506	18,545,158	-	-
Construction in progress	17,221,644	6,195,376	23,417,020	-	-
Capital assets net of accumulated depreciation:					
Building	22,825,238	5,743,312	28,568,550	-	-
Improvements other than buildings	69,480,938	59,108,480	128,589,418	-	-
Equipment	13,254,722	3,708,249	16,962,971	196,571	89,849
Infrastructure	240,613,881	-	240,613,881	-	-
Total assets	<u>622,642,079</u>	<u>110,889,154</u>	<u>733,531,233</u>	<u>1,402,119</u>	<u>651,443</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on debt refundings	1,100,886	-	1,100,886	-	-
Deferred outflows related to net pension liab	13,459,914	881,360	14,341,274	68,114	-
Deferred outflows related to OPEB	2,777,191	429,204	3,206,395	-	-
	<u>17,337,991</u>	<u>1,310,564</u>	<u>18,648,555</u>	<u>68,114</u>	<u>-</u>
LIABILITIES					
Accounts payable & other current liabilities	54,922,555	2,628,413	57,550,968	111,157	8,147
Liabilities payable from restricted assets	-	1,816,666	1,816,666	-	-
Noncurrent liabilities:					
Claims payable within one year	7,496,580	-	7,496,580	-	-
Claims payable in more than one year	1,543,860	-	1,543,860	-	-
Due within one year	7,996,697	5,000	8,001,697	-	-
Due in more than one year	51,363,741	723,654	52,087,395	-	-
OPEB payable due in more than one year	7,083,035	1,034,170	8,117,205	-	-
Net pension liability due in more than one year	67,102,053	4,902,998	72,005,051	625,164	-
Total liabilities	<u>197,508,521</u>	<u>11,110,901</u>	<u>208,619,422</u>	<u>736,321</u>	<u>8,147</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to net pension liab	5,547,757	82,496	5,630,253	11,893	-
	<u>5,547,757</u>	<u>82,496</u>	<u>5,630,253</u>	<u>11,893</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	325,072,014	76,940,923	402,012,937	196,571	89,849
Restricted for:					
Capital projects	29,961,408	-	29,961,408	610,847	-
Debt service	4,999,614	-	4,999,614	-	-
Unrestricted	76,890,756	24,065,398	100,956,154	(85,399)	553,447
Total net position	<u>\$ 436,923,792</u>	<u>\$ 101,006,321</u>	<u>\$ 537,930,113</u>	<u>\$ 722,019</u>	<u>\$ 643,296</u>

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE CHARLES, LOUISIANA

Statement of Activities

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			City Court	City Marshal
					Governmental Activities	Business-Type Activities	Total		
Primary government:									
Governmental activities:									
General government	\$ 6,834,478	\$ 6,512,956	\$ 472,527	\$ 185,849	\$ 336,854	\$ -	\$ 336,854	\$ -	\$ -
Public safety	47,227,209	32,802	10,713,811		(36,480,596)	-	(36,480,596)	-	-
Public works	83,647,950	12,793,705	31,702,375	11,685,766	(27,466,104)	-	(27,466,104)	-	-
Planning and development	2,808,734	353,867	430,566		(2,024,301)	-	(2,024,301)	-	-
General services	8,397,663	1,894	1,406,435	-	(6,989,334)	-	(6,989,334)	-	-
Community services	13,132,656	214,893	6,771,163	619,400	(5,527,200)	-	(5,527,200)	-	-
Interest in long-term debt	1,591,346	-	-		(1,591,346)	-	(1,591,346)	-	-
Total governmental activities	163,640,036	19,910,117	51,496,877	12,491,015	(79,742,027)	-	(79,742,027)	-	-
Business-type activities:									
Civic center	3,333,299	513,434	1,158,003	-	-	(1,661,862)	(1,661,862)	-	-
Golf Course	2,844,809	591,013			-	(2,253,796)	(2,253,796)	-	-
Transit	4,234,999	193,154	3,010,745	1,065,036	-	33,936	33,936	-	-
Water	12,061,138	12,790,717		754,434	-	1,484,013	1,484,013	-	-
Total business-type activities	22,474,245	14,088,318	4,168,748	1,819,470	-	(2,397,709)	(2,397,709)	-	-
Total primary government	\$ 186,114,281	\$ 33,998,435	\$ 55,665,625	\$ 14,310,485	\$ (79,742,027)	\$ (2,397,709)	\$ (82,139,736)	\$ -	\$ -
Component units:									
City Court	\$ 2,079,988	\$ 210,835	\$ 1,384,654	\$ 152,165				\$ (332,334)	\$ -
City Marshal	1,273,324	1,173,879	-	-				-	(99,445)
Total component units	\$ 3,353,312	\$ 1,384,714	\$ 1,384,654	\$ 152,165	-	-	-	\$ (332,334)	\$ (99,445)
General revenues:									
Property taxes					11,660,793	-	11,660,793	-	-
Sales taxes					63,188,793	-	63,188,793	-	-
Franchise taxes					5,350,971	-	5,350,971	-	-
Riverboat taxes					9,413,068	-	9,413,068	-	-
Grants and contributions not restricted to specific programs					219,227	-	219,227	-	-
Interest and investment earnings					2,157,325	357,382	2,514,707	18,686	-
Miscellaneous					2,468,193	-	2,468,193	11,018	-
Transfers					(3,704,830)	3,704,830	-	-	-
Total general revenues and transfers					90,753,540	4,062,212	94,815,752	29,704	-
Change in net position					11,011,513	1,664,503	12,676,016	(302,630)	(99,445)
Net position - beginning					425,912,279	99,341,818	525,254,097	1,024,649	742,741
Net position - ending					\$ 436,923,792	\$ 101,006,321	\$ 537,930,113	\$ 722,019	\$ 643,296

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE CHARLES, LOUISIANA

**Balance Sheet
Governmental Funds
September 30, 2020**

	General	Disaster Recovery Special Revenue	Riverboat Gaming Special Revenue
ASSETS			
Cash (Note 4-A)	\$ 21,751,835	\$ -	\$ 194,452
Investments (Note 4-A)	16,467,238	-	605,604
Receivable (net of allowance for uncollectable)			
Accounts (Note 4-B)	6,703,796	7,300,000	-
Special Assessments	-	-	-
Accrued interest	4,306	-	-
Intergovernmental (Note 4-B)	60,286	36,160,721	439,933
Due from other funds (Note 4-F)	301,778	10,804,646	36,454
Inventory	312,910	-	-
Prepaid items	523,879	-	-
Total assets	<u>\$ 46,126,028</u>	<u>\$ 54,265,367</u>	<u>\$ 1,276,443</u>
LIABILITIES			
Accounts payable	\$ 3,870,096	\$ 48,105,976	\$ -
Contracts payable	-	860,541	-
Escrow	856,822	-	-
Due to other funds	11,025,918	435	-
Unearned revenue	-	-	-
Other liabilities	16,040	-	-
Total liabilities	<u>15,768,876</u>	<u>48,966,952</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventory	312,910	-	-
Prepaid items	523,879	-	-
Restricted:			
Sales tax and bond funds for capital projects	-	-	-
Debt service reserve	-	-	-
Committed :			
Capital projects	-	-	-
Wastewater system improvements	-	-	-
Debt service payments	-	-	-
Other purposes - subsequent year's expenditures	5,996,241	-	614,640
Assigned:			
Community services	-	-	-
Public safety	-	-	-
Capital projects	-	-	661,804
Unassigned	23,524,122	5,298,415	-
Total fund balances	<u>30,357,152</u>	<u>5,298,415</u>	<u>1,276,444</u>
Total liabilities and fund balances	<u>\$ 46,126,028</u>	<u>\$ 54,265,367</u>	<u>\$ 1,276,444</u>

The notes to the financial statements are an integral part of this statement.

Wastewater Special Revenue	Debt Service	Capital Projects	Other Special Revenue Governmental Funds	Total Governmental Funds
\$ 1,180,961	\$ 4,988,515	\$ 78,386,275	\$ 4,374,531	\$ 110,876,569
644,481	26,554	23,126,107	1,364,875	42,234,859
2,718,255	-	852,998	343,017	17,918,066
-	-	196,865	-	196,865
-	-	6,863	-	11,169
-	116,001	-	163,365	36,940,306
435	15,727	-	205,545	11,364,585
-	-	-	-	312,910
39,204	2,200	95,000	35,231	695,514
<u>\$ 4,583,336</u>	<u>\$ 5,148,997</u>	<u>\$ 102,664,108</u>	<u>\$ 6,486,564</u>	<u>\$ 220,550,843</u>
\$ 359,092	\$ 17,927	\$ 307,079	\$ 189,996	\$ 52,850,166
-	-	280,313	-	1,140,854
11,002	-	-	4,578	872,402
501	-	-	139,010	11,165,864
-	-	95,000	15,000	110,000
-	-	-	-	16,040
<u>370,595</u>	<u>17,927</u>	<u>682,392</u>	<u>348,584</u>	<u>66,155,326</u>
-	-	-	-	312,910
39,204	2,200	95,000	35,231	695,514
-	-	29,961,408	-	29,961,408
-	4,999,614	-	-	4,999,614
-	-	59,266,410	-	59,266,410
3,859,917	-	12,413,435	-	16,273,352
-	129,256	-	-	129,256
313,619	-	-	1,965,393	8,889,893
-	-	-	820,255	820,255
-	-	-	967,705	967,705
-	-	245,463	2,349,396	3,256,663
-	-	-	-	28,822,537
<u>4,212,740</u>	<u>5,131,070</u>	<u>101,981,716</u>	<u>6,137,980</u>	<u>154,395,517</u>
<u>\$ 4,583,335</u>	<u>\$ 5,148,997</u>	<u>\$ 102,664,108</u>	<u>\$ 6,486,564</u>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	379,740,901
Other long-term assets are not available to pay for current-period expenditures.	110,000
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	23,706,848
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.	(132,819,708)
Deferred outflows and inflows of resources are not available to pay current period expenditures and therefore are not reported in the government funds	11,790,234
Net position of governmental activities	<u>\$ 436,923,792</u>

CITY OF LAKE CHARLES, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For Fiscal Year Ended September 30, 2020

	<u>General</u>	<u>Disaster Recovery Special Revenue</u>	<u>Riverboat Gaming Special Revenue</u>
Revenues:			
Taxes	\$ 61,927,915	\$ -	\$ 9,413,068
Licenses and permits	6,244,424	-	-
Intergovernmental	3,384,574	40,279,846	-
Charges for services	2,999,721	-	-
Fines and forfeitures	195,363	-	-
Miscellaneous	1,343,347	7,340,000	47,566
Total revenues	<u>76,095,344</u>	<u>47,619,846</u>	<u>9,460,634</u>
Expenditures:			
Current operating:			
General government	3,695,076	117,792	-
Finance	1,900,721	93,649	-
Human Resources	413,019	19,227	-
Fire	16,947,807	1,960,935	-
Police	19,393,439	4,203,968	-
Public works	16,102,483	40,661,380	-
Planning and development	2,239,620	68,298	-
Community services	-	6,613,973	-
General services	5,233,605	2,347,484	-
Capital projects	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>65,925,770</u>	<u>56,086,706</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>10,169,574</u>	<u>(8,466,860)</u>	<u>9,460,634</u>
Other financing sources (uses):			
Transfers in	-	10,805,000	-
Transfers out	(16,904,624)	-	(10,117,246)
Total other financing sources (uses)	<u>(16,904,624)</u>	<u>10,805,000</u>	<u>(10,117,246)</u>
Net change in fund balances	(6,735,050)	2,338,140	(656,612)
Fund balance at beginning of year	<u>37,092,202</u>	<u>2,960,275</u>	<u>1,933,056</u>
Fund balance at end of year	<u>\$ 30,357,152</u>	<u>\$ 5,298,415</u>	<u>\$ 1,276,444</u>

The notes to the financial statements are an integral part of this statement.

<u>Wastewater Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Special Revenue Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 4,020,030	\$ -	\$ 7,035,052	\$ 4,928,749	\$ 87,324,814
-	-	-	-	6,244,424
-	185,850	1,435,944	743,866	46,030,080
12,640,013	-	1,000,000	75,612	16,715,346
-	-	-	-	195,363
192,820	65,438	1,230,046	217,055	10,436,272
<u>16,852,863</u>	<u>251,288</u>	<u>10,701,042</u>	<u>5,965,282</u>	<u>166,946,299</u>
-	-	-	-	3,812,868
-	-	-	-	1,994,370
-	-	-	-	432,246
-	-	-	-	18,908,742
-	-	-	378,801	23,976,208
10,162,543	-	-	-	66,926,406
-	-	-	395,221	2,703,139
-	-	-	4,242,013	10,855,986
-	-	-	2,926	7,584,015
902,370	-	14,651,444	-	15,553,814
-	7,332,101	-	-	7,332,101
-	1,987,128	-	-	1,987,128
<u>11,064,913</u>	<u>9,319,229</u>	<u>14,651,444</u>	<u>5,018,961</u>	<u>162,067,023</u>
<u>5,787,950</u>	<u>(9,067,941)</u>	<u>(3,950,402)</u>	<u>946,321</u>	<u>4,879,276</u>
325,000	9,055,802	14,944,325	946,636	36,076,763
(6,900,000)	(50,121)	(3,499,602)	(2,310,000)	(39,781,593)
<u>(6,575,000)</u>	<u>9,005,681</u>	<u>11,444,723</u>	<u>(1,363,364)</u>	<u>(3,704,830)</u>
(787,050)	(62,260)	7,494,321	(417,043)	1,174,446
<u>4,999,790</u>	<u>5,193,330</u>	<u>94,487,395</u>	<u>6,555,023</u>	<u>153,221,071</u>
<u>\$ 4,212,740</u>	<u>\$ 5,131,070</u>	<u>\$ 101,981,716</u>	<u>\$ 6,137,980</u>	<u>\$ 154,395,517</u>

CITY OF LAKE CHARLES, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For Fiscal Year Ended September 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 1,174,446
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,875,085
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	9,000
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	7,545,211
Net effect of pension liability recognition	(1,844,700)
Net effect of OPEB liability recognition	(678,885)
Deferred charge on debt refunding, net current year amortization	(168,339)
Internal service funds are used by management to charge the costs of insurance to individual funds. The net expenses of certain activities of internal service funds is reported within the governmental activities.	<u>99,695</u>
Change in net position of governmental activities	<u><u>\$ 11,011,513</u></u>

The notes to the financial statements are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK



CITY OF LAKE CHARLES, LOUISIANA

Statement of Net Position

Proprietary Funds

September 30, 2020

	<u>Business-type Activities-Enterprise Funds</u>					<u>Governmental Activities - Internal Service Funds</u>
	<u>Civic Center</u>	<u>Golf Course</u>	<u>Public Transit</u>	<u>Water Utility</u>	<u>Totals 2020</u>	
ASSETS						
Current assets:						
Cash	\$ 1,529,611	\$ 2,623,400	-	\$ 8,197,897	\$ 12,350,908	\$ 23,133,937
Investments	2,200,580	-	41,902	13,277,728	15,520,210	9,405,633
Restricted cash:						
Customer deposits	-	-	-	1,816,666	1,816,666	-
Accounts receivable (net of allowance for uncollectible)	17,136	-	8,519	2,186,333	2,211,988	548,608
Accrued interest receivable	-	-	-	2,257	2,257	4,983
Intergovernmental receivables	-	-	1,536,374	-	1,536,374	-
Due from other funds	-	-	-	-	-	-
Inventories	18,282	21,446	-	270,608	310,336	-
Prepaid items	44,102	-	2,091	3,221	49,414	756,663
Total current assets	<u>3,809,711</u>	<u>2,644,846</u>	<u>1,588,886</u>	<u>25,754,710</u>	<u>33,798,153</u>	<u>33,849,824</u>
Capital assets:						
Land	-	1,065,697	806,824	312,985	2,185,506	-
Buses	-	-	4,096,512	-	4,096,512	-
Buildings and structures	18,768,595	2,123,406	4,973,256	590,812	26,456,069	-
Improvements	21,206,135	2,776,017	134,089	88,101,190	112,217,431	-
Construction in Progress	39,724	90,091	-	6,065,562	6,195,377	-
Equipment, furniture and fixtures	3,469,061	326,022	1,280,548	2,449,309	7,524,940	57,619
Total capital assets	<u>43,483,515</u>	<u>6,381,233</u>	<u>11,291,229</u>	<u>97,519,858</u>	<u>158,675,835</u>	<u>57,619</u>
Less accumulated depreciation	<u>34,846,686</u>	<u>2,954,772</u>	<u>4,201,455</u>	<u>39,731,999</u>	<u>81,734,912</u>	<u>42,445</u>
Total capital assets (net of accumulated depreciation)	<u>8,636,829</u>	<u>3,426,461</u>	<u>7,089,774</u>	<u>57,787,859</u>	<u>76,940,923</u>	<u>15,174</u>
Total assets	<u>12,446,540</u>	<u>6,071,307</u>	<u>8,678,660</u>	<u>83,542,569</u>	<u>110,739,076</u>	<u>33,864,998</u>
DEFERRED OUTFLOW OF RESOURC						
Deferred amounts related to net pension liabilities	171,581	79,342	137,969	492,468	881,360	91,458
Deferred amounts related to net pension liabilities	78,097	46,632	63,308	241,167	429,204	21,287
Total deferred outflow of resources	<u>249,678</u>	<u>125,974</u>	<u>201,277</u>	<u>733,635</u>	<u>1,310,564</u>	<u>112,745</u>

	Business-type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Civic Center	Golf Course	Public Transit	Water Utility	Totals 2020	
LIABILITIES						
Current liabilities :						
Accounts payable	70,928	66,317	1,164,108	1,101,363	2,402,716	43,094
Contracts payable	30,685	-	-	184,001	214,686	-
Customer deposits payable	-	-	-	1,816,666	1,816,666	-
Escrow	10,012	999	-	-	11,011	-
Due to other funds	53,222	50,095	93,795	1,609	198,721	-
Total current liabilities	<u>164,847</u>	<u>117,411</u>	<u>1,257,903</u>	<u>3,103,639</u>	<u>4,643,800</u>	<u>43,094</u>
Non-current liabilities:						
Compensated absences	126,067	67,270	122,786	412,531	728,654	155,925
OPEB liability	181,367	124,847	149,223	578,733	1,034,170	61,112
Net pension liability	954,508	441,379	767,521	2,739,590	4,902,998	508,780
Accrued insurance claims	-	-	-	-	-	7,171,580
Incurred-not reported claims	-	-	-	-	-	325,000
Accrued insurance claims-noncurrent	-	-	-	-	-	1,543,860
Total non-current liabilities	<u>1,261,942</u>	<u>633,496</u>	<u>1,039,530</u>	<u>3,730,854</u>	<u>6,665,822</u>	<u>9,766,257</u>
Total liabilities	<u>1,426,789</u>	<u>750,907</u>	<u>2,297,433</u>	<u>6,834,493</u>	<u>11,309,622</u>	<u>9,809,351</u>
DEFERRED INFLOW OF RESOURCES						
Deferred amounts related to net pension liabilities	<u>16,059</u>	<u>7,427</u>	<u>12,914</u>	<u>46,096</u>	<u>82,496</u>	<u>8,561</u>
NET POSITION						
Net investment in capital assets	8,636,829	3,426,461	7,089,774	57,787,859	76,940,923	15,174
Unrestricted	<u>2,616,541</u>	<u>2,012,486</u>	<u>(520,184)</u>	<u>19,607,756</u>	<u>23,716,599</u>	<u>24,144,657</u>
Total net position	<u>\$ 11,253,370</u>	<u>\$ 5,438,947</u>	<u>\$ 6,569,590</u>	<u>\$ 77,395,615</u>	<u>100,657,522</u>	<u>\$ 24,159,831</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					<u>348,799</u>	
Net position of business-type activities					<u>\$ 101,006,321</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF LAKE CHARLES, LOUISIANA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2020

	Business-type	
	Civic Center	Golf Course
Operating revenues:		
Charges for services	\$ 483,665	\$ 576,944
Other	29,603	14,069
Total operating revenues	<u>513,268</u>	<u>591,013</u>
Operating expenses:		
Personal services	1,152,639	752,693
Materials and supplies	110,477	1,384,101
Maintenance	155,798	195,867
Utilities	249,630	68,290
Transportation	-	-
General and administration	364,234	202,040
Claims and losses paid	-	-
Depreciation	1,295,007	230,194
Total operating expenses	<u>3,327,785</u>	<u>2,833,185</u>
Operating income (loss)	<u>(2,814,517)</u>	<u>(2,242,172)</u>
Nonoperating revenues (expenses):		
Operating grants-governmental agencies	1,158,003	-
Interest	53,002	17,621
Gain (loss) on retirement or transfer of capital assets	166	(9,192)
Other	-	-
Total nonoperating revenues	<u>1,211,171</u>	<u>8,429</u>
Income (loss) before operating transfers	<u>(1,603,346)</u>	<u>(2,233,743)</u>
Capital contributions and transfers:		
Capital contributions - governmental agencies	-	-
Capital contributions - governmental funds	-	2,800,000
Transfers in (out)	296,778	(199,298)
Total capital contributions and transfers	<u>296,778</u>	<u>2,600,702</u>
Change in net position	(1,306,568)	366,959
Net position at beginning of year - as restated	12,559,938	5,071,988
Net position at end of year	<u>\$ 11,253,370</u>	<u>\$ 5,438,947</u>

The notes to the financial statements are an integral part of this statement.

Activities-Enterprise Funds			Governmental Activities - Internal Service Funds
Public Transit	Water Utility	Totals 2020	
\$ 84,911	\$ 12,028,038	\$ 13,173,558	\$ 15,635,706
101,943	680,532	826,147	552,856
<u>186,854</u>	<u>12,708,570</u>	<u>13,999,705</u>	<u>16,188,562</u>
1,215,689	4,077,301	7,198,322	1,523,325
175,275	1,319,173	2,989,026	6,335
199,703	573,698	1,125,066	-
43,132	868,234	1,229,286	-
110,311	-	110,311	-
1,772,149	2,927,990	5,266,413	1,359,457
-	-	-	13,601,147
696,828	2,205,518	4,427,547	4,674
<u>4,213,087</u>	<u>11,971,914</u>	<u>22,345,971</u>	<u>16,494,938</u>
<u>(4,026,233)</u>	<u>736,656</u>	<u>(8,346,266)</u>	<u>(306,376)</u>
3,010,745	-	4,168,748	-
2,391	284,370	357,384	351,430
6,300	(39,010)	(41,736)	-
-	56,716	56,716	-
<u>3,019,436</u>	<u>302,076</u>	<u>4,541,112</u>	<u>351,430</u>
<u>(1,006,797)</u>	<u>1,038,732</u>	<u>(3,805,154)</u>	<u>45,054</u>
1,065,036	754,434	1,819,470	-
250,600	-	3,050,600	-
236,750	320,000	654,230	-
<u>1,552,386</u>	<u>1,074,434</u>	<u>5,524,300</u>	<u>-</u>
545,589	2,113,166	1,719,146	45,054
6,024,001	75,282,449		24,114,777
<u>\$ 6,569,590</u>	<u>\$ 77,395,615</u>		<u>\$ 24,159,831</u>

Adjustments to reflect the consolidation of
internal service fund activities related
to enterprise funds

(54,643)

Change in net position of business-type activities

\$ 1,664,503

CITY OF LAKE CHARLES, LOUISIANA

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended September 30, 2020

	<u>Civic Center</u>
Cash flows from operating activities:	
Receipts from customers	\$ 501,745
Receipts from interfund charges for risk management services	-
Payments to employees	(1,099,465)
Payments to suppliers	(905,406)
Internal activity - payments from other funds	-
Internal activity - payments to other funds	(126,141)
Net cash provided by operating activities	<u>(1,629,267)</u>
Cash flow from noncapital financing activities:	
Operating subsidies	296,778
Shared revenue from governmental agencies	1,158,003
Net cash provided by noncapital financing activities	<u>1,454,781</u>
Cash flows from capital and related financing activities:	
Purchases/sale of capital assets	(79,834)
Contracts payable	(317,542)
Capital subsidies from governmental agencies - current year	-
Capital improvement fee	-
Capital transfers	-
Net cash provided (used for) capital and related financing activities	<u>(397,376)</u>
Cash flow from investing activities:	
Purchase of investment securities	(23,590)
Proceeds from sale and maturities of investment securities	1,500,000
Interest on investments	51,657
Net cash provided (used for) investing activities	<u>1,528,067</u>
Net increase (decrease) in cash and cash equivalents	956,205
Cash and cash equivalents at beginning of year	573,406
Cash and cash equivalents at end of year	<u>\$ 1,529,611</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (2,814,517)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	1,295,007
(Increase) decrease in accounts receivable	(11,523)
(Increase) decrease in due from other funds	-
(Increase) decrease in inventories	4,011
(Increase) decrease in prepaid items	(38,693)
(Increase) decrease in deferred outflows of resources related to NP liability	18,199
(Increase) decrease in deferred outflows of resources related to OPEB liability	9,887
Increase (Decrease) in accounts payables	11,671
Increase (Decrease) in miscellaneous payables	(8,897)
Increase (Decrease) in customer deposit account	-
Increase (Decrease) in compensated absences payable	3,069
Increase (Decrease) in OPEB liability	5,036
Increase (Decrease) in NP liability	48,930
Increase (Decrease) in due deferred inflows of resources	(25,306)
Increase (Decrease) in due to other funds	(126,141)
Total adjustments	<u>1,185,250</u>
Net cash provided (used) by operating activities	<u>\$ (1,629,267)</u>

Noncash investing and capital activities:

Assets retired/transferred cost \$1,116,639 and had accumulated depreciation of \$1,043,007, loss of \$73,632.
Change in the fair value of investments resulted in an unrealized gain of \$4,307 at year end 2020 and an unrealized gain of \$208,916 at year end 2019.

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

Golf Course	Transit	Water Utility	Totals 2020	Governmental Activities Internal Service Funds
\$ 592,944	\$ 178,985	\$ 11,907,274	\$ 13,180,948	\$ 2,152,452
-	-	-	-	15,282,578
(728,290)	(1,163,606)	(3,834,093)	(6,825,454)	(1,476,606)
(1,802,428)	(1,413,407)	(5,211,623)	(9,332,864)	(14,336,427)
-	55	350,000	350,055	-
525,003	(14,616)	(2,590)	381,656	(6)
<u>(1,412,771)</u>	<u>(2,412,589)</u>	<u>3,208,968</u>	<u>(2,245,659)</u>	<u>1,621,991</u>
784,906	236,750	320,000	1,638,434	-
-	2,350,929	-	3,508,932	-
<u>784,906</u>	<u>2,587,679</u>	<u>320,000</u>	<u>5,147,366</u>	<u>-</u>
(37,750)	(898,578)	(448,580)	(1,464,742)	-
(90,091)	(344,218)	(4,216,932)	(4,968,783)	-
-	1,065,764	-	1,065,764	-
-	-	56,716	56,716	-
1,815,796	-	-	1,815,796	-
<u>1,687,955</u>	<u>(177,032)</u>	<u>(4,608,796)</u>	<u>(3,495,249)</u>	<u>-</u>
-	(449)	(3,332,784)	(3,356,823)	(5,047,279)
-	-	1,000,000	2,500,000	3,400,000
17,622	2,391	283,511	355,181	347,949
<u>17,622</u>	<u>1,942</u>	<u>(2,049,273)</u>	<u>(501,642)</u>	<u>(1,299,330)</u>
1,077,712	-	(3,129,101)	(1,095,184)	322,661
1,545,688	-	13,143,664	15,262,758	22,811,276
<u>\$ 2,623,400</u>	<u>\$ -</u>	<u>\$ 10,014,563</u>	<u>\$ 14,167,574</u>	<u>\$ 23,133,937</u>
-	-	-	-	-
<u>\$ (2,242,172)</u>	<u>\$ (4,026,233)</u>	<u>\$ 736,656</u>	<u>\$ (8,346,266)</u>	<u>\$ (306,376)</u>
230,194	696,828	2,205,517	4,427,546	4,674
1,931	(7,869)	(839,512)	(856,973)	1,246,468
474,908	55	350,000	824,963	-
17,735	-	(17,841)	3,905	-
170	656	3,150	(34,717)	(115,578)
8,415	14,634	52,233	93,481	9,700
7,017	11,801	42,100	70,805	4,465
29,261	888,862	526,851	1,456,645	3,233
(17)	-	-	(8,914)	749,101
-	-	38,217	38,217	-
(2,460)	(1,714)	27,283	26,178	11,443
1,227	6,011	19,097	31,371	2,274
22,626	39,344	140,436	251,336	26,081
(11,701)	(20,348)	(72,629)	(129,984)	(13,488)
50,095	(14,616)	(2,590)	(93,252)	(6)
<u>829,401</u>	<u>1,613,644</u>	<u>2,472,312</u>	<u>6,100,607</u>	<u>1,928,367</u>
<u>\$ (1,412,771)</u>	<u>\$ (2,412,589)</u>	<u>\$ 3,208,968</u>	<u>\$ (2,245,659)</u>	<u>\$ 1,621,991</u>

NOTES TO FINANCIAL STATEMENTS

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Lake Charles, Louisiana (the City) was incorporated in 1867, and operates under a home rule charter, which became effective in 1961. The City utilizes the Mayor-Council form of government and provides a full range of municipal services under a centralized system of administration.

The accounting and financial reporting policies of the City conform to generally accepted accounting principles as applicable to governments. Such policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audit of State and Local Governmental Units. Following is a summary of the more significant accounting policies.

The accompanying financial statements include all funds, which are directly controlled by the City, and which constitute the primary government as defined for financial reporting purposes. In accordance with generally accepted accounting principles, this report also includes component units, which are legally separate from the City but considered to be fiscally dependent on the primary government. Component units are discretely presented in this report, are reported for periods and balance sheet dates which differ from the City's, and have been separately audited. Further disclosures concerning such units are provided below.

Discretely Presented Component Units

Financial data of component units is displayed on the Statement of Net Position and Statement of Activities. The reported component units are as follows:

City Court of Lake Charles:

This entity is created by state statutes, which provide for its governance by independently elected officials and has a jurisdictional area extending beyond the corporate limits of the City. Although legally separate, City Court is fiscally dependent upon the government because of the statutory requirements that the City provides and maintains the physical facilities necessary for its operation. The relationship between the City and City Court is such that exclusion would cause the City's financial statements to be incomplete. Financial data reported for the City Court component unit is from its separately audited financial statements for the fiscal year ended December 31, 2019.

Ward Three Marshal:

The office of Ward Three Marshal, which is governed by an independently elected official, is created in the same statutory manner as City Court and has a corresponding area of jurisdiction. Although legally separate, the office of Ward Three Marshal is fiscally dependent upon the government because of the statutory requirements that the City provides and maintains the physical facilities necessary for its operation. The relationship between the Marshal and the City is such that exclusion would cause the City's financial statements to be incomplete. Financial data reported for this component unit are from its separately audited financial report for the year ended December 31, 2019. Complete financial statements of the individual component units are available from the City of Lake Charles at 326 Pujoe Street, Lake Charles, Louisiana 70601.

NOTES TO FINANCIAL STATEMENTS

B. Government-wide and Fund Financial Statement

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and the intergovernmental revenues, are reported separately from business-type activities, which rely primarily on charges for services for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus and Basis of Accounting in the Basic Financial Statement

The government-wide financial statement of net position and statement of activities are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions should be recognized in accordance with the requirements of Section N50, Non-exchange Transactions.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual so they have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Governmental fund reporting focuses primarily on the sources, uses, and balances of current financial resources and often has a budgetary orientation. Governmental funds are, in essence, accounting segregations of financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; and the difference between governmental fund assets and deferred outflow of resources, and liabilities and deferred inflow of resources is referred to as "Fund Balance."

NOTES TO FINANCIAL STATEMENTS

The City of Lake Charles reports the following major governmental funds:

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

Disaster Recovery Fund – This fund accounts for the receipt of insurance reimbursements, federal funds and other miscellaneous revenues received in connection with disasters and the related expenditures of such funds in the City's efforts to recover from such disasters.

Riverboat Gaming Special Revenue Fund – This fund accounts for receipt and subsequent expenditure or transfer of revenue from casino riverboat admissions taxes and other gaming.

Wastewater Fund – This fund accounts for the receipt and subsequent expenditure of dedicated sales taxes, sewer use charges, and other current charges dedicated to operations, maintenance and improvement of the City's sanitary sewerage system.

Debt Service Fund – This fund is used to account for the accumulation of resources and the payments made for principal, interest, and related costs on long-term debt obligations of governmental funds. The primary source of revenue is transfers in from other funds as mandated by law or City policy.

Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Revenues include 28 percent of one percent sales tax dedicated to capital improvements and various intergovernmental revenues.

The City of Lake Charles reports the following proprietary funds:

Civic Center – This fund accounts for the activities of the Lake Charles Civic Center.

Golf Course – This fund accounts for the activities of Mallard Cove Golf Course.

Transit Fund – This fund accounts for the operation of the City's transit system.

Water Fund – This fund accounts for the operation of the City's water system.

The City of Lake Charles reports the following additional fund type:

Internal Service Funds - Internal Service Funds are used to account for the insurance needs provided to other departments of the City, or to other governments, on a cost reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments between the government's water function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The intent of the governing body is that the costs (expenses) of providing goods or services to the general

NOTES TO FINANCIAL STATEMENTS

public on a continuing basis be financed or recovered primarily through user charges and are reported as program revenues.

Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses.

D. Assets, Liabilities and Net Position

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City's investment program is authorized and limited by state statute and city ordinances to purchases of securities issued or guaranteed by the U.S. Government and its agencies or instrumentalities and participation in the Louisiana Asset Management Pool, Inc. (LAMP). LAMP is a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool equivalent to a money market fund. LAMP invests in short-term instruments permitted by statute.

Investments for the government, its component units and for LAMP are reported at fair value.

2. Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All receivables, including those for grass cutting and demolition assessments in the governmental funds and water and sewer charges in the enterprise funds, are shown net of an allowance for uncollectables. The allowance for estimated uncollectable receivables is established based on historical collection experience and other relevant circumstances.

There appears to be concentration of credit-risk with regard to general accounts receivable and, more specifically, accounts receivable for water and sewer user fees in the Wastewater Special Revenue Fund and the Water Utility Enterprise Fund. The City's ability to collect the amounts due from the users of the City water and sewer system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

The City property taxes must be levied by December 1 of each year. Property taxes are due by December 31 and are delinquent by January 1. Delinquent property taxes are assessed interest at one and one-quarter percent per month for the period of delinquency. Property owners with taxes still delinquent by March 1 are notified by certified mail that they have twenty days to pay delinquent property taxes. The lien date is the date in which the tax assessor files the tax roll with the Clerk of Court, which is the same as the levy date. Sale of delinquent properties is held each year as soon as possible after May 1. Most taxes are collected in December, January and February.

3. Inventories and Unpaid Items

Inventory is valued at average cost. Inventory in the General Fund consists of materials and supplies held for consumption and are accounted for under the consumption method where expenditures are recorded when the goods are used. Inventories are also held in the enterprise funds. These consist of concession supplies held for sale to the public and materials held for

NOTES TO FINANCIAL STATEMENTS

water system maintenance and improvements. Certain payments made to vendors are for services that will benefit subsequent periods, and, using the consumption method, these expenses are recorded as prepaid items in fiscal year 2020 in both the governmental-wide and fund financial statements.

4. Restricted Assets

Customer deposits in the Water Enterprise Fund are classified as restricted assets on the balance sheet because their use is limited to repayment of deposits to qualified customers or upon termination of service.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are often financed on a pay-as-go basis. However, the City has incurred debt for the construction of sewer treatment facility and issued bonds to fund capital improvements, such as roads, water, sewer, recreation and downtown development activities. All current bonded debt will be repaid by 2027.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20
Improvements other than buildings	20
Public Domain infrastructure	10 – 50
System infrastructure	10 – 50
Machinery and equipment	7

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned, but unused, vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. There was \$7,188 recorded in the governmental fund statements as a payable to employees who had terminated as of the end of the fiscal year on September 30, 2020.

Vacation is based on the number of years of service and is earned as follows:

First four years	10 days
Five to nine years	15 days
Ten to nineteen years	20 days
Nineteen years and over	25 days

NOTES TO FINANCIAL STATEMENTS

Sick pay is based on the number of years of service and is carried as follows:

First three years	8 hours per month
Four years and over	12 hours per month

Sick pay is not vested except at retirement or 20 year of service, where accumulated sick pay hours up to six hundred (600) are payable to qualified employees. The termination payment liability was calculated by developing a ratio based on historical data of sick leave paid at termination compared with sick leave accumulated and by applying that ratio to the sick leave accumulated by the current employee population as of September 30, 2020. Because there was no current liability at the end of the fiscal year, all estimated termination payment liability is recorded in the government-wide and proprietary fund financial statements.

City employees may receive compensatory time off with pay in lieu of overtime pay for work in excess of regular scheduled hours. Accumulation of unused compensatory time is limited, and any unused or unpaid portion is payable upon separation from employment. Compensatory time is accrued when incurred in the government-wide and proprietary funds financial statements. There was \$364 of compensatory time recorded in the governmental fund statement at September 30, 2020.

At September 30, 2020 the total liability reported on the Statement of Net Position for accrued vacation, sick and compensatory time was \$4,716,344 for Governmental Activities, which includes \$155,926 from the Internal Service Funds. The amount recorded in Business-Type Activities equaled \$728,654.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has items that qualify for reporting in this category. It has deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the life of the refunded debt. The \$1,100,886 balance of deferred outflows of resources related to bond refunding will be recognized as interest expense over the remaining life of the bonds. The City also has deferred outflow of resources related to net pension liability of \$14,341,274. The City also has deferred outflow of resources related to OPEB liability of \$3,206,395.

The statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has reported deferred inflows related to the net pensions liability in the amount of \$5,630,253.

Additional information on deferred outflows/inflows of resources related to both defined benefit pension plans as well as postemployment benefits other than pension plans (OPEB) can be found in Note 5.

8. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the

NOTES TO FINANCIAL STATEMENTS

applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize principal payments during the current period. The face amount of debt issued is reported as other financing sources.

9. Fund Equity

In accordance with Government Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City of Lake Charles classifies governmental fund balances as follows:

Non-spendable – Includes fund balance amounts that cannot be spent either because they are not in a spendable form or because of legal or contractual constraints.

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained or due to constitutional provisions or enabling legislation. Any deviation from the specific purpose must be approved by the original third party whether that is the electorate or grantor.

Committed – Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority (the City Council) and does not lapse at year end. Formal action by the same authority is required to rescind such a commitment. A separate city ordinance adopted by the City Council is required to modify a previous commitment of fund balance.

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by action of the Mayor, an ordinance of the City Council, or adoption of the budget and generally only exists temporarily. A similar action or amendment is necessary to remove or revise the limitation.

Unassigned – Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and when applicable, negative fund balances in other governmental funds.

All of these items are included as elements of net position on the government-wide statement.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balances are available unless there are legal documents or contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are incurred.

It is the City's policy to maintain a minimum fund balance of 30 percent of operating expenditures and operating transfers in the General Fund.

2. Reconciliation of Government-Wide Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

The governmental fund balance sheet includes a reconciliation between fund balance of total governmental funds and net position – governmental activities as reported in the government-wide

NOTES TO FINANCIAL STATEMENTS

statement of net position. One element of that reconciliation explains “long term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.”

The details of this \$132,819,708 difference are as follows:

2009 Revenue Refunding Bonds payable	\$ 1,750,000
Premium on 2009 LCDA Bonds payable (to be amortized over the life of the debt)	39,203
2014 LCDA Refunding Bonds payable	11,760,000
Premium on 2014 LCDA Refunding Bonds payable (to be amortized over the life of the debt)	505,479
2017 LCDA Refunding Bonds payable	22,425,000
Premium on 2017 LCDA Refunding Bonds payable (to be amortized over the life of the debt)	2,581,410
Compensated absences	4,560,419
Other post employee benefits (OPEB) payable	7,021,923
Net pension liability	66,593,273
LC City Court building project	965,000
DEQ loan -- sewer plant rehabilitation	14,618,001
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	\$ 132,819,708

Deferred outflows and inflows of resources are not available to pay current period expenditures, therefore are not reported in the governmental funds. The details of this \$11,790,234 difference are as follows:

Deferred outflows on charges on bond refunds	\$ 1,100,886
Deferred outflows of resources - related to net pension liability	13,459,914
Deferred outflows of resources - related to OPEB	2,777,191
Deferred inflows of resources - related to net pension liability	(5,547,757)
Net adjustment to increase fund balance to arrive at net position - governmental activities	\$ 11,790,234

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that, “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

The details of the \$4,875,085 are as follows:

Capital outlays	\$ 25,698,524
Depreciation expense	(19,968,402)
Loss on retirement of capital assets	(855,037)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 4,875,085

NOTES TO FINANCIAL STATEMENTS

Another element of that reconciliation states that, "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this \$7,545,211 are as follows:

Principal repayment:	
2009 Revenue refunding bonds	\$ 1,680,000
2010 LCDA public improvement bonds	2,315,000
2014 LCDA public improvement refunding bonds	165,000
2017 LCDA public improvement refunding bonds	1,715,000
Compensated absences	(322,403)
Cooperative endeavor - Sales Tax Dist. No. 3	264,492
Proceeds from premium on 2009 Revenue refunding bonds (to be amortized as interest over the life of the debt)	39,203
Proceeds from premium on 2010 Revenue refunding bonds (to be amortized as interest over the life of the debt)	86,425
Proceeds from premium on 2014 public improvement refunding bonds (to be amortized as interest over the life of the debt)	69,721
Proceeds from premium on 2017 public improvement refunding bonds (to be amortized as interest over the life of the debt)	368,773
Lake Charles City Court building loan	140,000
DEQ loan - sewer plant improvements	1,024,000
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	\$ 7,545,211

C. Explanation of certain differences between the proprietary fund statement of net position and the governmental-wide statement of net position:

The proprietary fund statements of net position include reconciliation between net position – total enterprise funds and net position of business-type activities as reported in the governmental-wide statements of net position. The description of the sole element of that reconciliation is "adjustment to reflect the consolidation of internal service fund activities related to enterprise funds." The details of this \$348,799 are as follows:

Internal payable representing costs in excess of charges to the business-type activities - prior year	\$ 403,442
Internal payable representing costs in excess of charges to the business-type activities - current year	(54,643)
Net adjustment to decrease net position - enterprise funds to arrive at net position - business-type activities	\$ 348,799

NOTES TO FINANCIAL STATEMENTS

3. Stewardship, Compliance, and Accountability

A. Budgetary Information

The City annually adopts and implements an operating and capital budget in accordance with requirements of the City Charter and applicable state law for the General Fund and all Special Revenue and Proprietary Funds. The Capital Projects Fund's budget is a project-based capital budget. Policies and procedures with respect to budget adoption and budgetary control are as follows:

1. The Mayor submits the proposed operating budget for the fiscal year commencing October 1 to the City Council no later than August 15. This budget includes proposed expenditures and the means of financing them.
2. A summary of the proposed budget and notices of public hearing is published in accordance with statutory requirements.
3. The proposed budget is subject to one or more public hearings before the City Council prior to adoption by ordinance, which must occur no later than September 15. The City Charter requires a two-thirds vote of the City Council to amend the proposed budget submitted by the Mayor.
4. Expenditures are legally restricted to budgetary appropriations at the department level within the General Fund and at the fund level for Special Revenue Funds, which are not departmentalized. Revisions, which alter the total expenditures of any such department or fund, must be approved by budget amendment ordinance adopted by the City Council at the request of the Mayor. Transfers of budgeted amounts between expenditure objects or programs within the same department and fund are authorized to be made administratively by the Director of Finance.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Capital Projects Fund, which is budgeted on a project basis. Formal budgetary integration is not employed in the Debt Service Funds because effective budgetary control is alternatively achieved through the respective bond indentures and provisions.
6. Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Comparisons of budgeted and actual results of operation are presented for the General Fund and Special Revenue Funds in the accompanying financial statements. The Capital Projects Fund is not included in this budget, and actual comparison, as the capital budget which encompasses that fund, is presented on the basis of cumulative as opposed to annual budget amounts.
7. All budgetary appropriations, except capital project budgets, lapse at the end of each fiscal year.
8. Budgeted amounts are as originally adopted or as amended by the City Council. The originally adopted General Fund expenditure budget of \$80,966,755 was amended during the fiscal year to reduce operational expenditures by \$3,400,000 and to provide for additional transfer of \$8,908,632 for expenses related to Hurricane Laura, bringing the total expenditure budget to \$86,475,387. Operating revenues proposed to total \$77,494,054 but were amended to \$75,655,929, a reduction of \$1,838,125 due to the coronavirus. The original adopted budget anticipated that \$3.5 million of fund balance reserves would be needed for fiscal year 2020; however, the amended budget reflected that \$10.8 million would be needed, primarily in response to the coronavirus and Hurricane Laura.

The originally adopted amount of all Special Revenue Funds was \$42,342,463. Amendments increased the budget by \$51,600,958 and resulted in the final total Special Revenue Fund budget of \$93,943,421. The increase in the annual amendment was primarily in response to the

NOTES TO FINANCIAL STATEMENTS

coronavirus and Hurricane Laura. An annual amendment is necessary in response to grant awards compared to actual expenditures within the fiscal year.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Funds.

In accordance with generally accepted accounting principles, outstanding encumbrances at year end for which goods or services have been received are reclassified to expenditures and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year end and are either canceled or are included as re-appropriations of fund balance for the subsequent year. Encumbrances at year end in funds that are budgeted on a project basis, including Enterprise Fund construction projects, are carried forward along with their related appropriations and are not subject to an annual cancellation and re-appropriation. Such balances are classified as committed fund balance in the Capital Project Fund. Significant project encumbrances are included in the “construction commitments” section of the capital asset note disclosure. The total amount reserved for encumbrances in all funds at fiscal year ended September 30, 2020 are as follows:

Major Funds:	
Capital Projects	\$ 12,517,461
Proprietary Funds:	
Mallard Golf Course	85,618
Transit	484,757
Water Utility	3,187,733
Total Proprietary Funds	3,758,108
Total Reserved for Encumbrances	
Fiscal Year ended September 30, 2020	\$ 16,275,569

C. Excess of Expenditures Over Appropriations and Deficit Fund Equity

There was no deficit fund equity in any fund at fiscal year ended September 30, 2020.

D. Unfavorable Revenue & Expenditure Variances

The revenue received from the Recreation Special Revenue Fund was \$3,458,015 which was \$87,996 less than the \$3,546,011 budgeted amount. The unfavorable variance in this special revenue fund is attributable to lower than anticipated charges for services, due primarily to the coronavirus pandemic.

The 2015 One-Quarter Cent Sales Tax Special Revenue Fund was \$1,577,532, which was \$44,968 less than the \$1,622,500 budgeted amount. The unfavorable variance in this special revenue fund is attributable to lower than anticipated sales taxes, due primarily to the coronavirus pandemic. The revenue received from the Community Development Special Revenue Fund was \$324,327 which was \$4,842 less than the \$329,169 budgeted amount. The unfavorable variance in this special revenue fund is attributable to variances in grant program revenues, which are budgeted on the basis of grant awards but actual revenues received are based on annual expenditure reimbursements in those funds.

The revenue received from the Disaster Recovery Special Revenue Fund was \$47,619,846 which was \$4,354 less than the \$47,624,200 budgeted amount. The unfavorable variance in this special revenue fund is attributable to lower than anticipated intergovernmental revenues, due partially to the

NOTES TO FINANCIAL STATEMENTS

coronavirus pandemic and partially to Hurricane Laura. The expenditures from the Economic Development District Fund were \$2,926 which was \$1,926 more than the budgeted amount. The unfavorable variance is attributable to higher than anticipated expenditures related to special charges.

4. Detailed Notes on All Funds

A. Deposits and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet within "cash and investments" or "restricted cash and investments" where applicable. Legal and contractual provisions with respect to deposits and investments are substantially the same for all funds and fund types.

Demand deposits of the City are maintained under a banking agreement in which account balances are collateralized entirely by U.S. Treasury and government agency securities held by a Federal Reserve Bank in the City's name. The bank balance of such deposits at September 30, 2020 was \$146,393,009 (carrying amount \$139,764,541).

The total includes restricted cash in the amount of \$1,816,666 from customer deposits in the Water Utility Enterprise Fund. The amounts do not include petty cash of \$21,150 or \$5,630,920 that is on deposit with a third party for bond reserves and the administration of the City's insurance claims. It also does not include a cash overdraft of \$2,761,469 reported as accounts payable in the Disaster Recovery Special Revenue Fund and Transit Enterprise Fund.

The carrying amounts of cash deposits for component units at their respective balance sheet dates were \$594,701 for City Court and \$560,497 for the Ward Three Marshal. These amounts were fully covered by federal deposit insurance or were collateralized entirely by U.S. Treasury and government agency securities held by a Federal Reserve Bank in the entity's name.

Fair Value Reporting – Investments

Investments are stated at fair value and are categorized within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value. Level 1 inputs are quoted prices for identical items in active markets; Level 2 inputs are those that are either directly or indirectly observable for similar items; Level 3 inputs are unobservable inputs.

The City utilizes the market-based approach for determining the fair value of investments. Level 1 investments are valued using prices quoted for identical assets in active, liquid, and visible markets. Level 2 investments are valued using quoted prices in active or inactive markets for similar investments, or other valuations based on matrix, cost, or market pricing techniques. The city has no Level 3 investments. Louisiana Asset Management Pool (LAMP) is excluded from fair value assessment. As of September 30, 2020, the City had the following investments and maturities:

NOTES TO FINANCIAL STATEMENTS

Investment type	Maturity	Fair Value/ Net Asset Value
U.S. agencies callable	Less than 1 year	793,686
Federal Farm Credit Bank (Level 2)		199,965
Federal Home Loan Mortgage Corporation (Level 2)		423,332
Federal National Mortgage Association (Level 2)		170,389
U.S. agencies callable	1 - 5 year	18,205,490
Federal Farm Credit Bank (Level 2)		4,995,175
Federal Home Loan Mortgage Corporation (Level 2)		4,997,496
Federal National Mortgage Association (Level 2)		8,212,819
Louisiana Asset Management Pool (Net Asset Value)		48,161,526
		<u>\$ 67,160,702</u>

Credit Risk – Investments

The City's investment program is authorized and limited by state statute and city policy to purchases of securities issued or guaranteed by the U.S. Government and its agencies or instrumentalities and participation in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit local government money-market type (2a-7-like) investment pool sponsored by the State of Louisiana. This pool is rated "AAA" by Standard & Poor's. Security investments are carried at fair value; investment in LAMP is carried at cost, which approximates market value. With the exception of LAMP, all of the City's investments are held in the City's name by its custodial bank. The City's investment policy does not specifically limit investment maturities, except for a general requirement that funds used for operation be invested within a three-year final maturity range. This policy assumes that callable investments will not be called. The City's investment policy states that financial or credit risk, as distinguished from market risk, is not acceptable for any investment in either short or long term investment categories.

The City does not directly invest in commercial paper, which is permitted by state statute. However, such investments are made by LAMP, which are subject to concentration and maturity limitations of its investments policy.

The City's investments in U.S. Agency Securities were primarily rated "AAA" by Standard and Poor's and Fitch Ratings and "Aaa" by Moody's Investors Services. The City's investment policy does not specifically limit concentration with individual issuers. The policy states that financial or credit risk, as distinguished from market risk, is not acceptable for any investment in either short or long term investment categories.

Interest Rate Risk – Investments

The City's policy on investments places primary order of emphasis on 1) the safety of principal; 2) the liquidity of the investment, in order to enable the City to meet reasonably expected operating and capital funding requirements; and 3) the yield or return on investment.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investment. Investments are exposed to custodial credit risk if the securities are (a) uninsured and unregistered and held by the

NOTES TO FINANCIAL STATEMENTS

counterparty; or (b) uninsured, unregistered and held by the counterparty's trust department or agent but not in the name of the City.

According to the City's investment policy for investment purchases, the fiscal agent bank merely executes the necessary wire-transfer services to support the City's investment transactions and is therefore not a counterpart to the investment transactions. As such, these investments are not subject to custodial credit risk since the fiscal agent bank is not a party to the original investment purchases and is only holding the book-entry securities in a securities safekeeping account in the name of the City of Lake Charles.

B. Receivables

Receivables as of year-end for the City of Lake Charles's individual major funds and non-major and internal service funds in the aggregate, including the applicable allowances for uncollectable accounts are as follows:

Governmental-type Activities	General	Disaster Recovery	Riverboat Gaming	Wastewater	Debt Service
Receivables:					
Accounts	\$ 3,439,838	\$ 7,300,000	\$ -	\$ 2,849,690	\$ -
Taxes	4,335,377	-	-	359,753	-
Property standards & special assessment	-	-	-	-	-
Interest	4,306	-	-	-	-
Intergovernmental	60,286	36,848,666	439,933	-	116,001
Gross receivables	7,839,807	44,148,666	439,933	3,209,443	116,001
Less: allowance for uncollectable	(1,071,419)	(687,945)	-	(491,188)	-
Net total receivables	\$ 6,768,388	\$ 43,460,721	\$ 439,933	\$ 2,718,255	\$ 116,001

Governmental-type Activities (continued)	Capital Projects	Non-major Funds	Internal Service	Total Governmental Activities
Receivables:				
Accounts	\$ 223,431	\$ 13,155	\$ 548,608	\$ 14,374,722
Taxes	629,567	329,862	-	5,654,559
Property standards & special assessment	196,865	-	-	196,865
Interest	6,863	-	4,983	16,152
Intergovernmental	-	163,365	-	37,628,251
Gross receivables	1,056,726	506,382	553,591	57,870,549
Less: allowance for uncollectable	-	-	-	(2,250,552)
Net total receivables	\$ 1,056,726	\$ 506,382	\$ 553,591	\$ 55,619,997

NOTES TO FINANCIAL STATEMENTS

Receivables as of year-end for the City of Lake Charles's individual enterprise funds in the aggregate including the applicable allowances for uncollectable accounts are as follows:

Business-type Activities	Civic Center	Golf Course	Public Transit	Water	Total Business-Type Activities	Total Government
Receivables:						
Accounts	\$ 17,136	\$ -	\$ 8,519	\$ 2,679,461	\$ 2,705,116	\$ 17,079,838
Taxes	-	-	-	-	-	5,654,559
Property standards & special assessment	-	-	-	-	-	196,865
Interest	-	-	-	2,257	2,257	18,409
Intergovernmental	-	-	1,536,374	-	1,536,374	39,164,625
Gross receivables	17,136	-	1,544,893	2,681,718	4,243,747	62,114,296
Less: allowance for uncollectable	-	-	-	(493,128)	(493,128)	(2,743,680)
Net total receivables	\$ 17,136	\$ -	\$ 1,544,893	\$ 2,188,590	\$ 3,750,619	\$ 59,370,616

Intergovernmental receivables consisted of the following, net of uncollectable allowance of \$687,945:

Governmental-type activity:	
Calcasieu Parish Policy Jury	\$ 498,325
Calcasieu Parish Tax Assessor	2,027
Lake Charles City Court	116,001
U.S. Department of Justice	59,316
Community Development Grant	84,866
LA Department of Treasury	306,331
LA Commission on Law Enforcement and Admin. Of Criminal Justice Grant	13,645
LA Department of Military Affairs	35,859,795
Total Government-type activities	<u>36,940,306</u>
Business-type activity:	
LA Department of Transportation	698
LA Department of Treasury	1,535,676
Total Business-type activities	<u>1,536,374</u>
Total Primary government	<u>\$ 38,476,680</u>

NOTES TO FINANCIAL STATEMENTS

C. Capital Assets

Capital asset activity for the fiscal year ended September 30, 2020 was as follows:

Primary Government
Governmental Activities:

Asset	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets - not being depreciated:				
Land	\$ 16,199,452	\$ 160,200	\$ -	\$ 16,359,652
Construction in progress	14,138,475	7,136,798	(4,053,629)	17,221,644
Total capital assets - not being depreciated	30,337,927	7,296,998	(4,053,629)	33,581,296
Capital assets - being depreciated:				
Buildings	57,262,996	155,972	(114,369)	57,304,599
Improvements	113,864,422	1,435,457	(1,604,343)	113,695,536
Machinery & Equipment	41,954,222	3,173,631	(2,215,534)	42,912,319
Infrastructure	379,759,490	17,690,094	-	397,449,584
Total capital assets - being depreciated	592,841,130	22,455,154	(3,934,246)	611,362,038
Less accumulated depreciation for:				
Buildings	(32,219,118)	(2,373,016)	112,773	(34,479,361)
Improvements	(40,225,251)	(4,816,817)	827,470	(44,214,598)
Machinery & Equipment	(28,012,736)	(3,783,827)	2,138,966	(29,657,597)
Infrastructure	(147,836,287)	(8,999,416)	-	(156,835,703)
Total accumulated depreciation	(248,293,392)	(19,973,076)	3,079,209	(265,187,259)
Total capital assets - being depreciated, net	344,547,738	2,482,078	(855,037)	346,174,779
Governmental activities capital assets, net	\$ 374,885,665	\$ 9,779,076	\$ (4,908,666)	\$ 379,756,075

The assets of the Internal Service Funds are included in the table for assets related to governmental-type activities. Total assets are \$57,620 with accumulated depreciation of \$42,446. Remaining value of assets at September 30, 2020 equaled \$15,174; and this total is included in the net asset statement for the Governmental-type activities.

NOTES TO FINANCIAL STATEMENTS

Business-type activities:

Asset	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets - not being depreciated:				
Land	\$ 2,185,506	\$ -	\$ -	\$ 2,185,506
Construction in progress	2,313,100	3,967,011	(84,735)	6,195,376
Total capital assets - not being depreciated	4,498,606	3,967,011	(84,735)	8,380,882
Capital assets - being depreciated:				
Buildings	26,218,792	393,745	(156,469)	26,456,068
Improvements	110,883,372	1,839,790	(505,732)	112,217,430
Machinery & Equipment	10,701,362	1,538,646	(618,556)	11,621,452
Total capital assets - being depreciated	147,803,526	3,772,181	(1,280,757)	150,294,950
Less accumulated depreciation for:				
Buildings	(20,602,060)	(246,752)	136,056	(20,712,756)
Improvements	(50,371,155)	(3,195,847)	458,050	(53,108,952)
Machinery & Equipment	(7,541,275)	(984,947)	613,019	(7,913,203)
Total accumulated depreciation	(78,514,490)	(4,427,546)	1,207,125	(81,734,911)
Total capital assets, being depreciated, net	69,289,036	(655,365)	(73,632)	68,560,039
Business-type activities capital assets, net	\$ 73,787,642	\$ 3,311,646	\$ (158,367)	\$ 76,940,921

Depreciation expense was charged to functions / programs of the primary government as follows:

Governmental activities:	
General government	\$ 261,536
Public safety	2,012,655
Public works	15,930,315
Planning and development	40,551
General services	343,080
Community services	1,380,265
Capital assets held by the government's internal service funds are charges to the various functions based on their usage of the assets	4,674
Total depreciation expense - governmental activities	<u>\$ 19,973,076</u>
Business-type activities:	
Civic Center	\$ 1,295,007
Golf Course	230,194
Transit	696,828
Water	2,205,517
Total depreciation expense - business-type activities	<u>\$ 4,427,546</u>

NOTES TO FINANCIAL STATEMENTS

D. Discretely Presented Component Units

Capital asset activity for the year ended December 31, 2019 was as follows for City Court:

Governmental activities	Balance 1/01/2019	Additions	Deletions	Balance 12/31/2019
Governmental activities:				
Equipment	\$ 182,105	\$ 2,992	\$ (161,131)	\$ 23,966
Furniture and fixtures	99,307	-	(28,222)	71,085
Software	192,457	-		192,457
Total at historical cost	473,869	2,992	(189,353)	287,508
Less accumulated depreciation:				
Equipment	(91,174)	(8,940)	87,340	(12,774)
Furniture and fixtures	(39,013)	(3,825)	4,045	(38,793)
Software	(19,685)	(19,685)		(39,370)
Total accumulated depreciation	(149,872)	(32,450)	91,385	(90,937)
Governmental activities capital assets, net	\$ 323,997	\$ (29,458)	\$ (97,968)	\$ 196,571

Capital asset activity for the year ended December 31, 2019 was as follows for City Marshal:

Governmental activities	Balance 1/01/2019	Additions	Deletions	Balance 12/31/2019
Governmental activities:				
Automobiles & equipment	\$ 605,122	\$ 21,544	\$ -	\$ 626,666
Furniture and fixtures	13,763	-	-	13,763
Buildings & improvements	42,268	-	-	42,268
Totals at historical cost	661,153	21,544	-	682,697
Less accumulated depreciation:				
Automobiles & equipment	(543,914)	(28,877)	-	(572,791)
Furniture and fixtures	(11,785)	(1,966)	-	(13,751)
Buildings & improvements	(5,249)	(1,057)	-	(6,306)
Total accumulated depreciation	(560,948)	(31,900)	-	(592,848)
Governmental activities capital assets, net	\$ 100,205	\$ (10,356)	\$ -	\$ 89,849

NOTES TO FINANCIAL STATEMENTS

E. Construction Commitments

The City had total commitments of \$14,107,028 with contractors for unfinished construction projects as of September 30, 2020 categorized as follows:

Project type	Expended to date	Remaining commitment
Streets and storm drainage	\$ 2,401,540	\$ 7,897,832
Waterlines	381,262	523,903
Water Facilities	2,475,313	2,337,184
Sanitary sewer rehabilitation	1,447,330	918,232
Recreation / community facilities	727,679	2,344,259
Mallard Cove Golf Course	-	85,618
Total	\$ 7,433,124	\$ 14,107,028

All remaining commitments are financed from City revenues previously received.

F. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2020 is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Civic Center Fund	\$ 53,222
	Golf Course	\$ 50,095
	Wastewater Fund	501
	Water Fund	1,609
	Transit Fund	93,795
	Non-major Governmental Funds	102,556
	Disaster Recovery Fund	General Fund
Debt Service Fund	General Fund	15,727
Riverboat Gaming Fund	Non-major Governmental Funds	36,454
Wastewater Fund	Disaster Recovery Fund	435
Non-Major Governmental Funds	General Fund	205,545
Total		\$ 11,364,585

NOTES TO FINANCIAL STATEMENTS

Interfund Transfers:

Transfer out:	General Fund	Riverboat Fund	Wastewater Fund	Debt Service	Capital Project Fund	Other Special Revenue Funds	Golf Course
Transfer in:							
Debt Service	\$ 293,100	\$ 3,113,700	\$ 3,400,000		\$ 2,249,000	\$ -	\$ -
Disaster Recovery	\$ 10,805,000						
Capital Projects	3,000,000	5,500,000	3,100,000	50,121	-	2,310,000	984,204
Non-major Governmental	343,090	603,546	-		-	-	-
Civic Center	296,778	-	-		-	-	-
Golf Course	1,284,906	900,000	400,000		1,000,000	-	-
Transit	236,750	-	-		250,602	-	-
Water	320,000	-	-		-	-	-
Wastewater	325,000						
Total	\$ 16,904,624	\$ 10,117,246	\$ 6,900,000	\$ 50,121	\$ 3,499,602	\$ 2,310,000	\$ 984,204

Transfers are used to move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due. Unrestricted general fund revenues are transferred to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs and proprietary fund operations.

NOTES TO FINANCIAL STATEMENTS

G. Long-Term Debt

Bonds payable as of September 30, 2019 are comprised of the following individual issues and are entirely related to governmental activities:

<p><u>\$ 17,735,000</u> <u>2009 Revenue Refunding Bonds - LCDA</u> Original issue was for construction of sewer treatment facility due in amounts of \$1,270,000 to \$1,750,000 through 2021; interest rates of 2% to 4%.</p>	<p>\$ 1,750,000</p>
<p><u>\$ 15,825,000</u> <u>2014 Fixed Rate Revenue Refunding Bonds - LCDA</u> Original issue was for City of Lake Charles Public Improvement Projects (roads, utilities, downtown/lakefront development, economic development and parks) due in annual amounts of \$50,000 to \$2,450,000 through 2027; interest rates of 2% to 5%.</p>	<p>11,760,000</p>
<p><u>\$ 24,140,000</u> <u>2017 Fixed Rate Revenue Refunding Bonds - LCDA</u> Original issue was for City of Lake Charles Public Improvement Projects (roads, utilities, downtown/lakefront development, economic development and parks) due in the annual amounts of \$1,715,000 to \$3,050,000 through 2027; interest rates of 4% to 5%.</p>	<p>22,425,000</p>
<p>Total bonds payable</p>	<p><u>\$ 35,935,000</u></p>

The Revenue Bonds are subject to arbitrage rules. Arbitrage calculations are done as required.

Annual debt service requirements to maturity of the bonds are as follows:

Governmental Activities			
Year ending September 30:	Principal	Interest	Total
2021	6,145,000	1,528,925	7,673,925
2022	4,410,000	1,284,825	5,694,825
2023	4,760,000	1,088,075	5,848,075
2024	4,840,000	853,575	5,693,575
2025	5,055,000	634,400	5,689,400
2026	5,255,000	439,650	5,694,650
2027	5,470,000	224,500	5,694,500
Total	\$ 35,935,000	\$ 6,053,950	\$ 41,988,950

NOTES TO FINANCIAL STATEMENTS

Direct Placement Debt as of September 30, 2020 is comprised of the following individual issues and are entirely related to governmental activities:

\$ 21,000,000 2011 Louisiana Department of Environmental Quality Loan - Original issue was for rehabilitation and rebuild of existing wastewater treatment facility due in amounts of \$212,000 to \$2,691,000 through 2032; interest rates of 0.45% and administrative fee of 0.50% - direct placement. \$ 14,618,001

\$ 3,000,000 2011 Calcasieu Parish Public Trust Authority Revenue Bonds Original issue was for the construction of Lake Charles City Court Building due in the annual amounts of \$95,000 to \$175,000 through 2031; interest rates of 3.783% - direct placement. 965,000

Total direct borrowing \$ 15,583,001

Annual debt service requirements to maturity of the direct placement are as follows:

Governmental Activities			
Year ending September 30:	Principal	Interest	Total
2021	1,174,000	99,639	1,273,639
2022	1,194,000	89,501	1,283,501
2023	1,208,000	79,034	1,287,034
2024	1,224,000	68,336	1,292,336
2025 - 2029	5,830,000	200,320	6,030,320
2030 - 2032	4,953,001	51,618	5,004,619
Total	\$ 15,583,001	\$ 588,448	\$ 16,171,449

The City of Lake Charles has approval from the Lake Charles City Council and the State Bond Commission to issue \$20 million from the Louisiana Department of Health Drinking Water Revolving Loan Fund (DWRLF) and \$15 million from the Louisiana Department of Environmental Quality Revolving Loan Fund.

NOTES TO FINANCIAL STATEMENTS

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2020 was as follows:

	Balance 10/01/2019	Additions	Reductions	Balance 9/30/2020	Due within one year
Governmental activities:					
Bonds payable:					
Revenue Refunding Bonds	\$ 3,430,000	\$ -	\$ (1,680,000)	\$ 1,750,000	\$ 1,750,000
Deferred amount of revenue bonds	78,407	-	(39,203)	39,204	39,203
Revenue Bonds LC Public Imp 2010	2,315,000	-	(2,315,000)	-	-
Deferred amount of revenue bonds	86,425	-	(86,425)	-	-
Revenue Refunding Bonds LC Public Imp 2014	11,925,000	-	(165,000)	11,760,000	170,000
Deferred amount of revenue bonds	575,201	-	(69,721)	505,480	69,721
Revenue Refunding Bonds LC Public Imp 2017	24,140,000	-	(1,715,000)	22,425,000	4,225,000
Deferred amount of revenue bonds	2,950,182	-	(368,773)	2,581,409	368,773
Total bonds payable	45,500,215	-	(6,439,122)	39,061,093	6,622,697
Compensated absences	4,382,499	704,811	(370,966)	4,716,344	200,000
Other post-employment benefits	6,871,354	551,654	(339,973)	7,083,035	-
Net pension liability	64,456,461	12,567,046	(9,921,454)	67,102,053	-
LC City Court building-direct placement	1,105,000	-	(140,000)	965,000	140,000
DEQ loan - direct placement	15,642,001	-	(1,024,000)	14,618,001	1,034,000
Cooperative endeavor - Sales Tax Dist. 3	264,492	-	(264,492)	-	-
Long-term liabilities	\$ 138,222,022	\$ 13,823,511	\$ (18,500,007)	\$ 133,545,526	\$ 7,996,697
Business-type activities:					
Compensated absences	\$ 702,476	\$ (62,965)	\$ 89,143	\$ 728,654	\$ 5,000
Other post-employment benefits	1,002,799	82,161	(50,790)	1,034,170	-
Net pension liability	4,651,662	865,546	(614,210)	4,902,998	-
Long-term liabilities	\$ 6,356,937	\$ 884,742	\$ (575,857)	\$ 6,665,822	\$ 5,000

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$155,926 of internal service compensated absences; \$61,112 OPEB liabilities and \$508,780 in Net Pension liabilities are included in the above statement.

NOTES TO FINANCIAL STATEMENTS

In the current year, compensated absences were paid from the following governmental funds:

General Fund	Wastewater Fund	Other Special Revenue Funds
\$ 240,189	\$ 86,575	\$ 44,201

In the current and prior years, other post-employment benefits and net pension liabilities are paid primarily from the General Fund.

Refunding of Bonds

The City has issued 2014 and 2017 Revenue Refunding Bonds. In both transactions, the reacquisition price exceeded the net carrying amount of the old debt. This amount of \$1,100,886 is being reported as a deferred outflow of resources and amortized over the life of the new debt, which is the same as the old debt. The amount includes \$635,908 from the 2014 Revenue Refunding Bonds and \$464,978 from the 2017 Revenue Refunding Bonds. Amortization for 2020 was \$90,843 and 77,496 for each respective issue.

5. Other Information

A. Risk Management

As of July 1, 1986 the City became self-insured with regard to workmen's compensation, auto liability, general liability, and a portion of police professional liability risk. The Risk Management Fund was established as an internal service fund at that date to account for all claims, expenses and administrative costs related to these self-insured and retained risks. The fund uses a third-party administrator to service and estimate claim losses, and uses both in-house legal staff and outside counsel for defense of self-insured claims. Excess risk or stop-loss coverages are used to limit retained risk where feasible, and the cost of such coverages is also paid through the Risk Management Fund.

As an internal service activity, the Risk Management Fund is a proprietary fund in which both current and long-term liabilities for claims and losses are recognized and reported when the liability is incurred. Financial resources are provided to the fund primarily through internal service charges that are distributed among other departments and funds in proportion to estimated risk and prior loss experience. A portion of the fund's accumulated resources is designated for catastrophic losses as provided by authorizing ordinance. Any remaining fund equity is reserved for subsequent workmen's compensation and other liability claims on an aggregate basis.

The Risk Management Fund also accounts for payment of hazard insurance premiums and third-party claims administration services under a comprehensive risk limitation and insurance program. Under this program, the City's retained risk for all auto liability and general liability is generally limited to a maximum of \$500,000 per claim or loss. The City's self-insured retention for workmen's compensation is \$1.5 million for fire and police and \$1.125 million for all other employees.

Total net position at September 30, 2020 was \$19,396,348. Specific ordinance authorization is required of any claim in excess of \$100,000 or for any reduction or use of the amount designated for catastrophic losses. However, all estimable claims are accrued as current or long-term liabilities when incurred, without regard to the level of authorization required for payment.

The City established a self-insurance program for employee health benefits as of January 1, 1993 and accounts for this program through a separate internal service fund. Total net position of that fund at

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 was \$4,763,483. The amount of risk retained by the fund during 2020 was limited to \$150,000 per claimant through use of purchased stop-loss coverage.

Changes in the balances of claims liabilities during the past year are as follows:

	Risk Management	Employee Insurance	Totals
Unpaid claims, beginning of fiscal year 2019:	\$ 6,133,096	\$ 2,050,000	\$ 8,183,096
Incurred and adjusted claims	3,578,578	9,264,626	12,843,204
Claim payments	(3,670,334)	(9,064,626)	(12,734,960)
Unpaid claims, beginning of fiscal year 2020:	6,041,340	2,250,000	8,291,340
Incurred and adjusted claims	3,480,464	10,120,683	13,601,147
Claim payments	(3,670,334)	(9,064,626)	(12,734,960)
Total unpaid claims September 30, 2020:			
Current claims due within one year	5,246,580	2,250,000	7,496,580
Long-term claims due one year or more	1,543,860	-	1,543,860
Total unpaid claims September 30, 2020:	\$ 6,790,440	\$ 2,250,000	\$ 9,040,440

B. Property Tax

The City levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the City on property values assessed by the Calcasieu Parish Tax Assessor and approved by the State of Louisiana Tax Commission. All millages except the General Alimony tax were reauthorized in 2016 for an additional 10 years. The distribution of the City's levy (tax rate per \$1,000 assessed value) to its funds was as follows for 2020 and 2019:

Tax	Fiscal year 2020	Fiscal year 2019
General Alimony	6.02	6.02
Special recreation	1.69	1.69
Employee salary	5.23	5.23
Special street improvement	2.29	2.29
Total Millage	15.23	15.23

C. Contingencies and Commitments

The City has a number of outstanding contracts, the breach of any, of which could result in a liability to the City. The amount of the liability to the City at September 30, 2020, if any, is not estimable.

D. Joint Service Agreements

The City of Lake Charles and the Calcasieu Parish Police Jury entered into a joint service agreement, with an effective date of January 1, 2010, regarding operational responsibility for a consolidated animal services and shelter program. The term of the agreement was for the calendar year 2010 through 2012, with an optional to renew for additional years. The City agreed to fund one-half of the operating

NOTES TO FINANCIAL STATEMENTS

budget, after the reduction for self-generated revenue and other specified grant revenue. The fifty percent amount is based on the average service call breakdown between the City and the Parish. The 2020 payment was \$591,988.

The City of Lake Charles and the Calcasieu Parish Police Jury are statutorily required to fund the operations of the Ward Three Court and Marshal's Office. The Parish paid the City \$229,210 in 2020 under this agreement.

On July 20, 2004, the City and the Calcasieu Parish Police Jury entered into a joint services agreement regarding the management of Fire Protection District 2 of Ward 3. In that agreement, the Parish dissolved the existing board of directors and assumed that responsibility. The City of Lake Charles assumed the day-to-day management of those operations, which would be inclusive of any budgetary, decision-making requirements. The Parish would continue to collect the property tax revenue on behalf of the District while paying the City for their management services. The ownership of the District's assets would not be transferred under this joint services agreement, and any costs associated with major improvements or capital expenditures would remain the responsibility of the District. The fee for the management services provided is the full amount of the property tax collections and the state revenue sharing collections paid to the District. In 2020, the Parish remitted \$2,594,400 to the City. The activity of this District is presented as a blended component unit of the Parish since the Police Jury's and the District's governing board are the same.

E Gaming Activity and Agreements

In 2007, the City of Lake Charles and the Calcasieu Parish Police Jury entered into a cooperative endeavor agreement thereby creating the Calcasieu Parish Gaming Revenue District which is responsible for collecting fees and assessments related to gaming activity conducted within the boundaries of the Parish and the City of Lake Charles and then distributing those collections to participating entities. The entities eligible for participation in this distribution are currently the Parish, the City of Lake Charles, the City of Sulphur, the City of Dequincy, the Town of Vinton, the Town of Iowa and the Town of Westlake. Specifically excluded from the definition of gaming revenues to be collected by the new district is the annual cash payment received by the Parish from the Isle of Capri. The City received \$9,413,068 during fiscal year 2020 as a result of this agreement.

F. Other Postemployment Benefits Other than Pensions (OPEB)

For the fiscal year ended September 30, 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement addresses the fact that certain postemployment benefits other than pensions, which for the City consists of healthcare benefits only, are related to employee services and salaries received presently but that will benefit the employee in the future, upon retirement, and whose costs will be borne by the City in the future.

Plan Description: The City provides certain continuing healthcare benefits for its retired employees. The City OPEB Plan is a single employer defined benefit plan administered by the City. The contribution requirements of the retirees and the participating employees are established in the annual operating budget and may be amended in the subsequent year by City management. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No.75.

Benefits Provided: Employees are eligible for retiree health benefits if they are eligible for a pension from their respective retirement system, and they are enrolled in the City of Lake Charles health plan at the time of retirement. City employees may retire upon attaining 1) age 60 with 10 years of service; or 2) at any age with 30 years of service. Police employees may retire upon attaining 1) age 55 with 12 years of service; or 2) at any age with 20 years of service. Fire employees may retire upon attaining 1) age 55 with 12 years of service; 2) age 50 with 20 years of service; or 3) at any age with 25 years of service. In addition, if an employee becomes disabled under the terms of his retirement system, he shall

NOTES TO FINANCIAL STATEMENTS

be eligible for medical benefits. City employees must have 10 years of service at time of disability. Police and fire employees must have 5 years of service at time of disability.

Upon election, spouses and children are eligible for coverage. In the event of death after satisfying the criteria for retirement, but prior to actual retirement, a surviving spouse and dependents are eligible for benefits. Participants over 65 are covered under a retiree-pay-all Medicare Advantage plan.

For coverage under the plan prior to age 65, retirees pay 100% of the blended active premium. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which for 2020 consisted of \$614 per month for retiree only and \$1,228 for retiree and dependent coverage. After age 65, retirees may participate in a retiree-pay-all Medicare Advantage plan. Three optional plans are administered by Blue Cross Blue Shield and are completely paid by the retiree. Pharmacy benefits are included. Therefore, there is no post-retirement benefit increase/liability to the City after age 65.

City employees, with at least 25 years of full time service and a retirement date after January 1, 2019, who retain City health insurance are now entitled to a \$300 per month supplement towards their monthly insurance premium. The City will provide for this supplement for up to 60 months, until the retiree becomes eligible for Medicare or reaches age 66, whichever occurs first.

Employees Covered by Benefit Terms: The September 30, 2020 total OPEB liability was determined using the October 1, 2019 actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	47
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>805</u>
Total	852

Total OPEB Liability

The City's total OPEB liability of \$8,117,205 was measured at September 30, 2020 and was determined by an actuarial valuation as of October 1, 2019.

Actuarial Assumptions and Other Inputs:

The total OPEB liability in October 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

- Actuarial Cost Method – Entry age normal
- Valuation date – October 1, 2019
- Measurement date – September 30, 2020
- Inflation rate was 2.5%; 2.3% used for medical trend inflation
- Salary Increase Rate - 2019 MERSLA Plan B report was used for city employees and the 2019 LAMPERS report was used for police and fire employees.

<i>MERSLA Plan B</i>		<i>LAMPERS</i>	
Years of Service	Salary Increase	Years of Service	Salary Increase
1-4	7.40%	1-2	9.75%
Above 4	4.90%	3-23	4.75%
		Above 23	4.25%

- Discount Rate was 2.21% net of expenses (reduced from 2.66% previously). The discount rate was based on the Bond Buyer 20-Bond General Obligation Index for the measurement dates.
- Health Care Cost Trend – see table on following page
- Coverage Assumption – 25% of active participants are assumed to elect medical coverage at retirement.

NOTES TO FINANCIAL STATEMENTS

- Marriage Assumptions - For active participants, husbands are assumed to be three years older than their wives. 25% of active participants making it to retirement are assumed to be married and elect spouse coverage. Actual spouse dates of birth are used for current retirees if provided.
- Mortality Rate was based on the PubG.H-2010 table projected forward with MP-2019. Pub-2010 tables for disabled lives and contingent survivors were also used.

Changes in the Total OPEB Liability

Balance at September 30, 2019	<u>\$ 7,874,153</u>
Change for the year:	
Service Cost	391,295
Interest Cost	214,698
Effect of Plan changes	0
Effect of Economic/Demographic gains or losses	0
Effect of assumption changes or inputs	27,822
Expected Benefit Payments	<u>(390,762)</u>
Net Changes	<u>(243,053)</u>
Balance at September 30, 2020	<u>\$ 8,117,206</u>

The amount of total OPEB liability estimated to be due and payable within one year is \$405,860

Sensitivity Analysis:

Sensitivity of the total OPEB liability to changes in the discount rate – The following table presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate.

	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB liability	<u>\$ 8,643,923</u>	<u>\$ 8,117,206</u>	<u>\$ 7,590,143</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate – The following table presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare trend rates – see tables below.

	<u>1% Decrease (8.8%)</u>	<u>Current Healthcare Cost (9.8%)</u>	<u>1% Increase (10.8%)</u>
Total OPEB liability	<u>\$ 7,168,173</u>	<u>\$ 8,117,206</u>	<u>\$ 9,256,010</u>

NOTES TO FINANCIAL STATEMENTS

The trend assumptions for medical, pharmacy, and retiree premiums are summarized below:

Year	With Excise Tax and Health Insurer Fee	Without Excise Tax and Health Insurer Fee	Year	With Excise Tax and Health Insurer Fee	Without Excise Tax and Health Insurer Fee
2019	9.80%	9.80%	2047 - 2048	5.50%	4.80%
2020	7.70%	7.70%	2049	5.40%	4.80%
2021	5.60%	5.60%	2050	5.40%	4.70%
2022	5.10%	5.10%	2051	5.30%	4.70%
2023	5.00%	5.00%	2052 - 2053	5.20%	4.70%
2024	4.90%	4.90%	2054 - 2055	5.20%	4.60%
2025	4.80%	4.80%	2056 - 2059	5.10%	4.60%
2026	4.70%	4.70%	2060 - 2062	5.00%	4.60%
2027 - 2030	4.60%	4.60%	2063 - 2064	4.90%	4.50%
2031	4.70%	4.70%	2065	4.80%	4.40%
2032	4.90%	4.70%	2066	4.70%	4.30%
2033 - 2034	5.10%	4.70%	2067	4.60%	4.30%
2035	5.30%	4.70%	2068	4.50%	4.20%
2036	5.60%	4.70%	2069	4.40%	4.10%
2037 - 2038	5.70%	4.70%	2070	4.30%	4.00%
2039	5.60%	4.70%	2071	4.20%	4.00%
2040 - 2043	5.60%	4.80%	2072	4.10%	3.90%
2044	5.50%	4.80%	2073	4.10%	3.80%
2045 - 2046	5.60%	4.80%	2074+	4.00%	3.80%

For the year ended September 30, 2020, the City recognized OPEB expense of \$1,178,563. At September 30, 2020, the City's actuarial valuation reported deferred outflows of resources of \$3,206,395. At September 30, 2020, the City's actuarial valuation did not report any deferred inflows of resources related to OPEB.

Deferred Inflows and Outflows

As of September 30, 2020, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$0	\$ 3,076,164
Changes of assumptions	0	130,231
Total	\$0	\$ 3,206,395

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

Year ended September 30	
2021	\$572,570
2022	572,570
2023	572,570
2024	572,570
2025	572,570
2026 & beyond	343,545

NOTES TO FINANCIAL STATEMENTS

G. Retirement Commitments

Plan Descriptions

The City participates in four 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), Municipal Police Employees' Retirement System (MPERS), Firefighters' Retirement System (FRS) 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 required 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 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. The reports for MERS, MPERS, FRS, and LASERS may be obtained at www.mersla.com, www.lampers.org, www.lafirefightersret.com and www.lasersonline.org respectively. The Municipal Employees' Retirement System (MERS) issues a publicly available financial report, which may be obtained by writing to that system at 9737 Office Park Boulevard, Baton Rouge, LA 70809. The financial report for the Municipal Police Employees' Retirement System (MPERS) may be obtained by writing to that system at 8401 United Plaza Boulevard Suite 270, Baton Rouge, LA 70809-7017. The financial report for the Firefighters' Retirement System (FRS) may be obtained by writing to that system at P.O. Box 94095, Capitol Station, Baton Rouge, LA 70804-9095. The financial report for LASERS may be obtained by writing to that system at 8401 United Plaza Blvd., #100, Baton Rouge, LA 70809.

Plan Description- MERS

MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana and is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City of Lake Charles are members of Plan B. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all full-time elected municipal officials are eligible to participate in MERS.

Plan Description- MPERS

All full-time police department employees engaged in law enforcement are required to participate in MPERS providing he or she does not have to pay social security and providing he or she meets the statutory criteria. MPERS provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through MPERS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233.

Plan Description- FRS

The Firefighters' Retirement System (FRS) is the administrator of a cost-sharing, multiple-employer, defined benefit pension plan. Membership in the System is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire

NOTES TO FINANCIAL STATEMENTS

protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. The System provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability include all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief 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.

Any person who becomes an employee as defined in LRS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment.

No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Plan Description- LASERS

The City 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

Retirement Benefits- MERS (Plan B)

Any member of Plan B hired before January 1, 2013 may retire at any age with 30 years of creditable service or at age 60 with at least 10 years of creditable service. Any member of Plan B hired on or after January 1, 2013 may retire at age 67 with at least 7 years of creditable service, at age 62 with at least 10 years of creditable service, or at age 55 with at least 30 years of creditable service. Members hired on or after January 1, 2013 are also eligible to retire at any age with at least 25 years of creditable service, but their benefit will be actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any of the previously-mentioned provisions, if the member had continued in service to that age. Members are entitled to a retirement benefit, payable monthly for life, equal to 2% of the member's final compensation (defined below) multiplied by the member's years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

Final average compensation is the average monthly earnings during the highest 60 consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

NOTES TO FINANCIAL STATEMENTS

Retirement Benefits- MPERS

Members of MPERS with membership beginning prior to January 1, 2013 are eligible for regular retirement after he or she has been a member of MPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years of creditable service and is age 55. A member is eligible for early retirement after he or she has been a member of MPERS for 20 years of creditable service at any age with an actuarially reduced benefit. Members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent (3.33 percent) of the member's final compensation (employee's average salary over the 36 consecutive or joined months that produce the highest average) multiplied by the member's years of creditable service.

Members of MPERS with membership beginning on or after January 1, 2013 are eligible for regular retirement, early retirement, disability and survivor benefits based on Hazardous Duty and Non-Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he or she has been a member of MPERS and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub plan, a member is eligible for regular retirement after he or she has been a member of MPERS and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he or she has been a member of MPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the Hazardous and Non-Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100 percent of final salary.

In 1999, the State Legislature authorized MPERS to establish an Initial Benefit Option program. This is available to MPERS members who are eligible for regular retirement but have not participated in DROP. This program provides both a one-time single sum payment of up to 36 months of the regular monthly retirement benefit, plus a reduced monthly retirement benefit for life.

Retirement Benefits- FRS

Members of the FRS with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333 percent of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

Retirement Benefits- LASERS

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. Members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Members may also choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5 percent to 3.5 percent of average compensation multiplied by the number of years of creditable service. Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after

NOTES TO FINANCIAL STATEMENTS

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, 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 percent accrual rate, hazardous duty plan a 3.33 percent accrual rate, and judges a 3.5 percent accrual rate. Act 992 eliminated the extra 1 percent 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. 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. 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 is ten years of service.

Deferred Retirement Options

In lieu of terminating employment and accepting a service retirement allowance, any member of MERS who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. A MERS member may participate in DROP only once. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment, are credited to the MERS member's individual DROP account. Interest is earned when the member has completed DROP participation. Upon termination of employment prior to or at the end of the participation period, the member may receive a lump sum from the account or a true annuity based on the account balance. If employment is not terminated at the end of the three year DROP participation period, payments into the DROP account cease and the person resumes active contributing membership in MERS.

A member of MPERS is eligible to enter DROP when he or she is eligible for regular retirement based on the members' sub plan participation. At the entry date into DROP, employee and employer contributions cease. The amount deposited into the DROP account for MPERS members is equal to the benefit computed under the retirement plan elected by participant date of application. Interest is earned when the MPERS member has completed DROP participation. Upon termination of employment prior to or at the end of the participation period, the MPERS member may receive a lump sum from the account or a true annuity based on the account balance.

A member of FRS may elect to participate in the deferred retirement option plan (DROP) for up to 36 months, after completing 20 years of creditable service and age 50 or 25 years at any age. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires. Effective June 16, 1999, 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

NOTES TO FINANCIAL STATEMENTS

future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

A member of LASERS is eligible to enter DROP when he or she is eligible for regular retirement based on service requirements. The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004, are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors. Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits

A member of MERS Plan B is eligible to retire and receive a disability benefit if he or she has at least 10 years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. The monthly maximum retirement benefit under Plan B of MERS is the lesser of an amount equal to two percent of member's final compensation multiplied by years of service (not less than 30 percent of member's final compensation) or an amount equal to what the member's normal retirement benefit would be based on final compensation at time of disability, but assuming continuous service until member's earliest normal retirement age.

A member of MPERS is eligible to retire and receive a disability benefit if he or she has been certified as disabled by the State Medical Disability Board. If the disability incurred is job-related, there is no minimum creditable service requirement. If the disability is non-job-related, a minimum of 10 years of creditable service is required if the member was employed on or after July 1, 2008. Members of MPERS employed prior to July 1, 2008 must have a minimum of 5 years of creditable service to be eligible to retire with disability benefits if the disability incurred is non-job-related. The disability benefit received by a MPERS member is equal to three percent of his or her final average compensation multiplied by years of creditable service (not less than 40%, nor more than 60% of final average compensation). At the time the disabled MPERS member reaches normal retirement age, he or she will have the option to continue to receive the disability retirement benefit or to receive his or her vested retirement benefit.

A member of FRS disability benefit or any member who has been officially certified as totally disabled solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member, is entitled to disability benefits. Any member under the age of fifty who becomes totally disabled will receive a disability benefit equal to 60 percent of final compensation for an injury received in the line of duty; or 75 percent of his accrued retirement benefit with a minimum of 25 percent of average salary for any injury received, even though not in the line of duty. Any member age fifty or older who becomes

NOTES TO FINANCIAL STATEMENTS

totally disabled from an injury sustained in the line of duty is entitled to a disability benefit equal to the greater of 60 percent final compensation or his accrued retirement benefit. Any member age fifty or older who becomes totally disabled as a result of any injury, even though not in the line of duty, is entitled to a disability benefit equal to his accrued retirement benefit with a minimum of 25 percent of average salary. The surviving spouse of a member who was on disability retirement at the time of death receives a benefit of \$200 per month. When the member takes disability retirement, he may, in addition, take an actuarially reduced benefit in which case the member's surviving spouse receives 50 percent of the disability benefit being paid immediately prior to the death of the disability retiree. The retirement system may reduce benefits paid to a disability retiree who is also receiving workers compensation payments.

A member of LASERS with ten or more years of credited service who becomes disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age. Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees. For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75 percent of final average compensation.

Survivor's Benefit

The surviving spouse (defined as someone married to the deceased member for at least 12 months immediately preceding the member's death) of a MERS Plan B member (not eligible for retirement at the time of death) will receive a survivor benefit, provided that the member had 5 or more years of creditable service. The surviving spouse will be paid either a monthly benefit equal to 30 percent of member's final compensation, payable when surviving spouse attains the age of 60 or becomes disabled, or a monthly benefit equal to actuarial equivalent of the benefit described previously (not less than 15 percent of member's final compensation), payable upon the death of the member. A MERS Plan B member who is eligible for normal retirement at the time of death will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse upon the date of death. Benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Survivor benefits for MPERS members are payable to the surviving spouse or surviving minor child/children of a deceased active contributing member or a deceased disability retiree. Survivor benefits are not payable to survivors of retirees receiving benefits under the provisions of early or normal service retirement. The maximum benefit for a surviving spouse of a MPERS member is equal to the regular retirement formula, regardless of age, but not less than 40 percent or more than 60 percent of the deceased member's final average compensation. There is no requirement for minimum years of creditable service. If the MPERS member is fatally injured in the line of duty, the surviving spouse shall receive a benefit equal to 100 percent of the deceased member's final average compensation, less any survivor benefits payable to a child or children. Each surviving minor child of the MPERS member will receive a benefit equal to 10 percent of deceased member's final average compensation or \$200 per month, whichever is greater. Benefits for a surviving child cease upon the child's attainment of age 18 or upon marriage, whichever occurs first. The benefit may continue after age 18 if the child meets certain educational or disability requirements. The surviving minor child may receive an increased benefit if there is no surviving spouse of the MPERS member.

Survivor benefits for FRS are payable to survivors of a deceased member who dies and is not eligible for retirement as follows. If any member is fatally injured in the line of duty and leaves a surviving eligible spouse, the spouse is entitled to an annual benefit equal to two-thirds of the deceased member's final compensation. If any member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit equal to 3 percent of the deceased member's average final compensation multiplied by his total years of creditable service; however, in no event is the annual benefit less than 40 percent nor more than 60 percent of the deceased member's average final compensation. Children of the deceased member who are under the age of eighteen years are entitled to the greater of \$200 per month or 10 percent of average final compensation (not to exceed 100 percent of average final compensation) until reaching the age of eighteen or until the age

NOTES TO FINANCIAL STATEMENTS

of twenty-two if enrolled full-time in an institution of higher learning, unless the surviving child is physically handicapped or mentally disabled in which case the benefit is payable regardless of age. If a deceased member dies leaving no surviving spouse, but at least one minor child, each child is entitled to receive forty percent of the deceased's average final compensation, not to exceed an aggregate of sixty percent of average final compensation.

Certain eligible LASERS surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member 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.

Cost of Living Increases

MERS is authorized under state law to grant an annual cost of living adjustment to members who have been retired for at least one year. The adjustment cannot exceed 2 percent of the retiree's original benefit and may only be granted if sufficient funds are available. The cost of living increase must be paid from investment income in excess of normal requirements.

MPERS is authorized to provide annual cost of living adjustments to members who have been retired for at least one full fiscal year. The adjustment cannot exceed 3 percent in any given year. MPERS members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

FRS is authorized to grant retired members and widows of members who have retired an annual cost of living increase up to 3 percent of their current benefit, and all retired members and widows who are 65 year of age and older a 2 percent increase in their annual benefits. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to finding status and interest earnings.

The present value of future LASERS retirement benefits are based on benefits currently being paid by the System and include previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic. As fully described in Title 11 of the Louisiana Revised Statutes, LASERS 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.

Contributions

The MERS, MPERS, FRS, and LASERS employer contribution rates are established annually under LRS 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PR SAC), taking into consideration the recommendation of the system's actuary. Each plan pays a separate actuarially-determined employer contribution rate. For the year ending September 30, 2020 the employer contribution rate for MERS Plan B was 15.50%; MPERS was 33.75%; FRS was 32.25%; and LASERS was 42.50% & 43.60% for those hired after January 1, 2011. Employer contributions to MERS, MPERS, FRS, and LASERS were \$2,608,848; \$2,918,444; \$2,410,651; and \$14,567 respectively, for the year ended September 30, 2020. Employees participating in MERS are required to contribute 5.00%; employees participating in MPERS are required to contribute 10.00%; employees participating in the FRS are required to contribute 10.00%; employees participating in LASERS are required to contribute 11.50% & 13% hired after January 1, 2011.

NOTES TO FINANCIAL STATEMENTS

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. MERS receives ad valorem taxes and state revenue sharing funds. MPERS receives insurance premium tax monies appropriated by the legislature each year based on an actuarial study. FRS receives insurance premium tax monies appropriated by the legislature each year based on an actuarial study. The City of Lake Charles recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended September 30, 2020, the City of Lake Charles recognized revenue as a result of support received from non-employer contributing entities of \$667,211 for its participation in MERS; \$633,586 for its participation in MPERS; \$939,864 for its participation in the FRS; and \$2,484 for its participation in LASERS.

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

At September 30, 2020, the City of Lake Charles reported a liability for MERS, MPERS, FRS, and LASERS of \$21,742,776, \$26,864,978, \$23,252,146, and \$145,150, respectively, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The City of Lake Charles's proportion of the net pension liability for each retirement system was based on a projection of the City of Lake Charles's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City of Lake Charles's proportion for MERS was 23.580123% and increased by 0.412536% to 23.992659% for June 30, 2020. The City's proportion of MPERS at June 30, 2019 was 2.905029% and increased by 0.001703% to 2.906732% at June 30, 2020. The City's proportion of FRS was 3.508136% at June 30, 2019 and decreased by 0.153598% to 3.354538% at June 30, 2020. At June 30, 2019, the City of Lake Charles's proportion for LASERS was 0.001790% and decreased by 0.000030% to 0.001760% for June 30, 2020.

For the year ended September 30, 2020, the City of Lake Charles recognized pension expense, for which there were no forfeitures, as follows:

Pension Plan	Pension Expense
MERS	\$ 4,308,285
MPERS	4,325,959
FRS	3,721,741
LASERS	18,702
Total	\$ 12,374,687

NOTES TO FINANCIAL STATEMENTS

At September 30, 2020, the City of Lake Charles reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources					
	MERS	MPERS	FRS	LASERS	Total
Differences between expected and actual experience	\$ -	\$ -	\$ -	\$ -	\$ -
Changes in assumptions	673,838	638,374	2,247,750	464	3,560,426
Net difference between projected and actual earnings on pension plan investments	2,360,496	3,222,991	2,560,668	21,218	8,165,373
Changes in Proportion and differences between employer contributions and proportionate share of contributions	216,744	10,528	360,906	-	588,178
Employer contributions subsequent to measurement date	657,388	704,518	661,700	3,690	2,027,296
Total	\$ 3,908,466	\$ 4,576,411	\$ 5,831,024	\$ 25,372	\$ 14,341,273

Deferred Inflows of Resources					
	MERS	MPERS	FRS	LASERS	Total
Differences between expected and actual experience	\$ 365,842	\$ 1,058,191	\$ 1,487,669	\$ 1,394	\$ 2,913,096
Changes in assumptions	-	662,988	0	-	662,988
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	-
Changes in Proportion and differences between employer contributions and proportionate share of contributions	-	519,348	1,534,822	-	2,054,170
Employer contributions subsequent to measurement date	-	-	-	-	-
Total	\$365,842	\$2,240,527	\$3,022,491	\$1,394	\$5,630,254

During the year ended September 30, 2020, employer contributions totaling \$657,388; \$704,518; \$661,700; and \$3,690 were made subsequent to the measurement date for MERS, MPERS, FRS, and LASERS respectively. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30:	MERS	MPERS	FRS	LASERS
2021	\$ 1,208,437	\$ (153,469)	\$ 103,899	\$ 2,702
2022	793,274	566,410	909,238	6,119
2023	537,785	606,348	890,483	6,557
2024	345,742	612,077	409,772	4,910
2025			(98,843)	
2026			(67,716)	
Total	\$ 2,885,238	\$ 1,631,366	\$ 2,146,833	\$ 20,288

Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of MERS, MPERS, FRS, and LASERS employers as of June 30, 2020 are as follows:

	MERS Plan B	MPERS
Total pension liability	\$ 268,596,718	\$ 3,180,974,031
Plan fiduciary net position	177,974,097	2,256,740,977
Total net pension liability	<u>\$ 90,622,621</u>	<u>\$ 924,233,054</u>
	FRS	LASERS
Total pension liability	\$ 2,530,844,605	\$ 19,691,378,799
Plan fiduciary net position	1,837,689,661	11,420,710,895
Total net pension liability	<u>\$ 693,154,944</u>	<u>\$ 8,270,667,904</u>

The City of Lake Charles's allocation is 23.992659% of the Total Net Pension Liability for MERS; 2.906732% of the Total Net Pension Liability for MPERS; 3.354538% of the Total Net Pension Liability for the FRS, and 0.001760% of the Total Net Pension Liability for LASERS.

The total pension liabilities for MERS, MPERS, FRS, and LASERS in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

NOTES TO FINANCIAL STATEMENTS

	MERS	MPERS												
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost												
Expected remaining service lives	3 years	4 years												
Investment rate of return	6.95%, net of investment expense, including inflation	6.95%, net of investment expense												
Inflation rate	2.5%	2.5%												
Projected salary increases	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-4</td> <td>7.4% (Plan B)</td> </tr> <tr> <td>5 & over</td> <td>4.9% (Plan B)</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-4	7.4% (Plan B)	5 & over	4.9% (Plan B)	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-2</td> <td>12.3%</td> </tr> <tr> <td>3 & over</td> <td>4.7%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	12.3%	3 & over	4.7%
<u>Years of Service</u>	<u>Salary Growth Rate</u>													
1-4	7.4% (Plan B)													
5 & over	4.9% (Plan B)													
<u>Years of Service</u>	<u>Salary Growth Rate</u>													
1-2	12.3%													
3 & over	4.7%													
Cost of living adjustments	None	None												
Mortality	For Annuitant and beneficiary mortality tables used were: PubG-2010(B) set equal to 120%. For employees, PubG-2010(B) tables set equal to 120% were used. PubNS-2010(B) table set equal to 120% was selected for disabled annuitants	Mortality Rate assumptions were based off an experience study performed from July 1, 2014 - June 30, 2019. For Healthy Annuitants, Beneficiaries, & Employees mortality tables used were: Pub-2010 set equal to 115% for males & 125% for females. Pub-2010 table set equal to 105% for males & 115% for females was selected for disabled annuitants												

	FRS	LASERS																		
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost																		
Expected remaining service lives	7 years	2 years																		
Investment rate of return	7.00%, net of investment expense including inflation	7.55%, net of investment expense																		
Inflation rate	2.5%	2.3%																		
Projected salary increases	<table border="0"> <tr> <td><u>Years of Service</u></td> <td><u>Salary Growth Rate</u></td> </tr> <tr> <td>1-2</td> <td>14.1%</td> </tr> <tr> <td>3 & over</td> <td>5.2%</td> </tr> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	14.1%	3 & over	5.2%	<table border="0"> <tr> <td><u>Member Type</u></td> <td><u>Lower to Upper Range</u></td> </tr> <tr> <td>Regular</td> <td>3.0% - 12.8%</td> </tr> <tr> <td>Judges</td> <td>2.6% - 5.1%</td> </tr> <tr> <td>Corrections</td> <td>3.6% - 13.8%</td> </tr> <tr> <td>Hazardous Duty</td> <td>3.6% - 13.8%</td> </tr> <tr> <td>Wildlife</td> <td>3.6% - 13.8%</td> </tr> </table>	<u>Member Type</u>	<u>Lower to Upper Range</u>	Regular	3.0% - 12.8%	Judges	2.6% - 5.1%	Corrections	3.6% - 13.8%	Hazardous Duty	3.6% - 13.8%	Wildlife	3.6% - 13.8%
<u>Years of Service</u>	<u>Salary Growth Rate</u>																			
1-2	14.1%																			
3 & over	5.2%																			
<u>Member Type</u>	<u>Lower to Upper Range</u>																			
Regular	3.0% - 12.8%																			
Judges	2.6% - 5.1%																			
Corrections	3.6% - 13.8%																			
Hazardous Duty	3.6% - 13.8%																			
Wildlife	3.6% - 13.8%																			
Cost of living adjustments	Only those previously granted	Only those previously granted																		
Mortality	Mortality Rate assumptions based off an experience study performed from July 1, 2014 - June 30, 2019. For active members, annuitants, beneficiaries, & disabled retirees mortality was set to equal the corresponding Pub-2010 tables. In all cases the base table was multiplied by 105% for males and 115% for females.	For Non-Disabled Members - RP-2014 Healthy mortality table was used with mortality improvement projected using the MP-2018 scale. For Disabled Members - RP-2000 Disabled Retiree mortality table was used with no projection for mortality improvement. Termination, disability, and retirement assumptions were projected based off a 5 year experience study for the System's members for 2019.																		

NOTES TO FINANCIAL STATEMENTS

The MERS actuarial assumptions used in the June 30, 2020 valuation were based on the results of an experience study for the period July 1, 2013 through June 30, 2018. The MPERS and FRS actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2019.

The forecasted 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 and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return for MERS is 7.00%, MPERS is 7.19%, FRS is 7.55%, and LASERS is 8.25% for the year ended June 30, 2020.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for MERS, MPERS, FRS and LASERS as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocations				Long Term Expected Real Rate of Return			
	MERS	MPERS	FRS	LASERS	MERS	MPERS	FRS	LASERS
Equity	53%	48.5%	54%	n/a	2.33%	3.08%	3.44%	n/a
Fixed income	38%	33.5%	31%	n/a	1.67%	0.54%	0.43%	n/a
Alternatives	9%	18.0%	15%	n/a	0.40%	1.02%	1.18%	n/a
Subtotal	100%	100%	100%	n/a	4.40%	4.64%	5.05%	5.95%
Inflation adjustment					2.60%	2.55%	2.50%	2.30%
Total					7.00%	7.19%	7.55%	8.25%

Discount Rates

The discount rate used to measure the total pension liability for MERS was 6.95%, MPERS was 6.95%, and FRS was 7.00%. The discount rate used to measure the total pension liability for LASERS was 7.55%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the actuary. Based on those assumptions, the net position of MERS, MPERS, FRS, and LASERS were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the City of Lake Charles’s proportionate share of the net pension liability using the discount rate of 6.95% for MERS, 6.95% for MPERS, 7.00% for FRS, and 7.55% for LASERS as well as what the City of Lake Charles’s proportionate share of the net pension liability

NOTES TO FINANCIAL STATEMENTS

would be if it were calculated using a discount rate that is one percentage-point lower (5.95% for MERS, 5.95% for MPERS, 6.00% for FRS, and 6.55% for LASERS) or one percentage-point higher (7.95% for MERS, 7.95% for MPERS, 8.00% for FRS, and 8.55% for LASERS) than the current rate:

Pension Plan	1% Decrease	Net Pension Liability at Current Discount	1% Increase
MERS	\$ 28,943,692	\$ 21,742,776	\$ 15,649,811
MPERS	37,742,430	26,864,978	17,771,878
FRS	33,587,494	23,252,146	14,625,180
LASERS	178,367	145,150	116,962
Total	\$ 100,451,983	\$ 72,005,050	\$ 48,163,831

Payables to the Pension Plans

At September 30, 2020, payables to MERS, MPERS, FRS, and LASERS were \$282,042, \$297,563, \$284,695, and \$1,578 respectively, for September 30, 2020 employee and employer legally-required contributions.

H. Federally Assisted Grant Programs

The City participates in a number of federally assisted grant programs, with the principal grantor agencies being the U.S. Department of Transportation, the Department of Housing and Urban Development, and the U.S. Department of Military Affairs. These programs are subject to compliance audits by the grantors or their representatives, and the City's compliance with applicable grant requirements for the year ended September 30, 2020 will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Federal and state governmental units represent an important source of supplemental funding used to finance housing, construction and infrastructure programs, and other activities beneficial to the City. These funds, primarily in the form of grants, are recorded in the General, Special Revenue, Capital Project and Enterprise Funds. A grant receivable is recorded when the City has a right to reimbursement under the related grant. The grants normally specify the purpose for which the funds may be used and are subject to audit by the granting agency or its representative using standards established under the Single Audit Act of 1984 and Uniform Guidance Supplemental Reports. The compliance audit report is not included within this report but will be issued as a separate supplementary report.

NOTES TO FINANCIAL STATEMENTS

During fiscal year 2020 the following amounts were recorded in the accompanying financial statements under various federal and state pass-through entitlements:

Fund	Fiscal year 2020
Community Development	\$ 316,509
Grant Fund	356,336
Capital Projects Fund	193,088
Transit Enterprise Fund	3,959,510
Recreation Fund	750
Disaster Recovery Fund	40,279,845

I. Dedication of Proceeds and Flow of Funds - Two and One-Half Percent Sales and Use Tax

One Percent Sales and Use Tax:

Proceeds of the one percent sales tax levied by the City of Lake Charles (2020 collections \$25,125,185; 2019 collections \$26,711,079; 2018 collections \$26,833,765) are collected by the General Fund and may be used for virtually any operating or capital needs of the City of Lake Charles. This tax levy was originally authorized in 1965 and was recently re-authorized for an additional 25 years from March 1, 2015.

Additional Dedicated One Percent Sales Tax:

In November 1986, a sales tax election was held, and the City of Lake Charles was authorized to collect an additional dedicated one percent sales tax levy for a period of five years commencing January 1, 1987. This tax has since been reauthorized for periods of five years extending through 1996, and then for ten years through 2006. This tax was re-authorized in 2016 for an additional 10 years through 2026. Proceeds of this additional one percent sales tax levied by the City of Lake Charles (2020 collections \$25,125,185; 2019 collections \$26,711,079; 2018 collections \$26,833,765) were deposited directly to the funds for which they are dedicated on a percentage basis as follows:

General Fund	
Public safety purposes	20%
Public works purposes	28%
Wastewater Special Revenue Fund	
Wastewater or sanitary sewerage services or facilities	16%
Recreation Special Revenue Fund	
Recreation	8%
Capital Project Fund	
Certain types of capital improvements	28%

One-Quarter Percent Sales Tax – Employee salary and Benefits:

The voters approved a sales tax levy of one-quarter of one percent in January 1995 for the purpose of maintaining the salaries and benefits of City employees. This tax levy is authorized for a period of ten years from its effective date of April 1, 1995. This tax has been reauthorized for ten years, extending through 2025.

NOTES TO FINANCIAL STATEMENTS

Proceeds of this tax (2020 collections \$6,238,871; 2019 collections \$6,677,655; 2018 collections \$6,708,442) are recorded exclusively in the General Fund.

Additional One-Quarter Percent Sales Tax:

The voters approved a sales tax levy of one-quarter of one percent in October 2015 for the purpose of securing the bonded debt of the City, should primary sources of repayment become insufficient. Funds not used for this purpose shall be reauthorized for capital improvements. The balance of funds not otherwise needed for the bond reserve fund shall be used to pay for salaries, operational, maintenance and other capital needs. This tax levy is authorized for a period of fifteen years from its effective date of January 1, 2016. Proceeds of this tax (2020 collections \$6,212,813; 2019 collections \$6,619,849; 2018 collections \$6,635,894) were deposited into the General Fund and the Sales Tax Reserve Fund.

J. Economic Development Districts

State Law authorizes the City of Lake Charles to create special economic development districts and political subdivisions of the State to be designated by an ordinance that shall designate the boundaries of the district. The district may levy new sales taxes that can be used to fund a portion of the costs of an economic development project within the defined district. Two of the City's economic development districts levy a sales tax and the proceeds of these are included in the Economic Development District Special Revenue Fund.

MorganField Economic Development District:

Per City ordinance adopted June 2018, the District is empowered to levy ad valorem taxes, sales taxes or hotel occupancy taxes within the District up to five mills of ad valorem taxes, up to two percent of sales taxes, or up to two percent of hotel occupancy taxes, or any combination of such taxes. Such levy would be above and in addition to any other ad valorem taxes, sales taxes, or hotel occupancy taxes, or combination of such taxes, then in existence or permitted to be in existence in the economic development district.

Owners of the property within the district requested that the Board of the MorganField District authorize (a) the levy of one percent of sales and use taxes upon the sale at retail, the use, the lease or rental, the consumption and storage for use or consumption of tangible personal property and on sales of services in the MorganField District and one percent of hotel occupancy taxes within the MorganField District commencing January 1, 2018; and (b) the pledge and the disbursement of the new tax for the benefit of the owners in completing and operating the project. Proceeds of this tax are as follows: (2020 collections \$47,558; 2019 collections \$27,910; 2018 collections \$1,213).

Lakefront Economic Development District:

Per City ordinance adopted June 2018, the District is empowered to levy ad valorem taxes, sales taxes, or hotel occupancy taxes within the district up to five mills of ad valorem taxes, up to two percent of sales taxes, or up to two percent of hotel occupancy taxes, or any combination of such taxes. Such levy would be above and in addition to any other ad valorem taxes, sales taxes, or hotel occupancy taxes, or combination of such taxes, then in existence or permitted to be in existence within the district. Proceeds of this tax are as follows: (2020 collections \$23,317; 2019 collections \$20,551).

NOTES TO FINANCIAL STATEMENTS

K. Schedule of Compensation Paid to Governing Board

	Salary	Vehicle Usage	Per Diem	Total
Mayor:				
Nicholas Hunter	\$ 136,170	\$ 7,200	\$ 39	\$ 143,409
Councilmen:				
Luvertha August	18,000			18,000
Mark Eckard	18,000	395	139	18,534
Rodney Geyen	18,000			18,000
John Ieyoub	18,000			18,000
Mary Morris	18,000			18,000
Johnnie Thibodeaux	18,000			18,000
Stuart Weatherford	15,000			15,000
Total	\$ 259,170	\$ 7,595	\$ 178	\$ 266,943

L. Subsequent Events

The City of Lake Charles has received two Emergency Disaster Declarations since September 30, 2020: Hurricane Delta made landfall on October 9, 2020 and the Historic Winter Storms affected our area the week of February 11, 2021. The full extent of the financial impact of these disasters are not currently known. The City has evaluated subsequent events through the date the financial statements were available to be issued, March 29, 2021.

REQUIRED SUPPLEMENTAL INFORMATION



CITY OF LAKE CHARLES, LOUISIANA

General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2020**

	<u>Budgeted Amounts</u>		<u>2020 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$63,160,139	\$61,822,014	\$61,927,915	\$105,901
Licenses and permits	6,685,760	6,185,760	6,244,424	58,664
Intergovernmental	3,311,090	3,311,090	3,384,574	73,484
Charges for services	2,750,215	2,750,215	2,999,721	249,506
Fines and forfeitures	230,600	230,600	195,363	(35,237)
Miscellaneous	1,356,250	1,356,250	1,343,347	(12,903)
Total revenues	<u>77,494,054</u>	<u>75,655,929</u>	<u>76,095,344</u>	<u>439,415</u>
Expenditures:				
Current:				
General government	3,786,510	3,786,510	3,695,076	91,434
Finance	2,094,980	2,094,980	1,900,721	194,259
Human Resources	463,295	463,295	413,019	50,276
Fire	17,854,030	17,354,030	16,947,807	406,223
Police	21,428,975	20,228,975	19,393,439	835,536
Public works	18,143,902	16,943,902	16,102,483	841,419
Planning	2,563,915	2,563,915	2,239,620	324,295
General services	6,315,960	5,815,960	5,233,605	582,355
Total expenditures	<u>72,651,567</u>	<u>69,251,567</u>	<u>65,925,770</u>	<u>3,325,797</u>
Excess (deficiency) of rev over exp	<u>4,842,487</u>	<u>6,404,362</u>	<u>10,169,574</u>	<u>3,765,212</u>
Other financing sources (uses):				
Transfers out	<u>(8,315,188)</u>	<u>(17,223,820)</u>	<u>(16,904,624)</u>	<u>319,196</u>
Total other financing sources (uses)	<u>(8,315,188)</u>	<u>(17,223,820)</u>	<u>(16,904,624)</u>	<u>319,196</u>
Net change in fund balances	(3,472,701)	(10,819,458)	(6,735,050)	4,084,408
Fund balance at beginning of year	<u>37,092,202</u>	<u>37,092,202</u>	<u>37,092,202</u>	<u>-</u>
Fund balance at end of year	<u>\$33,619,501</u>	<u>\$26,272,744</u>	<u>\$30,357,152</u>	<u>\$4,084,408</u>

CITY OF LAKE CHARLES, LOUISIANA
Disaster Recovery Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>2020 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental				
(net of allowance for uncollectable)	\$ 1,184,179	\$ 40,324,200	\$ 40,279,846	\$ (44,354)
Insurance Reimbursement	-	7,300,000	7,300,000	-
Miscellaneous	394,726	-	40,000	40,000
Total revenues	<u>1,578,905</u>	<u>47,624,200</u>	<u>47,619,846</u>	<u>(4,354)</u>
Expenditures:				
Current:				
Personal services	-	6,195,000	6,323,955	(128,955)
Maintenance and rentals	-	10,570,000	10,426,690	143,310
Contractual and operational	1,578,905	36,670,500	36,667,963	2,537
Materials & supplies	-	631,700	575,017	56,683
Special current charges	-	2,100,000	2,093,081	6,919
Total expenditures	<u>1,578,905</u>	<u>56,167,200</u>	<u>56,086,706</u>	<u>80,494</u>
Excess (deficiency) of rev over exp	<u>-</u>	<u>(8,543,000)</u>	<u>(8,466,860)</u>	<u>76,140</u>
Other financing sources (uses):				
Transfers in	-	10,805,000	10,805,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>10,805,000</u>	<u>10,805,000</u>	<u>-</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>-</u>	<u>2,262,000</u>	<u>2,338,140</u>	<u>76,140</u>
Fund balance at beginning of year	<u>2,960,275</u>	<u>2,960,275</u>	<u>2,960,275</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,960,275</u>	<u>\$ 5,222,275</u>	<u>\$ 5,298,415</u>	<u>\$ 76,140</u>

CITY OF LAKE CHARLES, LOUISIANA
Riverboat Gaming Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>2020 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 10,100,000	\$ 9,415,000	\$ 9,413,068	\$ (1,932)
Miscellaneous	35,000	40,000	47,566	7,566
Total revenues	<u>10,135,000</u>	<u>9,455,000</u>	<u>9,460,634</u>	<u>5,634</u>
Expenditures:				
Other services and charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>10,135,000</u>	<u>9,455,000</u>	<u>9,460,634</u>	<u>5,634</u>
Other financing sources (uses):				
Transfers out	(10,354,140)	(10,204,140)	(10,117,246)	86,894
Total other financing sources (uses)	<u>(10,354,140)</u>	<u>(10,204,140)</u>	<u>(10,117,246)</u>	<u>86,894</u>
Excess (deficiency) of rev and other sources over exp and other uses	(219,140)	(749,140)	(656,612)	92,528
Fund balance at beginning of year	<u>1,933,056</u>	<u>1,933,056</u>	<u>1,933,056</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,713,916</u>	<u>\$ 1,183,916</u>	<u>\$ 1,276,444</u>	<u>\$ 92,528</u>

CITY OF LAKE CHARLES, LOUISIANA
Wastewater Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>2020 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales tax revenue	\$ 4,128,000	\$ 4,008,000	\$ 4,020,030	\$ 12,030
Charges for services	13,262,500	12,387,500	12,640,013	252,513
Miscellaneous	282,000	232,000	192,820	(39,180)
Total revenues	<u>17,672,500</u>	<u>16,627,500</u>	<u>16,852,863</u>	<u>225,363</u>
Expenditures:				
Personal services	4,255,835	4,027,835	4,008,965	18,870
Contractual and operational services	4,119,095	3,498,700	3,441,631	57,069
Materials & supplies	1,588,100	1,435,233	1,028,374	406,859
Special Current Charges	1,738,500	1,739,762	1,683,573	56,189
Capital outlay	1,196,000	1,196,000	902,370	293,630
Total expenditures	<u>12,897,530</u>	<u>11,897,530</u>	<u>11,064,913</u>	<u>832,617</u>
Excess (deficiency) of rev over exp	<u>4,774,970</u>	<u>4,729,970</u>	<u>5,787,950</u>	<u>1,057,980</u>
Other financing sources (uses):				
Transfers in	325,000	325,000	325,000	-
Transfers out	<u>(6,900,000)</u>	<u>(6,900,000)</u>	<u>(6,900,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(6,575,000)</u>	<u>(6,575,000)</u>	<u>(6,575,000)</u>	<u>-</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>(1,800,030)</u>	<u>(1,845,030)</u>	<u>(787,050)</u>	<u>1,057,980</u>
Fund balance at beginning of year	<u>4,999,790</u>	<u>4,999,790</u>	<u>4,999,790</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,199,760</u>	<u>\$ 3,154,760</u>	<u>\$ 4,212,740</u>	<u>\$ 1,057,980</u>

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

For Fiscal Year Ended September 30, 2020

Budget to Actual schedules that are included in the RSI Section are reported on the same basis as GAAP.

City of Lake Charles
Schedule of Changes in Total OPEB Liability and Related Ratios
For Fiscal Year Ended September 30, 2020

Financial Statement Reporting Date	Measurement Date	Service Cost	Interest	Difference between actual and expected experience	Changes of Assumptions	Benefit Payments	Net change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	Covered Payroll	Total OPEB Liability as a Percentage of Covered Payroll
9/30/2020	9/30/2019	\$ 391,295	\$ 214,698	\$ -	\$ 27,822	\$ (390,762)	\$ 243,053	\$ 7,874,153	\$ 8,117,206	\$ 33,948,098	23.91%
9/30/2019	9/30/2019	\$ 246,459	\$ 210,055	\$5,309,337	\$ 144,704	\$ (355,885)	\$ 5,554,670	\$ 2,319,483	\$ 7,874,153	\$ 33,948,098	23.19%
9/30/2018	9/30/2018	\$ 80,569	\$ 74,556	N/A	N/A	\$ (169,901)	\$ (14,776)	\$ 2,334,259	\$ 2,319,483	\$ 31,113,777	7.45%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

There are no assets in a trust compliant with GASB Codification P22.101 or P52.101 to pay related benefits.

CITY OF LAKE CHARLES, LOUISIANA

**Schedule of Employer's Proportionate Share Of
Net Pension Liability**

For Plan Year Ended June 30, 2020

<u>Plan Year</u>	<u>Employer Proportionate of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
MERS:					
2020	23.992659%	\$ 21,742,776	\$ 18,238,945	119.2%	66.3%
2019	23.580123%	20,628,206	17,873,547	115.4%	66.1%
2018	23.557030%	19,925,284	17,323,152	115.0%	65.6%
2017	23.681348%	20,489,879	17,438,404	117.5%	63.5%
2016	21.782416%	18,055,628	16,114,347	112.0%	63.3%
2015	20.920534%	14,218,580	14,405,300	98.7%	68.7%
2014	20.829217%	9,779,242	14,297,054	68.4%	76.9%
MPERS:					
2020	2.906732%	26,864,978	8,963,955	299.7%	70.9%
2019	2.905029%	26,382,528	9,096,534	290.0%	71.0%
2018	3.034602%	25,654,711	8,951,135	286.6%	71.9%
2017	3.038824%	26,530,219	9,036,361	293.6%	70.1%
2016	2.900519%	27,186,035	7,918,823	343.3%	66.0%
2015	2.951862%	23,124,753	7,901,901	292.6%	70.7%
2014	2.991097%	18,712,548	7,668,782	244.0%	75.1%
FRS:					
2020	3.354538%	23,252,146	8,352,641	278.4%	72.6%
2019	3.508136%	21,967,632	8,478,716	259.1%	74.0%
2018	3.640922%	20,942,867	8,670,196	241.6%	74.8%
2017	3.620155%	20,750,182	8,444,443	245.7%	73.5%
2016	3.485849%	22,800,604	8,504,518	268.1%	68.2%
2015	3.543553%	19,124,954	7,530,781	254.0%	72.5%
2014	3.805176%	16,932,704	7,478,773	226.4%	76.0%
LASERS:					
2020	0.001760%	145,150	34,344	422.6%	58.0%
2019	0.001790%	129,756	34,344	377.8%	62.9%
2018	0.001860%	126,510	34,344	368.4%	64.3%
2017	0.001940%	136,413	34,344	397.2%	62.5%
2016	0.001910%	149,984	34,344	436.7%	57.7%
2015	0.001880%	127,800	34,344	372.1%	62.7%
2014	0.001910%	119,368	34,344	347.6%	65.0%

* This schedule will contain ten years of historical information once such information becomes available.

CITY OF LAKE CHARLES, LOUISIANA

**Schedule of Employer's Pension Contributions
For Fiscal Year Ended September 30, 2020**

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractual Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions As a Percent of Covered Payroll
MERS:					
2020	\$ 2,608,848	\$ 2,608,848	\$ -	\$ 18,180,203	14.35%
2019	2,521,041	2,521,041	-	18,007,421	14.00%
2018	2,345,618	2,345,618	-	17,466,943	13.43%
2017	1,968,428	1,968,428	-	17,072,028	11.53%
2016	1,649,933	1,649,933	-	16,491,457	10.00%
2015	1,399,446	1,399,446	-	14,730,952	9.50%
2014	1,276,122	1,276,122	-	14,268,318	8.94%
MPERS:					
2020	2,918,444	2,918,444	-	8,899,533	32.79%
2019	2,965,386	2,965,386	-	9,178,306	32.31%
2018	2,800,627	2,800,627	-	9,005,739	31.10%
2017	2,748,475	2,748,475	-	8,705,259	31.57%
2016	2,540,782	2,540,782	-	8,216,344	30.92%
2015	2,438,032	2,438,032	-	7,867,402	30.99%
2014	2,415,255	2,415,255	-	7,754,805	31.15%
FRS:					
2020	2,410,651	2,410,651	-	8,354,308	28.86%
2019	2,244,074	2,244,074	-	8,371,498	26.81%
2018	2,288,192	2,288,192	-	8,636,937	26.49%
2017	2,189,624	2,189,624	-	8,568,354	25.55%
2016	2,147,160	2,147,160	-	8,032,163	26.73%
2015	2,161,180	2,161,180	-	7,518,430	28.75%
2014	2,148,278	2,148,278	-	7,531,809	28.52%
LASERS:					
2020	14,567	14,567	-	34,344	42.41%
2019	13,831	13,831	-	34,344	40.27%
2018	13,675	13,675	-	34,344	39.82%
2017	13,065	13,065	-	34,344	38.04%
2016	13,163	13,163	-	34,344	38.33%
2015	13,162	13,162	-	34,344	38.32%
2014	12,467	12,467	-	34,344	36.30%

* This schedule will contain ten years of historical information once such information becomes available.

THIS PAGE INTENTIONALLY LEFT BLANK



OTHER SUPPLEMENTAL INFORMATION



OTHER SUPPLEMENTAL INFORMATION

CITY OF LAKE CHARLES, LOUISIANA
Schedule of Total Compensation for Mayor, City of Lake Charles
For Fiscal Year ended September 30, 2020

Compensation for Mayor of City of Lake Charles fiscal year 2020:

Nicholas Hunter, Mayor October 1, 2019 - September 30, 2020	Amount
Purpose:	
Salary	\$136,170
Vehicle Usage	7,200
Benefits - health insurance	12,364
Benefits - FICA & Medicare	10,162
Benefits - retirement	19,575
Travel	39
Total	\$185,510

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Grant Fund – Accounts for funds received and expended for various categorical grant programs, including law enforcement grants and summer food service program.

Recreation Fund – Accounts for the operation and maintenance of recreational programs and facilities other than the Civic Center and Golf Course, and for the receipt and subsequent expenditure of dedicated taxes, user fees and other funds received for recreational services.

Central School Fund – Accounts for receipt and subsequent expenditure of funds for operation, maintenance and improvements of the Central School Arts and Humanities Center.

Special Event Fund – Accounts for receipt and subsequent expenditure of funds for special events and exhibit costs.

2015 One-quarter Cent Sale Tax Fund – Accounts for the collection of no less than 25 percent of the one-quarter cent sales tax levy authorized in 2015. Funds are reserved to meet the annual bonded debt service requirements of the City, should primary sources of repayment become insufficient. Funds not used for this purpose shall be reauthorized for capital improvements in the subsequent year.

Economic Development Districts - Accounts for the collection of tax revenue generated from special districts which were created as authorized by Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended.

Facility Renewal Fund – Accounts for funds transferred from other sources to provide for long-term accumulation of funds for future maintenance and repair needs.

Community Development – This fund accounts for the receipt and subsequent expenditure of federal funds received from the Department of Housing and Urban Development for housing and community development purposes, including related revenues which are restricted to such purposes by grant agreements. The principal revenue source accounted for within this fund is the Community Development Block Grant Program.

CITY OF LAKE CHARLES, LOUISIANA

Combining Balance Sheet

Nonmajor Governmental Funds

For Fiscal Year Ended September 30, 2020

	<u>Grants</u>	<u>Recreation</u>	<u>Central School</u>	<u>Special Events</u>	<u>2015 One-Quarter Cent Sales Tax</u>	<u>Economic Dev Districts</u>	<u>Facility Renewal</u>	<u>Community Development</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS									
Cash (Note 4-A)	\$ 791,137	\$ 373,040	\$ 27,719	\$ 118,132	\$ 1,516,216	85,273	\$ 1,325,992	\$ 137,022	\$ 4,374,531
Investments (Note 4-A)	62,219	82,498	57,554	-	-	-	1,162,604	-	1,364,875
Receivable (net of allowance for uncollectable)									
Accounts (Note 4-B)	109	181,182	11,326	-	140,436	9,549	-	415	343,017
Intergovernmental (Note 4-B)	78,366	133	-	-	-	-	-	84,866	163,365
Due from other funds (Note 4-F)	184,271	-	-	-	-	-	-	21,274	205,545
Prepaid items	-	7,231	-	28,000	-	-	-	-	35,231
Total assets	\$1,116,102	\$ 644,084	\$ 96,599	\$ 146,132	\$ 1,656,652	\$ 94,822	\$ 2,488,596	\$ 243,577	\$ 6,486,564
LIABILITIES									
Accounts payable	\$ 15,591	\$ 128,771	\$ 1,800	\$ 1,165	\$ -	\$ 51	\$ -	\$ 42,618	\$ 189,996
Escrow	-	-	1,821	50	-	-	-	2,707	4,578
Due to other funds	1,693	137,316	-	1	-	-	-	-	139,010
Deferred revenues	-	-	-	15,000	-	-	-	-	15,000
Total liabilities	17,284	266,087	3,621	16,216	-	51	-	45,325	348,584
FUND BALANCES									
Nonspendable	-	7,231	-	28,000	-	-	-	-	35,231
Committed	-	-	38,020	36,750	1,656,652	94,771	139,200	-	1,965,393
Assigned:									
Community Services	131,113	370,766	54,958	65,166	-	-	-	198,252	820,255
Public Safety	967,705	-	-	-	-	-	-	-	967,705
Capital Projects	-	-	-	-	-	-	2,349,396	-	2,349,396
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	1,098,818	377,997	92,978	129,916	1,656,652	94,771	2,488,596	198,252	6,137,980
Total liabilities and fund balances	\$1,116,102	\$ 644,084	\$ 96,599	\$ 146,132	\$ 1,656,652	\$ 94,822	\$ 2,488,596	\$ 243,577	\$ 6,486,564

CITY OF LAKE CHARLES, LOUISIANA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For Fiscal Year Ended September 30, 2020

	<u>Grants</u>	<u>Recreation</u>	<u>Central School</u>	<u>Special Events</u>	<u>2015 One-Quarter Cent Sales Tax</u>	<u>Economic Dev Districts</u>	<u>Facility Renewal</u>	<u>Community Development</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:									
Taxes	\$ -	\$ 3,304,671	\$ -	\$ -	\$ 1,553,203	\$ 70,875	\$ -	\$ -	\$ 4,928,749
Intergovernmental	364,188	63,169	-	-	-	-	-	316,509	743,866
Charges for services	-	75,612	-	-	-	-	-	-	75,612
Miscellaneous	2,842	14,563	103,930	28,131	24,329	521	34,921	7,818	217,055
Total revenues	<u>367,030</u>	<u>3,458,015</u>	<u>103,930</u>	<u>28,131</u>	<u>1,577,532</u>	<u>71,396</u>	<u>34,921</u>	<u>324,327</u>	<u>5,965,282</u>
Expenditures:									
Current operating:									
Police	378,801	-	-	-	-	-	-	-	378,801
Planning and development	-	-	-	-	-	-	-	395,221	395,221
Community services	168,709	3,766,701	113,749	192,854	-	-	-	-	4,242,013
General services	-	-	-	-	-	2,926	-	-	2,926
Capital projects	-	-	-	-	-	-	-	-	-
Total expenditures	<u>547,510</u>	<u>3,766,701</u>	<u>113,749</u>	<u>192,854</u>	<u>-</u>	<u>2,926</u>	<u>-</u>	<u>395,221</u>	<u>5,018,961</u>
Excess (deficiency) of revenues over expenditures	<u>(180,480)</u>	<u>(308,686)</u>	<u>(9,819)</u>	<u>(164,723)</u>	<u>1,577,532</u>	<u>68,470</u>	<u>34,921</u>	<u>(70,894)</u>	<u>946,321</u>
Other financing sources (uses):									
Transfers in	264,378	378,546	25,000	200,000	-	-	-	78,712	946,636
Transfers out	-	-	-	-	(1,660,000)	-	(650,000)	-	(2,310,000)
Total other financing sources (uses)	<u>264,378</u>	<u>378,546</u>	<u>25,000</u>	<u>200,000</u>	<u>(1,660,000)</u>	<u>-</u>	<u>(650,000)</u>	<u>78,712</u>	<u>(1,363,364)</u>
Net change in fund balances	83,898	69,860	15,181	35,277	(82,468)	68,470	(615,079)	7,818	(417,043)
Fund balance at beginning of year	<u>1,014,920</u>	<u>308,137</u>	<u>77,797</u>	<u>94,639</u>	<u>1,739,120</u>	<u>26,301</u>	<u>3,103,675</u>	<u>190,434</u>	<u>6,555,023</u>
Fund balance at end of year	<u>\$ 1,098,818</u>	<u>\$ 377,997</u>	<u>\$ 92,978</u>	<u>\$ 129,916</u>	<u>\$ 1,656,652</u>	<u>\$ 94,771</u>	<u>\$ 2,488,596</u>	<u>\$ 198,252</u>	<u>\$ 6,137,980</u>

CITY OF LAKE CHARLES, LOUISIANA
Grant Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2020

	Budgeted Amounts		2020 Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental:	\$1,525,004	\$ 350,935	\$ 364,188	\$ 13,253
Miscellaneous	10,000	-	2,842	2,842
Total revenues	<u>1,535,004</u>	<u>350,935</u>	<u>367,030</u>	<u>16,095</u>
Expenditures:				
Current:				
Public safety	881,300	379,062	378,801	261
Community services	916,154	169,309	168,709	600
Total expenditures	<u>1,797,454</u>	<u>548,371</u>	<u>547,510</u>	<u>861</u>
Excess of revenues over expenditures	<u>(262,450)</u>	<u>(197,436)</u>	<u>(180,480)</u>	<u>16,956</u>
Other financing source(uses):				
Transfers in	143,175	270,282	264,378	(5,904)
Total other financing sources (uses)	<u>143,175</u>	<u>270,282</u>	<u>264,378</u>	<u>(5,904)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	(119,275)	72,846	83,898	11,052
Fund balance at beginning of year	<u>1,014,920</u>	<u>1,014,920</u>	<u>1,014,920</u>	-
Fund balance at end of year	<u>\$ 895,645</u>	<u>\$ 1,087,766</u>	<u>\$ 1,098,818</u>	<u>\$ 11,052</u>

CITY OF LAKE CHARLES, LOUISIANA
Recreation Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>2020</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Taxes	\$3,327,461	\$ 3,327,461	\$ 3,304,671	\$ (22,790)
Intergovernmental	60,750	60,750	63,169	2,419
Charges for services	148,800	148,800	75,612	(73,188)
Miscellaneous	9,000	9,000	14,563	5,563
Total revenues	<u>3,546,011</u>	<u>3,546,011</u>	<u>3,458,015</u>	<u>(87,996)</u>
Expenditures:				
Personal services	2,848,900	2,768,900	2,112,350	656,550
Contractual and operational	1,423,180	1,508,880	1,274,902	233,978
Materials and supplies	541,700	536,000	264,165	271,835
Special charges	18,000	18,000	2,160	15,840
Capital outlay	315,500	315,500	113,124	202,376
	<u>5,147,280</u>	<u>5,147,280</u>	<u>3,766,701</u>	<u>1,380,579</u>
Excess (deficiency) of rev over exp	<u>(1,601,269)</u>	<u>(1,601,269)</u>	<u>(308,686)</u>	<u>1,292,583</u>
Other financing sources (uses):				
Transfers in	<u>1,601,269</u>	<u>1,601,269</u>	<u>378,546</u>	<u>(1,222,723)</u>
Total other financing sources (uses)	<u>1,601,269</u>	<u>1,601,269</u>	<u>378,546</u>	<u>(1,222,723)</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	-	69,860	69,860
Fund balance at beginning of year	<u>308,137</u>	<u>308,137</u>	<u>308,137</u>	<u>-</u>
Fund balance at end of year	<u>\$ 308,137</u>	<u>\$ 308,137</u>	<u>\$ 377,997</u>	<u>\$ 69,860</u>

CITY OF LAKE CHARLES, LOUISIANA
Central School Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>2020 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous	\$ 118,400	\$ 102,400	\$ 103,930	\$ 1,530
Total revenues	<u>118,400</u>	<u>102,400</u>	<u>103,930</u>	<u>1,530</u>
Expenditures:				
Contractual and operational	116,320	90,320	58,977	31,343
Materials and supplies	29,500	29,500	21,131	8,369
Special charges	34,000	34,000	33,641	359
Total expenditures	<u>179,820</u>	<u>153,820</u>	<u>113,749</u>	<u>40,071</u>
Excess of revenue over expenditures	<u>(61,420)</u>	<u>(51,420)</u>	<u>(9,819)</u>	<u>41,601</u>
Other financing sources (uses):				
Transfers in	25,000	25,000	25,000	-
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>(36,420)</u>	<u>(26,420)</u>	<u>15,181</u>	<u>41,601</u>
Fund balance at beginning of year	<u>77,797</u>	<u>77,797</u>	<u>77,797</u>	<u>-</u>
Fund balance at end of year	<u>\$ 41,377</u>	<u>\$ 51,377</u>	<u>\$ 92,978</u>	<u>\$ 41,601</u>

CITY OF LAKE CHARLES, LOUISIANA
Special Event Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>2020 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous	\$ 68,800	\$ 21,800	\$ 28,131	\$ 6,331
Total revenues	<u>68,800</u>	<u>21,800</u>	<u>28,131</u>	<u>6,331</u>
Expenditures:				
Contractual and operational	195,550	135,550	122,373	13,177
Materials and supplies	17,000	17,000	9,981	7,019
Other services and charges	61,000	61,000	60,500	500
Total expenditures	<u>273,550</u>	<u>213,550</u>	<u>192,854</u>	<u>20,696</u>
Excess of revenue over expenditures	<u>(204,750)</u>	<u>(191,750)</u>	<u>(164,723)</u>	<u>27,027</u>
Other financing sources:				
Transfers in	200,000	200,000	200,000	-
Total other financing sources	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditure and other uses	<u>(4,750)</u>	<u>8,250</u>	<u>35,277</u>	<u>27,027</u>
Fund balance at beginning of year	<u>94,639</u>	<u>94,639</u>	<u>94,639</u>	<u>-</u>
Fund balance at end of year	<u>\$ 89,889</u>	<u>\$ 102,889</u>	<u>\$ 129,916</u>	<u>\$ 27,027</u>

CITY OF LAKE CHARLES, LOUISIANA
2015 One-Quarter Cent Sales Tax Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>2020 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$1,612,500	\$ 1,612,500	\$ 1,553,203	\$ (59,297)
Miscellaneous	25,000	10,000	24,329	14,329
Total revenues	<u>1,637,500</u>	<u>1,622,500</u>	<u>1,577,532</u>	<u>(44,968)</u>
Expenditures:	-	-	-	-
Excess (deficiency) of rev over exp	<u>1,637,500</u>	<u>1,622,500</u>	<u>1,577,532</u>	<u>(44,968)</u>
Other financing sources (uses):				
Transfers out	<u>(1,660,000)</u>	<u>(1,660,000)</u>	<u>(1,660,000)</u>	-
Total other financing sources (uses)	<u>(1,660,000)</u>	<u>(1,660,000)</u>	<u>(1,660,000)</u>	-
Net change in fund balances	(22,500)	(37,500)	(82,468)	(44,968)
Fund balance at beginning of year	<u>1,739,120</u>	<u>1,739,120</u>	<u>1,739,120</u>	-
Fund balance at end of year	<u>\$1,716,620</u>	<u>\$ 1,701,620</u>	<u>\$ 1,656,652</u>	<u>\$ (44,968)</u>

CITY OF LAKE CHARLES, LOUISIANA
Economic Development District Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>2020 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 35,000	\$ 35,000	\$ 70,875	\$ 35,875
Miscellaneous	-	-	521	521
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>71,396</u>	<u>36,396</u>
Expenditures:				
Special charges	<u>1,000</u>	<u>1,000</u>	<u>2,926</u>	<u>(1,926)</u>
Excess (deficiency) of rev over exp	34,000	34,000	68,470	34,470
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>34,000</u>	<u>34,000</u>	<u>68,470</u>	<u>34,470</u>
Fund balance at beginning of year	<u>26,301</u>	<u>26,301</u>	<u>26,301</u>	<u>-</u>
Fund balance at end of year	<u>\$ 60,301</u>	<u>\$ 60,301</u>	<u>\$ 94,771</u>	<u>\$ 34,470</u>

CITY OF LAKE CHARLES, LOUISIANA
Facility Renewal Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>2020 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest on investments	\$ 30,000	\$ 30,000	\$ 34,921	\$ 4,921
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>34,921</u>	<u>4,921</u>
Expenditures:				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of rev over exp	30,000	30,000	34,921	4,921
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(650,000)	(650,000)	(650,000)	-
Total other financing sources (uses)	<u>(650,000)</u>	<u>(650,000)</u>	<u>(650,000)</u>	<u>-</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>(620,000)</u>	<u>(620,000)</u>	<u>(615,079)</u>	<u>4,921</u>
Fund balance at beginning of year	<u>3,103,675</u>	<u>3,103,675</u>	<u>3,103,675</u>	<u>-</u>
Fund balance at end of year	<u>\$2,483,675</u>	<u>\$ 2,483,675</u>	<u>\$ 2,488,596</u>	<u>\$ 4,921</u>

CITY OF LAKE CHARLES, LOUISIANA
Community Development Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>2020 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 656,989	\$ 321,351	\$ 316,509	\$ (4,842)
Miscellaneous	-	7,818	7,818	-
Total revenues	<u>656,989</u>	<u>329,169</u>	<u>324,327</u>	<u>(4,842)</u>
Expenditures:				
Current:				
Personal services	185,100	188,390	186,697	1,693
Contract and operational	526,934	55,625	54,029	1,596.00
Material and supplies	3,500	1,798	1,798	-
Special current charges	187,250	154,717	152,697	2,020
Total expenditures	<u>902,784</u>	<u>400,530</u>	<u>395,221</u>	<u>5,309</u>
Excess (deficiency) of revenues over expenditures	<u>(245,795)</u>	<u>(71,361)</u>	<u>(70,894)</u>	<u>467</u>
Other financing sources:				
Transfers in	<u>80,638</u>	<u>79,179</u>	<u>78,712</u>	<u>(467)</u>
Total other financing sources	<u>80,638</u>	<u>79,179</u>	<u>78,712</u>	<u>(467)</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>(165,157)</u>	<u>7,818</u>	<u>7,818</u>	<u>-</u>
Fund balance at beginning of year	<u>190,434</u>	<u>190,434</u>	<u>190,434</u>	<u>-</u>
Fund balance at end of year	<u>\$25,277</u>	<u>\$198,252</u>	<u>\$198,252</u>	<u>\$ -</u>

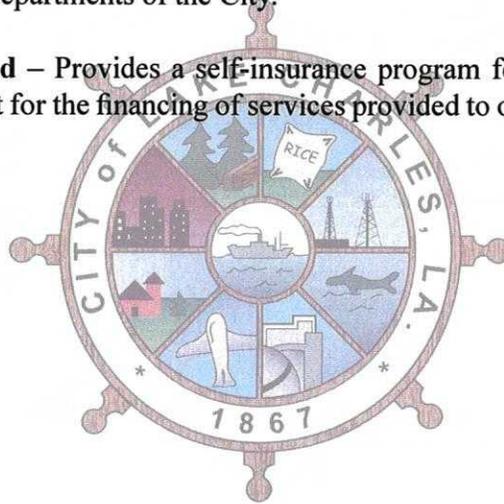
THIS PAGE LEFT INTENTIONALLY BLANK



INTERNAL SERVICE FUNDS

Risk Management Fund – Includes coverage for general liability, auto liability and worker's compensation. This fund is used to account for the financing of services provided by the risk management division to other departments of the City.

Employee Insurance Fund – Provides a self-insurance program for employee health benefits. This fund is used to account for the financing of services provided to other departments of the City.



CITY OF LAKE CHARLES, LOUISIANA

Internal Service Funds

Combining Statement of Net Position

September 30, 2020

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2020</u>
ASSETS			
Current assets:			
Cash	\$ 18,301,022	\$ 4,832,915	\$ 23,133,937
Investments	7,209,768	2,195,865	9,405,633
Receivables:			
Accounts	546,541	2,067	548,608
Accrued interest	4,983	-	4,983
Due from other funds	-	-	-
Prepaid expenses	756,663	-	756,663
Total current assets	<u>26,818,977</u>	<u>7,030,847</u>	<u>33,849,824</u>
Noncurrent assets:			
Capital assets (at cost):			
Machinery & equipment	57,619	-	57,619
Less accumulated depreciation	<u>(42,445)</u>	<u>-</u>	<u>(42,445)</u>
Total capital assets (net of accum. depr.)	<u>15,174</u>	<u>-</u>	<u>15,174</u>
Total assets	<u>26,834,151</u>	<u>7,030,847</u>	<u>33,864,998</u>
Deferred Outflows of resources	<u>112,745</u>	<u>-</u>	<u>112,745</u>
LIABILITIES			
Current liabilities:			
Accounts payable	25,730	17,364	43,094
Due to other funds	-	-	-
Total current liabilities	<u>25,730</u>	<u>17,364</u>	<u>43,094</u>
Long-term liabilities:			
Accrued leave benefits	155,925	-	155,925
OPEB payable	61,112	-	61,112
Net pension liability	508,780	-	508,780
Accrued insurance claims	5,071,580	2,100,000	7,171,580
Incurred-not reported claims	175,000	150,000	325,000
Accrued insurance claims - noncurrent	1,543,860	-	1,543,860
Total long-term liabilities	<u>7,516,257</u>	<u>2,250,000</u>	<u>9,766,257</u>
Total liabilities	<u>7,541,987</u>	<u>2,267,364</u>	<u>9,809,351</u>
Deferred Inflows of resources	<u>8,561</u>	<u>-</u>	<u>8,561</u>
NET POSITION			
Net investment in capital assets	15,174	-	15,174
Unrestricted	19,381,174	4,763,483	24,144,657
Total net position	<u>\$ 19,396,348</u>	<u>\$ 4,763,483</u>	<u>\$ 24,159,831</u>

CITY OF LAKE CHARLES, LOUISIANA
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended September 30, 2020

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2020</u>
Operating revenues:			
Charges for services	\$ 7,000,000	\$ 8,635,706	\$ 15,635,706
Other revenues	16,185	536,671	552,856
Total operating revenues	<u>7,016,185</u>	<u>9,172,377</u>	<u>16,188,562</u>
Operating expenses:			
Personal services	733,177	790,148	1,523,325
Materials and supplies	4,169	2,166	6,335
General and administration	1,354,117	5,340	1,359,457
Depreciation	4,674	-	4,674
Claims and losses paid	3,480,464	10,120,683	13,601,147
Total operating expenses	<u>5,576,601</u>	<u>10,918,337</u>	<u>16,494,938</u>
Operating income (loss)	<u>1,439,584</u>	<u>(1,745,960)</u>	<u>(306,376)</u>
Nonoperating revenues:			
Interest	250,846	100,584	351,430
Total nonoperating revenues	<u>250,846</u>	<u>100,584</u>	<u>351,430</u>
Income (loss) before transfers	<u>1,690,430</u>	<u>(1,645,376)</u>	<u>45,054</u>
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	1,690,430	(1,645,376)	45,054
Net position - beginning of fiscal year	17,705,918	6,408,859	24,114,777
Net position - ending of fiscal year	<u>\$ 19,396,348</u>	<u>\$ 4,763,483</u>	<u>\$ 24,159,831</u>

CITY OF LAKE CHARLES, LOUISIANA

Internal Service Fund

Combining Statement of Cash Flows

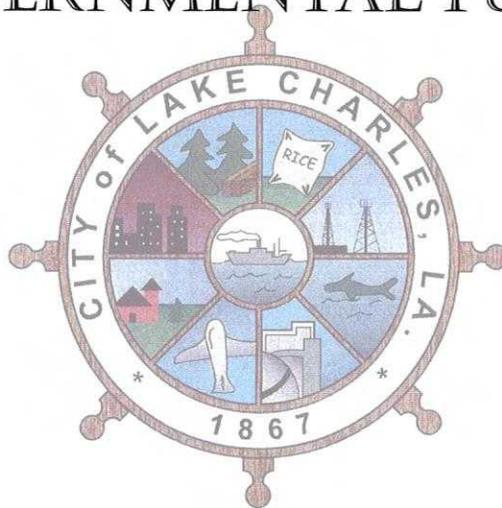
For the Fiscal Year Ended September 30, 2020

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2020</u>
Cash flows from operating activities:			
Receipts from customers	\$ 1,261,583	\$ 890,869	\$ 2,152,452
Receipts from interfund charges for risk management services	7,000,000	8,282,578	15,282,578
Payments to employees	(686,506)	(790,100)	(1,476,606)
Payments to suppliers and claimants	(4,209,793)	(10,126,634)	(14,336,427)
Internal activity - payments to other funds	(6)	-	(6)
Net cash provided by operating activities	<u>3,365,278</u>	<u>(1,743,287)</u>	<u>1,621,991</u>
Cash flow from capital and related financing activities:			
Purchase of capital assets	-	-	-
Net cash used for capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flow from investing activities:			
Purchase of investment securities	(5,023,740)	(23,539)	(5,047,279)
Proceeds from sale and maturities of investment securities	2,000,000	1,400,000	3,400,000
Interest on investments	249,496	98,453	347,949
Net cash provided (used for) investing activities	<u>(2,774,244)</u>	<u>1,474,914</u>	<u>(1,299,330)</u>
Net increase (decrease) in cash and cash equivalents	591,034	(268,373)	322,661
Cash and cash equivalents at beginning of year	17,709,988	5,101,288	22,811,276
Cash and cash equivalents at end of year	<u>\$ 18,301,022</u>	<u>\$ 4,832,915</u>	<u>\$ 23,133,937</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 1,439,584	\$ (1,745,960)	\$ (306,376)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	4,674	-	4,674
(Increase) decrease in accounts receivable	1,245,398	1,070	1,246,468
(Increase) decrease in prepaid items	(115,578)	-	(115,578)
(Increase) decrease in deferred outflows of resources	14,165	-	14,165
Increase (Decrease) in accounts payables	1,630	1,603	3,233
Increase (Decrease) in accrued insurance claims	749,101	-	749,101
Increase (Decrease) in compensated absences payable	11,443	-	11,443
Increase (Decrease) in OPEB liability	2,274	-	2,274
Increase (Decrease) in NP liability	26,081	-	26,081
Increase (Decrease) in due to other funds	(6)	-	(6)
Increase (Decrease) in due deferred inflows of resources	(13,488)	-	(13,488)
Total adjustments	<u>1,925,694</u>	<u>2,673</u>	<u>1,928,367</u>
Net cash provided by operating activities	<u>\$ 3,365,278</u>	<u>\$ (1,743,287)</u>	<u>\$ 1,621,991</u>

Noncash investing, capital and financing activities:

Change in the fair value of investments resulted in an unrealized gain of \$6,977 at year-end 2020 and an unrealized gain of \$82,342 at year-end 2019.

CAPITAL ASSETS
USED IN THE OPERATION OF
GOVERNMENTAL FUNDS



CITY OF LAKE CHARLES, LOUISIANA
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Governmental funds capital assets		
Land	\$ 16,359,652	\$ 16,199,452
Buildings	57,304,599	57,262,996
Improvements other than buildings	113,695,536	113,864,422
Machinery and Equipment	42,854,699	41,896,602
Infrastructure	397,449,584	379,759,490
Construction in progress	<u>17,221,644</u>	<u>14,138,475</u>
 Total general capital assets	 <u>\$ 644,885,714</u>	 <u>\$ 623,121,437</u>
 Property acquired prior to October 1, 1985, excluding infrastructure	 \$ 23,380,139	 \$ 23,512,856
Property acquired after September 30, 1985 from:		
Federal grants	40,165,506	39,972,418
State grants	4,933,963	4,933,963
General fund revenues	195,134,185	194,010,453
Capital projects funds	330,155,976	319,332,523
Donations	<u>51,115,945</u>	<u>41,359,224</u>
 Total investments in general capital assets	 <u>\$ 644,885,714</u>	 <u>\$ 623,121,437</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$57,620 on 9/30/2020 and \$57,620 on 9/30/2019 that are reported in the internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF LAKE CHARLES, LOUISIANA
Schedule of Capital Assets - Governmental Funds
By Function and Activity
September 30, 2020

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
GENERAL GOVERNMENT							
Legislative	\$ -	\$ -	\$ -	\$ 70,671	\$ -	\$ -	\$ 70,671
Executive	-	-	-	66,459	-	-	66,459
Judicial	-	5,129,852	-	10,104	-	-	5,139,956
Total general government	<u>-</u>	<u>5,129,852</u>	<u>-</u>	<u>147,234</u>	<u>-</u>	<u>-</u>	<u>5,277,086</u>
STAFF AGENCIES							
Finance	-	-	-	23,496	-	-	23,496
Planning and development	-	-	-	96,495	-	-	96,495
Human Resources	-	-	-	1,367	-	-	1,367
Public works	214,700	821,117	247,625	1,881,918	-	-	3,165,360
Information Services	-	-	-	557,590	-	-	557,590
General government buildings	5,113,741	6,176,575	1,660,359	629,638	-	2,157	13,582,470
Total staff agencies	<u>5,328,441</u>	<u>6,997,692</u>	<u>1,907,984</u>	<u>3,190,504</u>	<u>-</u>	<u>2,157</u>	<u>17,426,778</u>
PUBLIC SAFETY							
Police	64,965	1,126,376	699,766	8,177,550	-	-	10,068,657
Fire	203,900	7,566,916	1,311,889	13,962,169	-	81,540	23,126,414
Permit Center	-	-	-	289,226	-	-	289,226
Total public safety	<u>268,865</u>	<u>8,693,292</u>	<u>2,011,655</u>	<u>22,428,945</u>	<u>-</u>	<u>81,540</u>	<u>33,484,297</u>
Streets	-	81,870	-	5,409,145	313,970,608	11,279,092	330,740,715
Recreation	9,476,160	5,446,808	26,910,638	1,882,047	-	49,635	43,765,288
Community service	5,000	2,549,579	432,631	2,470	-	3,196,817	6,186,497
Sanitation and waste	1,281,186	28,405,506	82,432,628	9,794,354	83,478,976	2,612,403	208,005,053
	<u>10,762,346</u>	<u>36,483,763</u>	<u>109,775,897</u>	<u>17,088,016</u>	<u>397,449,584</u>	<u>17,137,947</u>	<u>588,697,553</u>
Total capital assets allocated to functions	<u>\$ 16,359,652</u>	<u>\$ 57,304,599</u>	<u>\$ 113,695,536</u>	<u>\$ 42,854,699</u>	<u>\$ 397,449,584</u>	<u>\$ 17,221,644</u>	<u>\$ 644,885,714</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$57,620 on 9/30/2020 and \$57,620 on 9/30/2019 that are reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF LAKE CHARLES, LOUISIANA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Fiscal Year Ended September 30, 2020

<u>Function and Activity</u>	<u>General Capital Assets 9/30/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Capital Assets 9/30/2020</u>
GENERAL GOVERNMENT				
Legislative	\$ 70,671	\$ -	\$ -	\$ 70,671
Executive	43,586	22,873	-	66,459
Judicial	5,139,956	-	-	5,139,956
Total general government	<u>5,254,213</u>	<u>22,873</u>	<u>-</u>	<u>5,277,086</u>
STAFF AGENCIES				
Finance	23,496	-	-	23,496
Planning and Development	96,495	-	-	96,495
Human Resources	1,367	-	-	1,367
Public Works	3,002,470	385,217	(222,327)	3,165,360
Information Services	555,648	27,578	(25,636)	557,590
General Government	13,580,962	18,683	(17,175)	13,582,470
Total staff agencies	<u>17,260,438</u>	<u>431,478</u>	<u>(265,138)</u>	<u>17,426,778</u>
PUBLIC SAFETY				
Police	10,035,919	933,595	(900,857)	10,068,657
Fire	23,331,408	559,600	(764,594)	23,126,414
Permit Center	260,846	44,645	(16,265)	289,226
Total public safety	<u>33,628,173</u>	<u>1,537,840</u>	<u>(1,681,716)</u>	<u>33,484,297</u>
Streets	313,006,963	20,885,904	(3,152,152)	330,740,715
Recreation	43,779,974	653,797	(668,483)	43,765,288
Community service	5,343,855	842,642	-	6,186,497
Sanitation and waste	204,847,821	5,377,618	(2,220,386)	208,005,053
	<u>566,978,613</u>	<u>27,759,961</u>	<u>(6,041,021)</u>	<u>588,697,553</u>
Total capital assets allocated to functions	<u>\$ 623,121,437</u>	<u>\$ 29,752,152</u>	<u>\$ (7,987,875)</u>	<u>\$ 644,885,714</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$57,620 on 9/30/2020 and \$57,620 on 9/30/2019 that are reported in the internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net position.

STATISTICAL SECTION

This part of the City of Lake Charles' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the government's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess government's more significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

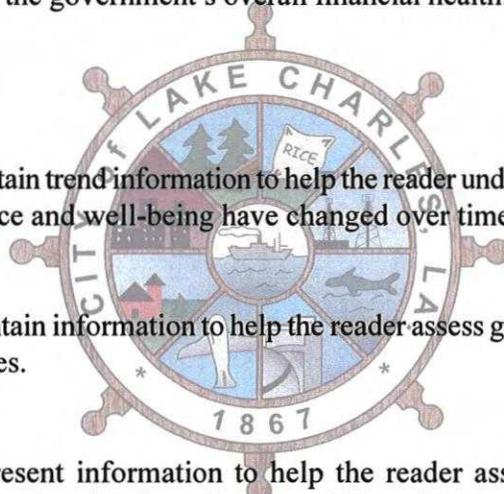
Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Except where noted, the information in these schedules is derived from the City of Lake Charles' comprehensive annual financial reports for the relative year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning that year.



CITY OF LAKE CHARLES, LOUISIANA
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities				
Net investment in capital assets	\$ 223,583	\$ 228,301	\$ 230,614	\$ 240,382
Restricted	51,978	31,734	23,169	22,757
Unrestricted	44,864	72,112	90,900	54,000
Total governmental activities net assets	<u>\$ 320,425</u>	<u>\$ 332,147</u>	<u>\$ 344,683</u>	<u>\$ 317,139</u>
Business-Type activities				
Net investment in capital assets	\$ 66,627	\$ 68,959	\$ 68,562	\$ 70,785
Assigned	5,584	7,909	11,729	17,502
Total governmental activities net assets	<u>\$ 72,211</u>	<u>\$ 76,868</u>	<u>\$ 80,291</u>	<u>\$ 88,287</u>
Primary Government				
Net investment in capital assets	\$ 290,210	\$ 297,260	\$ 299,176	\$ 311,167
Restricted	51,978	31,734	23,169	22,757
Unrestricted	50,448	80,021	102,629	71,502
Total governmental activities net assets	<u>\$ 392,636</u>	<u>\$ 409,015</u>	<u>\$ 424,974</u>	<u>\$ 405,426</u>

* GASB 68 adopted in 2015

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 243,940	\$ 259,977	\$ 294,028	\$ 307,134	\$ 313,647	\$ 325,072
24,596	31,273	33,409	32,950	34,219	34,961
72,792	77,180	61,863	68,648	78,046	76,891
<u>\$ 341,328</u>	<u>\$ 368,430</u>	<u>\$ 389,300</u>	<u>\$ 408,732</u>	<u>\$ 425,912</u>	<u>\$ 436,924</u>
\$ 69,095	\$ 68,622	\$ 69,202	\$ 73,313	\$ 73,788	\$ 76,941
22,049	24,166	25,356	23,833	25,554	24,065
<u>\$ 91,144</u>	<u>\$ 92,788</u>	<u>\$ 94,558</u>	<u>\$ 97,146</u>	<u>\$ 99,342</u>	<u>\$ 101,006</u>
\$ 313,035	\$ 328,599	\$ 363,230	\$ 380,447	\$ 387,435	\$ 402,013
24,596	31,273	33,409	32,950	34,219	34,961
94,841	101,346	87,219	92,481	103,600	100,956
<u>\$ 432,472</u>	<u>\$ 461,218</u>	<u>\$ 483,858</u>	<u>\$ 505,878</u>	<u>\$ 525,254</u>	<u>\$ 537,930</u>

CITY OF LAKE CHARLES, LOUISIANA

Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 4,585,082	\$ 4,644,212	\$ 4,567,288	\$ 4,778,135	\$ 5,316,267	\$ 5,612,894	\$ 5,812,852	\$ 6,062,340	\$ 6,585,196	\$ 6,834,478
Public safety	28,681,562	30,667,312	31,412,865	32,257,586	33,401,455	36,589,474	37,722,822	38,772,282	42,491,635	47,227,209
Public works	30,294,422	29,047,659	28,841,269	30,295,303	32,980,130	34,279,219	42,253,530	42,804,319	44,160,415	83,647,950
Planning and development	3,195,533	2,981,902	2,991,321	2,663,000	2,672,381	2,521,348	2,656,677	2,820,828	3,291,552	2,808,734
General services	4,384,287	5,428,845	5,687,941	5,659,656	6,021,391	5,838,645	6,507,033	6,875,525	6,558,381	8,397,663
Community services	6,936,038	6,730,143	6,174,061	6,350,062	6,668,047	7,191,241	6,158,706	7,110,893	7,519,692	13,132,656
Interest in long-term debt	3,935,479	4,053,332	3,409,036	3,203,842	3,138,628	2,703,865	3,149,772	2,054,636	1,864,766	1,591,346
Total governmental activities	<u>82,012,403</u>	<u>83,553,405</u>	<u>83,083,781</u>	<u>85,207,584</u>	<u>90,198,299</u>	<u>94,736,686</u>	<u>104,261,392</u>	<u>106,500,823</u>	<u>112,471,637</u>	<u>163,640,036</u>
Business-type activities										
Civic center	3,575,028	3,356,078	3,014,670	3,091,611	3,365,531	3,949,094	3,788,824	3,899,346	3,913,590	3,333,299
Golf course	1,495,425	1,489,217	1,539,186	1,612,629	1,648,783	1,680,137	1,718,210	1,873,811	1,815,144	2,844,809
Transit	2,215,223	2,298,862	2,354,540	2,714,383	2,917,813	3,066,511	3,361,381	3,655,630	3,896,717	4,234,999
Water	8,948,287	8,980,994	9,181,423	9,622,826	9,890,095	10,173,955	10,845,330	11,206,906	12,074,665	12,061,138
Total business-type activities	<u>16,233,963</u>	<u>16,125,151</u>	<u>16,089,819</u>	<u>17,041,449</u>	<u>17,822,222</u>	<u>18,869,697</u>	<u>19,713,745</u>	<u>20,635,693</u>	<u>21,700,116</u>	<u>22,474,245</u>
Total primary government	<u>\$ 98,246,366</u>	<u>\$ 99,678,556</u>	<u>\$ 99,173,600</u>	<u>\$ 102,249,033</u>	<u>\$ 108,020,521</u>	<u>\$ 113,606,383</u>	<u>\$ 123,975,137</u>	<u>\$ 127,136,516</u>	<u>\$ 134,171,753</u>	<u>\$ 186,114,281</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 5,432,955	\$ 5,067,281	\$ 5,497,834	\$ 5,423,120	\$ 5,730,156	\$ 5,997,403	\$ 6,195,338	\$ 6,469,760	\$ 6,490,449	\$ 6,512,956
Public works	10,317,926	11,146,171	11,767,500	12,706,586	13,459,995	13,438,315	13,486,598	14,110,034	13,476,408	12,793,705
Other activities	1,123,347	1,106,880	1,108,756	996,480	744,123	751,477	753,544	847,379	950,164	603,456
Operating grants and contributions	4,505,960	5,037,836	5,237,139	4,428,311	4,675,984	4,002,036	5,142,923	4,522,002	5,011,047	51,496,877
Capital grants and contributions	5,843,875	2,991,355	3,949,165	7,243,043	5,516,540	8,346,684	4,838,875	2,408,146	6,019,529	12,491,015
Total govmtl activity prgrm	<u>27,224,063</u>	<u>25,349,523</u>	<u>27,560,394</u>	<u>30,797,540</u>	<u>30,126,798</u>	<u>32,535,915</u>	<u>30,417,278</u>	<u>28,357,321</u>	<u>31,947,597</u>	<u>83,898,009</u>
Business-type activities:										
Charges for services:										
Civic center	968,296	975,050	941,963	968,322	1,000,078	1,138,735	971,360	1,033,378	1,021,589	513,434
Golf course	928,512	844,392	974,094	1,046,272	1,012,359	992,086	903,040	988,757	845,364	591,013
Transit	98,804	115,597	111,750	189,754	184,332	189,931	191,826	187,114	190,815	193,154
Water	10,333,108	10,657,748	11,327,208	12,066,695	12,687,985	12,300,282	13,215,887	13,802,115	13,138,924	12,790,717
Operating grants and contributions	1,411,923	1,422,853	1,515,747	1,647,581	2,303,705	2,834,655	2,751,946	3,043,540	3,103,043	4,168,748
Capital grants and contributions	736,314	3,184,780	541,173	7,795,194	801,268	266,752	261,931	982,009	179,704	1,819,470
Total busnss-type prgrm revens	<u>14,476,957</u>	<u>17,200,420</u>	<u>15,411,935</u>	<u>23,713,818</u>	<u>17,989,727</u>	<u>17,722,441</u>	<u>18,295,990</u>	<u>20,036,913</u>	<u>18,479,439</u>	<u>20,076,536</u>
Total primary government program	<u>\$ 41,701,020</u>	<u>\$ 42,549,943</u>	<u>\$ 42,972,329</u>	<u>\$ 54,511,358</u>	<u>\$ 48,116,525</u>	<u>\$ 50,258,356</u>	<u>\$ 48,713,268</u>	<u>\$ 48,394,234</u>	<u>\$ 50,427,036</u>	<u>\$ 103,974,545</u>

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (expense)/revenue										
Governmental activities	\$ (54,788,340)	\$ (58,203,882)	\$ (55,523,387)	\$ (54,410,044)	\$ (60,071,501)	\$ (62,200,771)	\$ (73,844,114)	\$ (78,143,502)	\$ (80,524,040)	\$ (79,742,027)
Business-type activities	(1,757,006)	1,075,269	(677,884)	6,672,369	167,505	(1,147,256)	(1,417,755)	(598,780)	(3,220,677)	(2,397,709)
Total primary government net expenses	<u>\$ (56,545,346)</u>	<u>\$ (57,128,613)</u>	<u>\$ (56,201,271)</u>	<u>\$ (47,737,675)</u>	<u>\$ (59,903,996)</u>	<u>\$ (63,348,027)</u>	<u>\$ (75,261,869)</u>	<u>\$ (78,742,282)</u>	<u>\$ (83,744,717)</u>	<u>\$ (82,139,736)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes										
Property taxes	\$ 7,923,348	\$ 7,707,653	\$ 8,176,273	\$ 8,631,895	\$ 9,163,826	\$ 10,217,089	\$ 10,616,469	\$ 10,862,457	\$ 11,246,318	\$ 11,660,793
Sales taxes	43,127,692	45,659,894	46,717,755	50,519,838	54,786,123	60,570,243	64,596,373	67,840,226	67,169,609	63,188,793
Franchise taxes	5,787,057	4,873,591	5,420,601	5,952,906	5,736,856	5,472,965	5,722,675	5,878,166	5,801,232	5,350,971
Riverboat taxes	9,113,904	9,713,282	9,691,942	9,664,375	11,054,210	10,799,768	10,657,944	10,735,679	11,045,968	9,413,068
Grants and contributions not restricted to specific programs	190,806	3,462,831	181,836	185,172	180,867	194,470	227,691	230,435	238,919	219,227
Interest and investment earnings	1,089,127	575,503	62,044	671,283	965,038	834,331	1,162,105	2,206,510	4,569,271	2,157,325
Miscellaneous	2,194,144	1,479,307	1,922,170	3,024,050	4,722,125	3,730,355	4,666,850	2,425,142	2,310,815	2,468,193
Gain (loss) on sales of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	(2,746,015)	(3,545,790)	(4,113,925)	(3,645,582)	(2,348,768)	(2,515,786)	(2,935,905)	(2,757,752)	(4,677,725)	(3,704,830)
Total governmental activities	<u>66,680,063</u>	<u>69,926,271</u>	<u>68,058,696</u>	<u>75,003,937</u>	<u>84,260,277</u>	<u>89,303,435</u>	<u>94,714,202</u>	<u>97,420,863</u>	<u>97,704,407</u>	<u>90,753,540</u>
Business-type activities:										
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	-	-	-	-
Interest and investment earnings	52,549	35,695	(12,505)	81,712	227,141	133,929	251,993	405,633	738,783	357,382
Miscellaneous	-	-	-	-	113,376	141,451	-	-	-	-
Gain (loss) on sales of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	2,746,015	3,545,790	4,113,925	3,645,582	2,348,768	2,515,786	2,935,905	2,757,752	4,677,725	3,704,830
Total business type activities	<u>2,798,564</u>	<u>3,581,485</u>	<u>4,101,420</u>	<u>3,727,294</u>	<u>2,689,285</u>	<u>2,791,166</u>	<u>3,187,898</u>	<u>3,163,385</u>	<u>5,416,508</u>	<u>4,062,212</u>
Total primary government	<u>\$ 69,478,627</u>	<u>\$ 73,507,756</u>	<u>\$ 72,160,116</u>	<u>\$ 78,731,231</u>	<u>\$ 86,949,562</u>	<u>\$ 92,094,601</u>	<u>\$ 97,902,100</u>	<u>\$ 100,584,248</u>	<u>\$ 103,120,915</u>	<u>\$ 94,815,752</u>
Change in Net Assets										
Governmental activities	\$ 11,891,723	\$ 11,722,389	\$ 12,535,309	\$ 20,593,893	\$ 24,188,776	\$ 27,102,664	\$ 20,870,088	\$ 19,277,361	\$ 17,180,367	\$ 11,011,513
Business-type activities	1,041,558	4,656,754	3,423,536	10,399,663	2,856,790	1,643,910	1,770,143	2,564,605	2,195,831	1,664,503
Total primary government	<u>\$ 12,933,281</u>	<u>\$ 16,379,143</u>	<u>\$ 15,958,845</u>	<u>\$ 30,993,556</u>	<u>\$ 27,045,566</u>	<u>\$ 28,746,574</u>	<u>\$ 22,640,231</u>	<u>\$ 21,841,966</u>	<u>\$ 19,376,198</u>	<u>\$ 12,676,016</u>

CITY OF LAKE CHARLES, LOUISIANA
 Governmental Activities Tax and Other Revenues by Source
 Last Ten Fiscal Years
 (accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>One Percent Sales Tax (1965)</u>	<u>* Additional One Percent Sales Tax (1987)</u>	<u>Employee's Pay Quarter cent Sales Tax (1995)</u>	<u>One-Quarter Cent Sales Tax Debt Reserve Fund (2016)</u>
2011	7,923,348	18,994,509	18,994,509	4,750,340	-
2012	7,707,653	19,940,426	19,940,425	4,985,113	-
2013	8,176,273	20,638,460	20,638,461	5,159,621	-
2014	8,631,895	22,309,909	22,309,909	5,577,484	-
2015	9,163,826	24,233,672	24,233,672	6,058,418	-
2016	10,217,089	24,759,696	24,759,696	6,189,924	4,571,836
2017	10,616,469	25,695,368	25,695,368	6,423,849	6,372,113
2018	10,862,457	26,833,765	26,833,765	6,708,442	6,635,894
2019	11,246,319	26,711,079	26,711,079	6,677,655	6,619,849
2020	11,660,793	25,125,185	25,125,185	6,238,871	6,212,813

* Sales tax levy above dedicates 28 percent of collections to Capital Projects of which 60 percent can be used for debt service

Notes: The City, through a Cooperative Endeavor Agreement with the Calcasieu Parish Policy Jury, pool gaming revenues received on a parish-wide basis.
 Golden Nugget Casino opened in December 2014.
 2013 property tax revenues reflect the reassessment of property in 2012.
 2017 property tax revenues reflect the reassessment of property in 2016.
 2016 15 year quarter cent sales tax began January 2016

Monthly Sales Tax Receipts 28% Dedicated to Capital Projects (included in above)

<u>Collection Month</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
November	\$ 426,589	\$ 405,728	\$ 439,768	\$ 451,838
December	420,851	393,645	446,902	523,949
January	553,457	588,320	580,761	609,804
February	386,115	511,944	424,817	425,861
March	420,739	436,991	447,863	474,515
April	478,140	498,970	521,802	528,496
May	438,799	438,287	470,869	529,857
June	423,997	466,481	493,820	526,757
July	467,521	478,381	497,303	538,256
August	426,331	443,114	487,062	519,849
September	443,151	467,114	487,685	513,189
October	432,773	454,344	480,117	604,404
Total	\$ 5,318,463	\$ 5,583,319	\$ 5,778,769	\$ 6,246,775

<u>TIFF District One Percent Sales Tax (2018)</u>	<u>Riverboat Gaming Tax</u>	<u>Electric Utility Franchise</u>	<u>Gas Utility Franchise</u>	<u>Cable Television Franchise</u>	<u>Charges for Services User Fees Wastewater</u>
-	9,113,904	4,346,623	483,307	957,127	10,191,203
-	9,713,282	3,463,387	405,302	1,004,902	11,001,880
-	9,691,942	4,009,040	396,650	1,014,911	11,601,657
-	9,664,375	4,442,183	474,212	1,036,511	12,519,677
-	11,054,210	4,339,524	420,979	976,353	13,323,763
-	10,799,768	4,098,903	360,464	1,013,598	13,281,720
-	10,657,944	4,295,722	406,840	1,020,114	13,221,450
1,213	10,735,679	4,378,367	483,545	1,016,254	13,771,766
48,461	11,045,969	4,306,206	478,226	1,016,801	12,667,693
70,875	9,413,068	4,092,816	423,927	834,228	12,554,335

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 529,736	\$ 535,012	\$ 544,564	\$ 595,135	\$ 597,575	\$ 528,901
541,692	533,725	564,660	560,185	478,637	663,989
702,020	694,329	730,672	763,506	895,304	761,692
500,766	512,445	527,052	550,737	526,049	533,912
514,014	519,495	520,045	563,037	559,319	515,864
617,823	652,316	665,259	690,882	665,263	550,828
540,169	548,264	591,265	599,185	587,399	489,569
547,963	565,631	597,337	640,612	599,129	596,499
598,577	611,634	686,415	682,222	667,495	650,386
577,527	611,509	571,248	633,452	615,983	429,259
549,074	557,614	583,584	603,781	646,318	684,585
566,067	590,743	612,602	630,722	640,632	629,567
<u>\$ 6,785,428</u>	<u>\$ 6,932,717</u>	<u>\$ 7,194,703</u>	<u>\$ 7,513,454</u>	<u>\$ 7,479,102</u>	<u>\$ 7,035,052</u>

CITY OF LAKE CHARLES, LOUISIANA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
I General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-	-	-	-	-	-
Nonspendable	486,580	543,389	478,983	525,480	621,486	666,530	684,120	568,580	629,864	836,789
Committed	2,895,603	2,567,929	2,363,360	2,853,169	2,413,358	2,061,843	3,561,194	4,145,634	3,472,701	5,996,241
Unassigned	21,932,680	22,245,646	23,053,203	25,996,329	28,338,533	27,297,165	30,764,493	35,078,544	32,989,637	23,524,122
Total General Fund	25,314,863	25,356,964	25,895,546	29,374,978	31,373,377	30,025,538	35,009,807	39,792,758	37,092,202	30,357,152
II other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	27,460	51,623	50,925	30,840	46,917	48,896	62,165	151,535	150,775	171,635
Restricted	44,338,979	31,731,731	23,962,211	22,754,774	24,595,560	31,272,991	33,409,232	32,950,498	34,219,348	34,961,022
Committed	51,269,454	50,934,223	57,358,834	57,603,158	65,108,250	72,116,986	55,063,188	56,953,479	72,725,077	78,562,670
Assigned	8,388,325	12,033,195	7,674,979	10,491,959	13,392,519	9,851,745	8,994,330	8,681,868	9,033,669	10,343,038
Total all other governmental funds	104,024,218	94,750,772	89,046,949	90,880,731	103,143,246	113,290,618	97,528,915	98,737,380	116,128,869	124,038,365
Total all governmental funds	\$ 129,339,081	\$ 120,107,736	\$ 114,942,495	\$ 120,255,709	\$ 134,516,623	\$ 143,316,156	\$ 132,538,722	\$ 138,530,138	\$ 153,221,071	\$ 154,395,517

Note GASB 54 adopted in 2011.

GASB 68 adopted in 2015

GASB 75 adopted in 2018

CITY OF LAKE CHARLES, LOUISIANA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	\$ 62,638,371	\$ 65,208,410	\$ 67,508,949	\$ 71,638,915	\$ 77,964,674	\$ 81,278,866	\$ 88,826,340	\$ 92,009,560	\$ 92,611,008	\$ 87,324,814
Licenses and permits	6,633,096	5,526,807	6,349,383	6,686,060	6,657,120	9,940,761	6,597,424	6,963,073	6,809,618	6,244,424
Intergovernmental	10,759,547	8,264,523	9,752,774	12,275,671	10,364,017	12,965,781	10,603,497	7,114,980	11,028,912	46,030,080
Charges for services	13,134,106	13,680,453	14,375,194	15,290,879	16,016,725	16,050,508	16,286,940	16,766,116	16,296,708	16,715,346
Fines and forfeitures	383,267	311,388	247,061	253,920	195,139	186,042	301,103	275,630	242,223	195,363
Miscellaneous	2,826,993	2,351,245	1,888,663	1,695,540	3,064,934	1,632,574	2,154,234	3,739,329	5,309,737	10,436,272
Total revenues	96,375,380	95,342,826	100,122,024	107,840,985	114,262,609	122,054,532	124,769,538	126,868,688	132,298,206	166,946,299
Expenditures:										
Current operating:										
General government	2,857,662	2,876,353	2,892,999	2,945,962	3,016,207	3,059,233	3,204,360	3,436,047	3,529,417	3,812,868
Finance	1,488,859	1,498,360	1,524,491	1,594,704	1,610,407	1,739,594	1,714,273	1,757,188	1,875,037	1,994,370
Human Resources	313,428	312,168	309,113	339,091	367,152	374,721	397,613	390,668	416,168	432,246
Fire	12,940,071	13,293,542	13,523,625	14,481,544	14,493,469	14,938,379	15,870,091	16,619,281	17,278,379	18,908,742
Police	16,200,141	17,108,345	18,311,542	17,911,230	18,096,917	18,530,921	19,770,508	20,102,125	21,014,854	23,976,208
Public works	20,324,226	21,183,964	21,449,006	22,045,127	22,093,947	23,986,800	26,421,585	25,131,848	25,497,159	66,926,406
Planning and development	3,028,735	2,785,459	2,793,690	2,535,761	2,679,361	2,521,354	2,611,276	2,741,631	3,160,533	2,703,139
Community services	4,721,208	4,913,007	5,516,244	5,343,835	5,389,074	5,509,270	5,998,397	6,019,381	5,975,181	10,855,986
General services	4,168,195	4,127,074	4,453,969	4,253,097	4,415,871	4,629,048	4,788,886	4,830,710	5,192,395	7,584,015
Capital projects	25,022,530	27,249,392	21,031,285	18,090,669	14,829,729	33,685,525	50,470,051	27,909,851	18,686,556	15,553,814
Debt service:										
Principal retirement	5,449,519	5,836,224	6,947,090	6,790,771	5,405,386	5,722,670	6,664,637	6,833,190	8,043,321	7,332,101
Bond issuance costs	147,128	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	3,982,945	4,247,927	3,603,630	3,398,436	4,591,559	2,854,289	2,719,730	2,450,417	2,260,548	1,987,128
Total expenditures	100,644,647	105,431,815	102,356,684	99,730,227	96,989,079	117,551,804	140,631,407	118,222,337	112,929,548	162,067,023
Excess (deficiency) of revenues over expenditures	(4,269,267)	(10,088,989)	(2,234,660)	8,110,758	17,273,530	4,502,728	(15,861,869)	8,646,351	19,368,658	4,879,276
Other financing sources (uses):										
Transfers in	15,153,082	19,551,176	21,967,386	21,798,979	21,876,158	41,585,711	26,615,768	29,122,749	33,981,729	36,076,763
Transfers out	(18,982,135)	(22,915,600)	(25,731,311)	(24,694,561)	(26,354,532)	(44,101,497)	(29,551,673)	(31,880,502)	(38,659,454)	(39,781,593)
Issuance of debt - refunding bonds	-	-	-	-	15,825,000	-	24,140,000	-	-	-
Issuance of debt	3,713,962	4,222,067	833,344	98,037	-	6,812,591	8,012,943	102,818	-	-
Premium on debt issuance	-	-	-	-	906,376	-	3,687,728	-	-	-
Bond refunding-cost of issuance	-	-	-	-	(270,617)	-	(378,726)	-	-	-
Pymnt refunded bond escrw-current	-	-	-	-	-	-	(5,920,000)	-	-	-
Pymnt refunded bond escrw-advance	-	-	-	-	(14,995,000)	-	(19,720,000)	-	-	-
Pymnt refunded bond escrw-interest	-	-	-	-	-	-	(1,801,605)	-	-	-
Total other financing sources(uses)	(115,091)	857,643	(2,930,581)	(2,797,545)	(3,012,615)	4,296,805	5,084,435	(2,654,935)	(4,677,725)	(3,704,830)
Net change in fund balances	\$ (4,384,358)	\$ (9,231,346)	\$ (5,165,241)	\$ 5,313,213	\$ 14,260,915	\$ 8,799,533	\$ (10,777,434)	\$ 5,991,416	\$ 14,690,933	\$ 1,174,446
Debt service as a percentage of noncapital expenditures	12.29%	13.53%	13.24%	12.90%	12.29%	10.47%	10.23%	9.69%	10.75%	6.43%

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property Tax	One Percent Sales Tax ('65)	Additional One Percent Sales Tax ('87)	Employee's Pay Quarter cent Sales Tax ('95)	One-Quarter Cent Sales Tax Debt Reserve Fd ('16)	TIFF District One Percent Sales Tax ('18)	Riverboat Gaming Tax	Electric Utility Franchise	Gas Utility Franchise	Cable Television Franchise
2011	7,923,348	18,994,509	18,994,509	4,750,340	-	-	9,113,904	4,346,623	483,307	957,127
2012	7,707,653	19,940,426	19,940,425	4,985,113	-	-	9,713,282	3,463,387	405,302	1,004,902
2013	8,176,273	20,638,460	20,638,461	5,159,621	-	-	9,691,942	4,009,040	396,650	1,014,911
2014	8,631,895	22,309,909	22,309,909	5,577,484	-	-	9,664,375	4,442,183	474,212	1,036,511
2015	9,163,826	24,233,672	24,233,672	6,058,418	-	-	11,054,210	4,339,524	420,979	976,353
2016	10,217,089	24,759,696	24,759,696	6,189,924	4,571,836	-	10,799,768	4,098,903	360,464	1,013,598
2017	10,616,469	25,695,368	25,695,368	6,423,849	6,372,113	-	10,657,944	4,295,722	406,840	1,020,114
2018	10,862,457	26,833,765	26,833,765	6,708,442	6,635,894	1,213	10,735,679	4,378,367	483,545	1,016,254
2019	11,246,319	26,711,079	26,711,079	6,677,655	6,619,849	48,461	11,045,969	4,306,206	478,226	1,016,801
2020	11,660,793	25,125,185	25,125,185	6,238,871	6,212,813	70,875	9,413,068	4,092,816	423,927	834,228

CITY OF LAKE CHARLES, LOUISIANA
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year Ended	Tax Year	Real Property and Mobile		Personal, Business Industry	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2011	2010	368,075,460	3,680,756,600	113,615,250	757,435,000
2012	2011	371,813,160	3,718,131,600	111,831,890	745,545,933
2013	2012	408,917,100	4,089,171,000	106,665,010	711,100,067
2014	2013	432,041,780	4,320,417,800	148,418,710	989,458,067
2015	2014	483,192,030	4,831,920,800	168,282,760	1,121,835,067
2016	2015	516,842,790	5,168,427,900	164,358,110	1,095,720,733
2017	2016	541,069,351	5,410,693,510	159,795,020	1,065,300,133
2018	2017	580,132,590	5,801,325,900	153,211,230	1,021,408,200
2019	2018	597,738,510	5,977,385,100	160,846,330	1,072,308,866
2020	2019	544,637,920	5,446,379,200	158,937,930	1,059,586,200

Note:

(1) Ratios of assessed valuation to actual value are established by state law. Assessment ratios currently applicable to various classes of property are as follows:

- 10% - Land and residential improvements
- 15% - Commercial improvements
- 15% - Personal property
- 25% - Public Utilities

(2) All property assessments are made by the Calcasieu Parish Assessor or the Louisiana Tax Commission. Required reassessments of all properties were made in 2012 and 2016.

Source: Calcasieu Parish Sheriff & Tax Collector

Public Utilities		Total all Property		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
19,094,820	76,379,280	500,785,530	4,514,570,880	15.35	11.09%
16,539,480	66,157,920	500,184,530	4,529,835,453	15.35	11.04%
17,706,110	70,824,440	533,288,220	4,871,095,507	15.35	10.95%
18,114,470	72,457,880	598,574,960	5,382,333,747	15.35	11.12%
17,272,840	71,272,840	669,293,050	6,025,078,707	15.35	11.11%
19,543,930	78,175,720	700,744,830	6,342,324,353	15.23	11.05%
19,986,390	79,945,560	720,850,761	6,555,939,203	15.23	11.00%
17,285,450	69,141,800	750,629,270	6,891,875,900	15.23	10.90%
18,754,200	75,016,800	777,339,040	7,124,710,766	15.23	10.90%
22,068,590	88,274,360	725,644,440	6,594,239,760	15.23	11.00%

CITY OF LAKE CHARLES, LOUISIANA

Property Tax Millage Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Calendar Year	Fiscal Year	City of Lake Charles		Calcasieu Parish School Board			Calcasieu Parish							
		General and Special Revenue		General Fund	Debt Service		Parish Police Jury	Road Districts	Gravity Drainage	Recreation and Com Centers	Fire Protection	Airport Harbor & Terminal	Parish Water & Sewer	Parish Total
		Funds	Total		Funds	Total								
2010	2011	15.35	15.35	18.72	24.00	42.72	33.02	3.67	5.79	4.79	11.08	8.34	15.59	82.28
2011	2012	15.35	15.35	18.72	24.00	42.04	33.82	3.53	5.57	5.77	10.85	8.14	15.37	83.05
2012	2013	15.35	15.35	18.04	22.60	40.64	34.01	3.53	5.57	5.77	10.85	8.14	15.37	83.24
2013	2014	15.35	15.35	18.04	22.20	40.24	34.78	4.06	5.57	5.32	10.85	8.14	15.37	84.09
2014	2015	15.35	15.35	18.04	22.20	40.24	35.46	4.06	5.57	7.40	10.85	8.19	15.37	86.90
2015	2016	15.23	15.23	17.23	21.00	38.23	32.86	3.88	5.79	7.93	11.54	8.58	12.51	83.09
2016	2017	15.23	15.23	17.23	21.00	38.23	34.29	3.88	5.79	7.59	11.54	8.58	12.43	84.10
2017	2018	15.23	15.23	17.23	29.85	47.08	34.29	3.88	5.79	7.95	11.54	8.58	14.24	86.27
2018	2019	15.23	15.23	17.23	42.10	59.33	34.09	3.88	5.79	7.60	11.54	8.58	14.24	85.72
2019	2020	15.23	15.23	17.00	37.00	54.00	34.51	3.83	5.71	7.82	11.38	8.45	14.33	86.03

Source: Information obtained from Calcasieu Parish Tax Assessor

Note: Overlapping rates are those of local governmental entities that apply to property owners within the City of Lake Charles. Not all overlapping rates apply to all property owners.

CITY OF LAKE CHARLES, LOUISIANA

Principal Property Taxpayers

Tax Year December 31, 2019 and December 31, 2010

for Fiscal Year Ended September 30, 2020 and September 30, 2011

Taxpayer	Type of Business	2020			2011		
		Assessed Valuation 2019	Rank	Percentage of Total Valuation	Assessed Valuation 2010	Rank	Percentage of Total Valuation
GOLDEN NUGGET LAKE CHARLES LLC	Hotel/Casino	\$53,329,790	1	7.35 %			
PNK (LAKE CHARLES) LLC	Hotel/Casino	35,293,200	2	4.86 %	40,215,570	1	8.03 %
ENTERGY GULF STATES LOUISIANA	Electric Utility	11,586,080	3	1.60 %	7,714,940	3	1.54 %
IBERIA BANK	Bank	6,253,550	4	0.86 %			
BOLTON FORD LLC	Car Dealership	4,340,090	5	0.60 %			
JP MORGAN CHASE BANK NA	Bank	4,207,160	6	0.58 %	3,713,900	8	0.74 %
HANCOCK WHITNEY	Bank	3,970,790	7	0.55 %			
WAL-MART REAL ESTATE BUSINESS TRUST	Retail	3,992,270	8	0.55 %	10,185,470	2	2.03 %
CARBOLINE CO	Petrochemical Manufacturing	3,566,670	9	0.49 %	3,938,500	7	0.79 %
MARK DODGE	Car Dealership	3,114,970	10	0.43 %			
BELL SOUTH TELECOMMUNICAT	Telephone				4,834,190	5	0.97 %
CAPITAL ONE NA	Bank	-			4,782,600	6	0.96 %
WOMEN'S & CHILDREN'S HOSPIT	Hospital				5,142,320	4	1.03 %
CAMERON STATE BANK	Bank	-			2,732,560	9	0.55 %
NORTHROP GRUMMAN TECH	Aircraft	-			2,183,420	10	0.44 %
		<u>\$129,654,570</u>		<u>17.87%</u>	<u>\$85,443,470</u>		<u>17.08%</u>

2020 Total city valuation: \$ 725,644,440

2011 Total city valuation: \$ 500,785,530

Source: Calcasieu Parish Tax Collector

CITY OF LAKE CHARLES, LOUISIANA

Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Tax Levy</u>	<u>Less: Cancellations and Reductions</u>	<u>Net Tax Levy</u>
2011	2010	7,692,549	60,903	7,631,646
2012	2011	7,648,874	44,979	7,603,895
2013	2012	8,150,758	48,846	8,101,912
2014	2013	8,613,145	47,999	8,565,146
2015	2014	9,142,203	58,897	9,083,306
2016	2015	10,283,298	57,120	10,226,178
2017	2016	10,684,965	62,362	10,622,603
2018	2017	10,991,532	144,645	10,846,887
2019	2018	11,445,052	79,203	11,365,849
2020	2019	11,852,788	34,779	11,818,009

Source: Calcasieu Parish Sheriff & Tax Collector

Less: Outstanding Delinquent Taxes	Net Total Taxes Collected	Percent of Net Taxes Collected	Percent of Delinquent Taxes to Net Levy
35,458	7,596,188	99.54	0.46
18,208	7,585,687	99.76	0.24
21,530	8,080,382	99.73	0.27
24,951	8,540,195	99.71	0.29
20,265	9,063,041	99.78	0.22
34,563	10,191,615	99.66	0.34
34,374	10,588,229	99.68	0.32
66,975	10,779,912	99.38	0.62
49,484	11,316,365	99.60	0.44
88,015	11,729,994	99.30	0.75

CITY OF LAKE CHARLES, LOUISIANA

Sales Tax Rates

Direct and Overlapping Governments

Last Ten Fiscal Years

Calendar Year	Fiscal Year	City of Lake Charles							Calcasieu Parish			State of Louisiana		
		General Fund	Dedicated 1%				Employee's Pay	School Board		Law Enforcement	Tourism		Total	
			Public Safety	Public Works	Waste Water	Recreation		Capital Project	General		Salaries	General		Promotion
2010	2011	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2011	2012	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2012	2013	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2013	2014	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2014	2015	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2015	2016	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	*1.00%	0.75%	3.97%	0.03%	9.25%
2016	2017	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	+0.50%	1.50%	1.00%	0.75%	**4.97%	0.03%	10.75%
2017	2018	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.50%	1.50%	1.00%	0.75%	++4.42%	0.03%	10.20%
2018	2019	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.50%	1.50%	1.00%	0.75%	4.42%	0.03%	10.20%
2019	2020	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.50%	1.50%	1.00%	0.75%	4.42%	0.03%	10.20%

*Rate increased from 0.50% to 1.00% July 1, 2015

+Rate increased from 0.25% to 0.50% January 1, 2016

**Rate increased from 3.97% to 4.97% April 1, 2016

++Rate decreased from 4.97% to 4.42% July 1, 2018

Morganfield Economic Development District (MEDD) 1% additional rate established January 1, 2018 (total sales tax inside district 11.2%)

Lakefront Economic Development District (LEDD) 1% additional rate established October 1, 2018 (total sales tax inside district 11.2%)

Source: Information obtained from Calcasieu Parish Sales and Use Tax office.

CITY OF LAKE CHARLES, LOUISIANA

Principal Sales Taxpayers

Tax Year June 30, 2020 and June 30, 2011

for Fiscal Year Ended September 30, 2020 and September 30, 2011

Type of Business	2020			2011		
	Tax Paid	Rank	Percentage of Total Valuation	Tax Paid	Rank	Percentage of Total Valuation
Retail	\$6,813,693	1	10.50%	\$5,422,475	1	12.68%
Government	3,261,031	2	5.02%	1,887,110	2	4.41%
Grocery	1,226,206	4	1.89%	750,747	4	1.76%
Building Supply	1,057,660	5	1.63%	702,132	5	1.64%
Health Care	739,608	6	1.14%	623,583	8	1.46%
Building Supply	702,020	7	1.08%			
Retail	694,407	8	1.07%	670,242	6	1.57%
Building Supply	671,455	9	1.03%			
Hotel and Casino	657,599	10	1.01%	1,179,998	3	2.76%
Health Care	-	-		646,602	7	1.51%
Retail	-	-		506,514	9	1.18%
Grocery	-	-		489,722	10	1.15%
	<u>\$ 17,547,342</u>		<u>27.03%</u>	<u>\$ 12,879,125</u>		<u>30.13%</u>

2020 Total sales tax: \$ 64,915,623

2011 Total sales tax: \$ 42,751,774

CITY OF LAKE CHARLES, LOUISIANA

Ratios of Outstanding Debt

Last Ten Fiscal Years

Fiscal Year	Bonded Debt											Loans			Total of All Debt	Percentage of Personal Income	Per Capita	
	Pension Refunding Bonds	LCDA Sewer Refunding Bonds	LCDA Sewer Refunding Bonds	2007 LCDA Public Improvement Bonds	2007 LCDA Public Improvement Bonds	2010 LCDA Public Improvement Bonds	2010 LCDA Public Improvement Bonds	2014 LCDA Public Improvement Refinancing Bonds	2014 LCDA Public Improvement Refinancing Bonds	2017 LCDA Public Improvement Refinancing Bonds	2017 LCDA Public Improvement Refinancing Bonds	Total Bonded Debt	DEQ Loan Direct Placement	LC City Court Direct Placement				Total Direct Placement
2011	3,005,000	14,905,000	392,031	29,695,000	863,694	37,705,000	1,570,765	-	-	-	-	88,136,490	918,201	3,000,000	3,918,201	92,054,691	3.60%	1,279
2012	1,930,000	13,610,000	352,828	28,370,000	808,565	35,960,000	1,470,503	-	-	-	-	82,501,896	5,140,268	2,905,000	8,045,268	90,547,164	3.45%	1,255
2013	805,000	12,290,000	313,625	26,995,000	753,436	34,165,000	1,370,241	-	-	-	-	76,692,302	5,015,612	2,805,000	7,820,612	84,512,914	3.17%	1,150
2014	-	10,930,000	313,625	25,565,000	753,436	32,315,000	1,370,241	-	-	-	-	71,247,302	4,146,649	2,700,000	6,846,649	78,093,951	2.93%	1,063
2015	-	9,535,000	235,219	9,080,000	256,639	30,410,000	1,169,717	15,775,000	854,085	-	-	67,315,660	3,934,648	2,590,000	6,524,648	73,840,308	2.75%	986
2016	-	8,100,000	196,016	7,530,000	224,560	28,445,000	1,069,455	15,605,000	784,364	-	-	61,954,395	10,509,239	2,475,000	12,984,239	74,938,634	2.68%	985
2017	-	6,600,000	156,813	-	-	6,685,000	259,273	15,430,000	714,643	24,140,000	3,687,728	57,673,457	17,558,182	2,360,000	19,918,182	77,591,639	2.69%	1,010
2018	-	5,045,000	117,610	-	-	4,550,000	172,849	13,710,000	644,922	24,140,000	3,318,955	51,699,336	16,656,001	2,235,000	18,891,001	70,590,337	2.24%	915
2019	-	3,430,000	78,407	-	-	2,315,000	86,425	11,925,000	575,201	24,140,000	2,950,182	45,500,215	15,642,000	1,105,000	16,747,000	62,247,215	1.92%	798
2020	-	1,750,000	39,204	-	-	-	-	11,760,000	505,480	22,425,000	2,581,409	39,061,093	14,618,000	965,000	15,583,000	54,644,093	1.62%	697

ote: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

None of this debt is General Obligation Debt.

se the Schedule of Demographics and Economic Statistics for personal income and population data.

CITY OF LAKE CHARLES, LOUISIANA

Direct and Overlapping Governmental Activities Debt

As of September 30, 2020

<u>Jurisdiction</u>	<u>Direct Debt</u>	<u>Percentage Applicable to City of Lake Charles</u>	<u>Amount Applicable to Lake Charles</u>
Direct:			
City of Lake Charles	\$ 54,644,093	100%	\$ 54,644,093
Total direct debt	<u>54,644,093</u>		<u>54,644,093</u>
Overlapping:			
Calcasieu Parish School Board	200,010,000	24%	48,433,005
Calcasieu Parish Police Jury	<u>22,705,023</u>	74%	<u>16,814,926</u>
Total overlapping debt	<u>222,715,023</u>		<u>65,247,931</u>
 Total Direct and Overlapping Debt	 <u>\$ 277,359,116</u>		 <u>\$ 119,892,024</u>

Sources: Assessed value data used to estimate applicable percentages provided by Calcasieu Parish Tax Collector.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Lake Charles. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden is borne by the residents, and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of the parish's taxable assessed value that is within the government's boundaries and dividing it by the parish's total taxable assessed value.

CITY OF LAKE CHARLES, LOUISIANA

Computation of Legal Debt Margin

Last Ten Fiscal Years

(amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 50,314	\$ 50,258	\$ 53,554	\$ 60,093	\$ 67,169	\$ 70,314	\$ 75,308	\$ 75,325	\$ 78,017	\$ 73,658
Total net debt applicable to limit	0	0	0	0	0	0	0	0	0	0
Legal debt margin	<u>\$ 50,314</u>	<u>\$ 50,258</u>	<u>\$ 53,554</u>	<u>\$ 60,093</u>	<u>\$ 67,169</u>	<u>\$ 70,314</u>	<u>\$ 75,308</u>	<u>\$ 75,325</u>	<u>\$ 78,017</u>	<u>\$ 73,658</u>
applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal Year 2018

(amounts expressed in thousands)

Assessed value	\$ 725,644
Add back: exempt real property	10,936
Total assessed value	<u>\$ 736,581</u>
Debt limit (10% of total assessed value)	\$ 73,658
Total outstanding General Obligation Bonds of City of Lake Charles	-
Legal capacity of City of Lake Charles for General Obligation Bonds	<u>\$ 73,658</u>

Note:

Under state finance law, the City of Lake Charles' outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds. The City of Lake Charles had \$70,348,194 outstanding bonded debt at September 30, 2018. None of this debt is General Obligation Debt secured by ad valorem taxes, and the amount applicable to the legal debt limitation is therefore zero. All City of Lake Charles general obligation debt was paid in fiscal year 1997.

CITY OF LAKE CHARLES, LOUISIANA

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	Population	Personal Income (amts in thousands)	Per Capita Personal Income (1)	Median Age	Public City School Enrollment (K-12 Grades)	Private City School Enrollment (K-12 Grades)	Total City School Enrollment (K-12 Grades)	Unemployment Percentage Rate
2010	71,993	2,558,631	35,540	35.3	12,034	2,465	14,499	6.3 %
2011	72,177	2,621,757	36,324	35.9	12,399	3,482	15,881	6.8 %
2012	73,474	2,668,282	36,316	35.0	13,375	3,099	16,474	6.1 %
2013	74,024	2,663,458	35,981	35.0	13,539	3,974	17,513	5.6 %
2014	74,889	2,683,273	35,830	34.1	13,333	4,435	17,768	5.8 %
2015	76,070	2,795,649	36,751	31.8	13,357	4,430	17,787	4.2 %
2016	76,848	2,879,110	37,465	34.1	13,451	3,998	17,449	4.2 %
2017	77,117	3,154,856	40,910	35.0	12,756	4,366	17,122	3.2 %
2018	78,001	3,240,006	41,538	35.2	12,678	4,354	17,032	3.8 %
2019	78,396	3,366,481	42,942	36.2	13,457	3,591	17,048	9.4 %

Notes:

- (1) Estimates for population, income, age and unemployment provided by the Bureau of Labor Statistics and the US Census Bureau
- (2) School enrollment includes public and state approved private schools only as provided by the Calcasieu Parish School Board and the Louisiana Department of Education

CITY OF LAKE CHARLES, LOUISIANA

Principal Employers in the MSA

Calendar Year 2020 and 2011

<u>Employer</u>	<u>Type of Business</u>	<u>2020</u>		<u>2011</u>	
		<u>Number of Employees*</u>	<u>Rank</u>	<u>Number of Employees</u>	<u>Rank</u>
Calcasieu Parish School System	Education	1,999-4,999	1	5,000	1
Lake Charles Memorial Health System	Health Care	1,999-4,999	2	1,194	6
Westlake Chemical Corporation	Chemicals	1,999-4,999	3		
Turner Industries Group	Contractor	1,999-4,999	4	1,500	3
Golden Nugget	Casino/Hotel/Entertainment	1,999-4,999	5		
L'Auberge Du Lac	Casino/Hotel/Entertainment	1,999-4,999	6	2,400	2
Versa Integrity Group	Industry/Oil & Gas	1,999-4,999	7		
Sun Industrial Group	Industry/Oil & Gas	1,999-4,999	8		
Sasol Chemicals, LLC	Chemicals	1,999-4,999	9		
Christus St. Patrick Hospital	Health Care	1,999-4,999	10		
Seacore Marine	Marine Services	-	-	1,500	4
Axiall Corporation (formerly PPG)	Basic Chemical	-	-	1,250	5
Citgo Petroleum	Oil Products	-	-	1,169	7
Calcasieu Parish Sheriff's Office	Government	-	-	835	9
Isle of Capri Casino	Gaming	-	-	1,155	8
City of Lake Charles	Government	-	-	820	10
		<u>-</u>		<u>16,823</u>	

Source: SWLA Economic Development Alliance and Imperial Calcasieu Regional Planning and Development (Major Employers in Southwest Louisiana with 100+ full-time, non-contract employees)

MSA: Metropolitan Statistical Area includes all of Calcasieu and Cameron Parish. All top ten employers are in Calcasieu Par

*Specific employment numbers were not available from the SWLA Economic Development Alliance for 2020.

CITY OF LAKE CHARLES, LOUISIANA
 Full-time Equivalent City Employees by Function
 Last Ten Fiscal Years

<u>Functions/Programs</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General government	46.5	46.5	46.5	46.5	46.5	46.5	46.5	46.5	46.5	46.5
Finance (includes Water business office)	30	30	30	30	30	30	30	30	30	30
Human Resources	4	4	4	4	4	4	4	4	4.5	4.5
Public safety										
Fire	182	182	182	182	182	182	182	182	182	182
Police	189	189	189	189	196	196	196	196	195	195
Public works	157	157	157	157	165.5	165.5	165.5	165.5	165.5	165.5
Wastewater	65	65	65	65	65.5	65.5	65.5	65.5	69.5	69.5
Transit	19	19	19	19	19.5	19.5	19.5	19.5	19.5	19.5
Water utility	56	56	56	56	58.5	58.5	58.5	58.5	60.5	60.5
Planning and development	24	24	24	24	25	25	25	25	26	26
General services	27.5	27.5	27.5	27.5	29	29	30	30	30	30.5
Community Services	71	71	71	71	86.5	86.5	87	87.5	86.5	81
Total	<u>871</u>	<u>871</u>	<u>871</u>	<u>871</u>	<u>908</u>	<u>908</u>	<u>909.5</u>	<u>910</u>	<u>915.5</u>	<u>910.5</u>

Source: City budget reports

Note: Personnel count includes full time and regular part-time positions. Temporary and seasonal employees are not included.

CITY OF LAKE CHARLES, LOUISIANA

Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Legal: request for legal action	90	51	96	102	103	87	75	69	82	106
Printing/communication:										
Number of mail pieces metered	130,336	175,019	100,651	121,273	85,851	79,967	61,347	60,135	63,037	58,242
Risk Management										
Accident reports/investigations	443	377	415	457	503	553	558	558	425	397
Claims	208	186	205	226	249	273	322	322	207	222
Finance/includes Water Business										
Checks issued	14,927	23,699	19,750	12,025	11,652	13,520	11,412	11,408	11,616	11,616
Occupational licenses processed	6,027	5,845	5,382	5,134	5,193	5,206	5,230	5,263	5,273	5,273
Purchase orders processed	2,785	2,800	2,825	2,653	2,694	2,938	2,840	2,606	2,820	2,820
Water: number of customers	28,775	28,926	29,704	30,042	29,980	30,226	30,862	30,993	32,104	30,051
Water: Average daily consumption (millions of gallons per day)	9.05	9.03	8.65	8.42	8.75	8.68	10.73	9.65	9.26	8.52
Human Resources										
Applications received	1,327	1,250	1,328	1,100	971	1,011	956	825	1,016	500
New hires	432	364	436	325	416	412	417	438	385	80
Employee Health Fair Participator	320	325	375	450	530	450	405	289	265	N/A
Public safety										
Fire: Calls for service	2,863	2,768	2,807	2,996	3,299	3,619	3,979	4,543	4,327	5,533
Fire: Code inspections	7,305	4,000	7,386	2,929	2,929	2,929	2,929	2,929	3,613	1,086
Police: Calls for service	107,100	108,064	125,161	121,384	106,110	130,060	128,351	132,455	136,471	84,227
Public works										
Solid Waste										
Tons garbage collected	24,515	23,951	25,018	25,563	25,855	26,782	27,048	27,283	26,613	29,002
Tons incinerated	4,857	4,163	4,340	8,343	4,920	4,761	4,351	4,787	4,160	3,729
Tons trash collected	5,957	6,208	6,212	7,053	7,032	7,295	7,557	7,214	8,184	7,752
Streets: Work orders	2,708	1,234	1,370	1,734	1,556	2,054	2,054	2,054	1,822	1,550
Transit: Bus riders	219,802	223,407	228,068	267,126	265,459	258,442	262,603	261,964	289,645	95,627
Vehicle Maintenance: Work orders	5,689	5,841	5,877	5,498	6,078	6,598	6,444	5,660	5,386	4,367
Wastewater: Work orders	5,490	6,000	12,371	11,898	11,787	13,823	11,195	20,199	24,567	28,325
Planning and development										
Building permits issued	6,073	4,356	4,762	4,122	4,603	4,840	4,331	3,983	4,981	5,973
Community Development										
Down Payment Assistance	15	24	17	14	17	11	3	4	3	0
Rehab/Reconstruction	12	13	12	8	5	3	6	5	9	1
Street Projects	1	2	2	1	0	0	2	2	3	2
Community Services										
Recreation and parks										
Athletic teams	311	313	877 ⁺	913 ⁺	823	808	751	654	751	N/A
Summer camp attendance	472	447	425	430	355	355	261	788	780	N/A
Civic Center: Events	368	353	352	340	356	344	332	347	329	148
Golf Course: Rounds of golf	31,900	30,318	36,317	36,641	33,000	32,780	30,439	33,070	27,508	14,285
Art Center/museum										
Art exhibits	16	16	15	15	16	15	16	16	15	5
Concerts/Events	119	25	24	19	28	26	16	15	16	2

Source: Various city departments

+ Includes tournament teams

CITY OF LAKE CHARLES, LOUISIANA

Capital Assets Statistics by Function

Last Ten Fiscal Years

	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Fire Stations in City limits	8	8	8	8	8	8	8	8	8	8
Fire Stations outside City limits	2	2	2	2	2	2	2	2	2	2
Police:										
Stations	4	4	4	4	3	4	7	7	7	7
Patrol Units	92	98	94	111	87	114	154	179	158	158
Solid Waste/Recycling										
Collection trucks	32	32	32	33	33	33	33	32	29	29
Streets										
Streets (miles)	460	503	534	534	535	549	553	562	562	523.5
Streetlights	9,285	14,000	10,000	10,000	11,000	11,000	11,000	11,000	11,000	9318
Traffic Signals	66	68	66	62	64	66	64	66	63	62
Transit										
Public Buses	7	4	5	4	4	5	5	5	6	8
Para-transit buses	4	2	2	2	2	2	2	2	4	4
Trolley	1	1	1	1	1	1	1	1	1	1
Wastewater										
Sanitary sewers (miles)	600	600	600	600	600	600	600	600	600	600
Storm sewers (miles)	425	425	425	425	425	425	425	425	425	425
Maximum daily treatment capaci (millions of gallons per day)	18	18	18	18	18	18	18	20	20	19.65
Water utility										
Water mains (miles)	460	465	430	470	473	480	480	490	495	495
Fire hydrants	2,900	2,954	3,000	3,000	3,050	3100	3150	3300	3350	3350
Maximum daily capacity (millions of gallons per day)	22	22	22	22	22	22	22	22	22	22
Recreation and parks										
Park acreage	466	465	502	502	502	502	502	502	502	502
Parks	34	33	33	33	33	33	33	33	33	33
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Spray parks	2	2	2	2	2	2	2	2	2	2
Tennis courts	17	15	11	11	11	11	11	11	11	11
Community Centers	12	12	13	13	13	13	13	13	13	13
Civic Center	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Art Center/museum	2	2	2	2	2	2	2	2	2	2

THIS PAGE LEFT INTENTIONALLY BLANK



CITY OF LAKE CHARLES, LOUISIANA

**UNIFORM GUIDANCE
SUPPLEMENTARY REPORTS**

YEAR ENDED SEPTEMBER 30, 2020

CITY OF LAKE CHARLES
LAKE CHARLES, LOUISIANA

C O N T E N T S

	Page
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 <i>Government Auditing Standards</i>	3-4
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	5-8
Schedule of Expenditures of Federal Awards	9-12
Notes to the Schedule of Expenditures of Federal Awards	13-15
Schedule of Findings and Questioned Costs	16-19
Summary Schedule of Prior Audit Findings Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	20
Management's Corrective Action Plan (Unaudited)	21-22

05005.000 Audit 9/30/2020 1100.005 single audit report

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 Mayor Nicholas Hunter
and City Council
City 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 Audit Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Lake Charles, Louisiana's basic financial statements, and have issued our report thereon dated March 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lake Charles, Louisiana'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lake Charles, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lake Charles, Louisiana'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Lake Charles, Louisiana
March 29, 2021

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

Honorable Mayor Nicholas Hunter
and City Council
City of Lake Charles
Lake Charles, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Lake Charles, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Lake Charles, Louisiana's major federal programs for the year ended September 30, 2020. The City of Lake Charles, Louisiana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Lake Charles, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal*

Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lake Charles, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination on the City of Lake Charles, Louisiana's compliance.

Basis for Qualified Opinion on CFDA 14.218 Community Development Block Grant

As described in the accompanying schedule of findings and questioned costs, the City of Lake Charles, Louisiana did not comply with requirements regarding CFDA 14.218 Community Development Block Grants as described in finding numbers 2020-001, 2020-002, and 2020-003 for Special Tests. Compliance with such requirements is necessary, in our opinion, for the City of Lake Charles, Louisiana to comply with the requirements applicable to that program.

Qualified Opinion on CFDA 14.218 Community Development Block Grant

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Lake Charles, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 14.218 Community Development Block Grant for the year ended September 30, 2020.

Other Matters

City of Lake Charles, Louisiana's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Lake Charles, Louisiana's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Unmodified Opinion on Each of the Other Major Federal Program

In our opinion, the City of Lake Charles, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the City of Lake Charles, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Lake Charles, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Lake Charles, Louisiana's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-001, 2020-002, and 2020-003 to be material weaknesses.

City of Lake Charles, Louisiana's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Lake Charles, Louisiana's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise City of Lake Charles, Louisiana's basic financial statements. We issued our report thereon dated March 29, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

McElroy Quirk & Benish

Lake Charles, Louisiana
March 29, 2021

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Period Ending September 30, 2020

<u>Grant Type</u>	<u>Federal CFDA Number</u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:	
Direct program:	
Community Development Block Grant	14.218
Total CFDA Number 14.218	
Passed Through Louisiana Department of Administration:	
HUD/HOME Grant Program	14.239
HUD/HOME Grant Program	14.239
HUD/HOME Grant Program	14.239
Total Passed Through Louisiana Department of Administration	
Total U.S. Department of Housing & Urban Development	
 U.S. DEPARTMENT OF HEALTH AND HOSPITALS:	
Direct program:	
Beach Monitoring and Notification Program	66.472
 U.S. DEPARTMENT OF HOMELAND SECURITY:	
Passed Through Louisiana Department of Military Affairs:	
Public Assistance Grant	97.036
State Homeland Security Grant Program	97.067
Total U.S. Department of Homeland Security	
 U.S. DEPARTMENT OF TREASURY:	
Direct program:	
Coronavirus Relief Fund	21.019

<u>Grant Number</u>	<u>Grant Period</u>		<u>Grant Receipts</u>	<u>Current Expenditures</u>
	<u>From</u>	<u>To</u>		
B-15MC-22-0004	10/1/19	9/30/20	\$ 680	\$ 680
B-16MC-22-0004	10/1/19	9/30/20	1,453	1,453
B-17MC-22-0004	10/1/19	9/30/20	87,308	87,308
B-18MC-22-0004	10/1/19	9/30/20	300,500	300,500
B-19MC-22-0004	10/1/19	9/30/20	57,483	57,483
			<u>447,424</u>	<u>447,424</u>
B-17-MC-22-0208	10/1/19	9/30/20	4,072	4,072
B-18-MC-22-0208	10/1/19	9/30/20	20,283	20,283
B-19-MC-22-0208	10/1/19	9/30/20	33,029	33,029
			<u>57,384</u>	<u>57,384</u>
			<u>504,808</u>	<u>504,808</u>
I-10 Beach	10/1/19	9/30/20	<u>750</u>	<u>750</u>
FEMA-1607-DR-LA	10/1/19	9/30/20	4	4
EMW-2017-SS-00058-S01	10/1/19	9/30/20	<u>3,681</u>	<u>3,681</u>
			<u>3,685</u>	<u>3,685</u>
20-1892-0-1-806	10/1/19	9/30/20	<u>4,412,733</u>	<u>2,041,893</u>

<u>Grant Number</u>	<u>Grant Period</u>		<u>Grant Receipts</u>	<u>Current Expenditures</u>
	<u>From</u>	<u>To</u>		
LA-2016-014	10/1/19	9/30/20	132,573	132,573
LA-2017-023	10/1/19	9/30/20	675,859	675,859
LA-2019-001	10/1/19	9/30/20	544,362	544,362
LA-2020-009 CARES	10/1/19	9/30/20	2,488,992	2,488,992
LA-04002400	10/1/19	9/30/20	<u>117,724</u>	<u>117,724</u>
			<u>3,959,510</u>	<u>3,959,510</u>
H.0010440.6	10/1/19	9/30/20	4,789	4,789
2020-30-35	10/1/19	9/30/20	<u>20,926</u>	<u>20,926</u>
			<u>3,985,225</u>	<u>3,985,225</u>
2014UMWX0011	10/1/19	9/30/20	143,348	143,348
2018-DJ-BX-0443	10/1/19	9/30/20	41,462	41,462
2020-VD-BX-0666	10/1/19	9/30/20	142,762	142,762
JLEOTFS425302	10/1/19	9/30/20	8,441	8,441
2019 BPV	10/1/19	9/30/20	<u>4,546</u>	<u>4,546</u>
			<u>340,559</u>	<u>340,559</u>
12AFHLA0010002	10/1/19	9/30/20	62,375	62,375
G20GC001A	10/1/19	9/30/20	<u>71,557</u>	<u>71,557</u>
			<u>\$ 9,381,692</u>	<u>\$ 7,010,852</u>

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2020

Note A. Scope of Audit

The audit was performed pursuant to the *Single Audit Act of 1996* and the *Uniform Guidance*.

Summary of significant accounting policies:

The Schedule of Expenditures of Federal Awards has been prepared on the full accrual basis of accounting used by the City in preparation of the government wide financial statements that report these awards. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The preparation of the Schedule of Expenditures of Federal Awards in conformity with accounting principles generally accepted in the United States of America requires management to make certain assumptions that affect the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

Note B. Disbursements

Disbursements reported in the Schedule of Expenditures of Federal Awards cannot be traced, in every case, directly to the disbursements reported in the City's Comprehensive Annual Financial Report. However, the detailed information regarding the disbursements reflected in both issued reports can be traced to the City's detailed general ledger with adjustments for any year-end financial statement accruals and reversals.

Note C. Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City that were received directly from federal agencies or passed through other entities and governmental agencies.

The City has prepared this Schedule of Expenditures of Federal Awards to comply with the provisions of the Uniform Guidance. The Uniform Guidance stipulates that a Schedule of Expenditures of Federal Awards be prepared showing total expenditures of each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA) and for other federal financial awards that have not been assigned a catalog number.

Note D. Major Federal Awards Program

The City's major federal awards programs for the year ended September 30, 2020 were determined based on program activity. The City's major programs for the year ended September 30, 2020 consisted of 1 federally assisted high risk "Type A" program and 1 high risk "Type B" program.

Note E. Department of Environmental Quality Loan

The Department of Environmental Quality (DEQ) Loan is a loan program through which the State of Louisiana receives federal money to then loan to municipalities to improve water treatment. The U.S. Environmental Protection Agency (USEPA) is the federal agency administering the grant. The Louisiana Department of Environmental Quality (LDEQ) is the pass-through agency. The City of Lake Charles received money from the State under the loan program. The City of Lake Charles entered into the loan agreement on June 23, 2011 for an amount not to exceed \$21,000,000. The DEQ loan disburses funds to the City of Lake Charles after the expenditure is made. Interest of .45% per annum on the outstanding balance is paid semi-annually. At September 30, 2020, the principal balance is \$14,618,000.

Note F. Subrecipient Payments

1. CDBG - Subrecipient payments in the amount of \$5,208 to Family and Youth Counseling.
2. CDBG - Subrecipient payments in the amount of \$56,639 to Catholic Charities.
3. CDBG - Subrecipient payments in the amount of \$1,453 to New Covenant Faith.
4. CDBG - Subrecipients payments in the amount of \$11,280 to Educational and Treatment Council.
5. CDBG - Subrecipient payments in the amount of \$7,367 to SWLA Area Health Education Center.

Note G. Subsequent Events

The City is required to evaluate events or transactions that may occur after the schedule of expenditures of federal awards date for potential recognition or disclosure in the notes to the schedule of expenditures of federal awards. The City performed such an evaluation through March 29, 2021, which is the date which the schedule of expenditures of federal awards was available to be issued. The City is monitoring the impact from recovery related to Hurricanes Laura and Delta, but is unable to determine any potential impact on the schedule of expenditures of federal awards.

Note H. Indirect Cost Rate

The City did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2020

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified
Internal control over financial reporting:
Material weakness identified? Yes No
Significant deficiency identified not
Considered to be material weakness? Yes None reported
Noncompliance material to financial statements
noted Yes No

Federal Awards

Internal control over major programs:
Material weakness identified? Yes No
Significant deficiency identified not
Considered to be material weakness? Yes None reported

Type of auditor's report issued on compliance
for major programs: Qualified

Any audit findings disclosed that are required
to be reported in accordance with the Uniform
Guidance? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
14.218	Community Development Block Grant

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

(continued on next page)

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2020
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings to report.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

2020-001 Community Development Block Grant- CFDA No. 14.218; Grant No.
B-18-MC-22-004; Grant period- Year ended September 30, 2020
Special Test Provision- Wage Determination

Condition: The contract for the project tested did not contain wage determination language.

Criteria: Compliance requirements under Special Test Provisions for CFDA No. 14.218 require that construction contracts greater than \$2,000 contain wage rate requirement language.

Cause: The City did not have proper review procedures in place to ensure that wage rate requirement language was included in construction contracts greater than \$2,000.

Effect: Without proper communication, the City's contractor may have paid rates below the prevailing wage rate.

Context: A sample of 1 project was selected for audit from a population of 2 projects. The test found that the project selected did not have wage determination language included in the contract. Our sample was a non-statistical sample.

Recommendation: Adequate policies and procedures should be established and adhered to in order to ensure compliance with the wage rate requirements of the program.

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2020
(Continued)

**2020-002 Community Development Block Grant- CFDA No. 14.218; Grant No.
B-18-MC-22-004; Grant period- Year ended September 30, 2020
Special Test Provision- Request for Release of Funds**

Condition: The Request for Release of Funds for the project tested was not available for observation.

Criteria: Compliance requirements under Special Test Provisions for CFDA No. 14.218 require that the grantee only obligate and expend program funds after HUD's approval of the Request for Release of Funds.

Cause: The City's controls did not ensure that documentation supporting its receipt of its Request for Release of Funds prior to obligating and expending program funds was maintained.

Effect: Without documentation of the Request for Release of Funds, the City may have obligated or expended program funds prior to HUD's approval.

Context: A sample of 1 project was selected for audit from a population of 2 projects. The test found that the Request for Release of Funds was not maintained for the project selected. Our sample was a non-statistical sample.

Recommendation: Adequate policies and procedures should be established and adhered to in order to ensure compliance with the Request for Release of Funds requirements of the program.

**2020-003 Community Development Block Grant- CFDA No. 14.218; Grant No.
B-18-MC-22-004; Grant period- Year ended September 30, 2020
Special Test Provision- Environmental Review**

Condition: The determination of whether an environmental review was needed for the project tested was not available for observation.

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2020

(Continued)

Criteria: Compliance requirements under Special Test Provisions for CFDA No. 14.218 require that projects have an environmental review unless they meet specified criteria that would exempt them from environmental certification requirements.

Cause: The City's controls did not ensure that documentation was maintained for its determination of whether an environmental review was needed.

Effect: Without documentation of the need for an environmental review, the City may have failed to identify risks associated with environmental factors for the project tested.

Context: A sample of 1 project was selected for audit from a population of 2 projects. The test found that the determination of the need for an environmental review was not maintained for the project selected. Our sample was a non-statistical sample.

Recommendation: Adequate policies and procedures should be established and adhered to in order to ensure compliance with the environmental review requirements of the program.

CITY OF LAKE CHARLES, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Year Ended September 30, 2020

No findings to report.

CITY OF LAKE CHARLES, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR FINDINGS (UNAUDITED)
Year Ended September 30, 2020

SECTION I - FINANCIAL STATEMENT FINDINGS

No findings to report.

SECTION II - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

<u>Finding No.</u>	<u>Corrective Action</u>
2020-001	<p><u>SPECIAL TEST PROVISION - WAGE DETERMINATION</u></p> <p>The contract for the Roosevelt Street project did not contain wage determination language.</p> <p>The City's Engineering Division is responsible for putting together and having all CDBG contracts executed. Moving forward, the Community Development Department will require the Engineering Division to provide a draft of each contract to its Labor Compliance Officer for review. The Labor Compliance Officer will ensure, through his/her review, that the appropriate wage rate language is included in the contract.</p>
2020-002	<p><u>SPECIAL TEST PROVISION - REQUEST FOR RELEASE OF FUNDS</u></p> <p>The Request for Release of Funds for the Roosevelt Street project was not available for observation.</p> <p>Although the Community Development Department and the local HUD field office are sure the request for release of funds was completed for this project, poor record keeping has made it difficult for staff to find the record. The Community Development Department staff is currently working on a new set of procedures to ensure all documentation is kept in their proper places. Our local HUD field office is assisting us in this endeavor and locating the documentation. The Finance Department will update their procedure to request a copy of The Request for Release of Funds for all projects.</p>

2020-003

SPECIAL TEST PROVISION - ENVIRONMENTAL REVIEW

The determination of whether an environmental review was needed for the Roosevelt Street project was not available for observation.

As with the Request for Release of Funds, poor record keeping has made it difficult for staff to find the record. The Community Development Department staff is currently working on a new set of procedures to ensure all documentation is kept in their proper places. Our local HUD field office is assisting us in this endeavor. Staff will continue searching for the file.