

**CITY OF LAKE CHARLES, LOUISIANA**

**UNIFORM GUIDANCE  
SUPPLEMENTARY REPORTS**

**YEAR ENDED SEPTEMBER 30, 2022**

CITY OF LAKE CHARLES  
LAKE CHARLES, LOUISIANA

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05005.000 Audit 9/30/2022 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 *Governmental 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, 2022, 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, 2023.

Report on 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) as a basis for designing 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.

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lake Charles, Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings and questioned costs as item 2022-001.

#### 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.

*M. Tracy Quirk + Bush*

Lake Charles, Louisiana  
March 29, 2023

05005.000 Audit 9/30/2022 1100.005 single audit report

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND 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

Opinion on 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 the City of Lake Charles, Louisiana's major federal programs for the year ended September 30, 2022. 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.

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 major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Lake Charles, Louisiana and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Lake Charles, Louisiana's compliance with the compliance requirements referred to above.

#### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Lake Charles, Louisiana's federal programs.

#### Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Lake Charles, Louisiana's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City of Lake Charles, Louisiana's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Lake Charles, Louisiana's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Lake Charles, Louisiana's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City of Lake Charles, Louisiana's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we have identified during the audit.

#### Report on Internal Control Over Compliance

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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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, 2022, and the related notes to the financial statements, which collectively comprise the City of Lake Charles, Louisiana's basic financial statements. We issued our report thereon dated March 29, 2023, which contained unmodified opinions on those financial statements. Our audit was performed 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Quik + Bush*

Lake Charles, Louisiana  
March 29, 2023



CITY OF LAKE CHARLES, LOUISIANA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For Period Ending September 30, 2022

<u>Grant Type</u>	<u>Federal CFDA Number</u>
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT:</b>	
Direct program:	
CDBG Entitlement Grants-Cluster	
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant (Covid-19)	14.218
Total CDBG Entitlement Grants-Cluster	
Passed Through Louisiana Department of Administration:	
HUD/HOME Grant Program	14.239
HUD/HOME Grant Program	14.239
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	
<b>Total U.S. Department of Housing &amp; Urban Development</b>	
<b>ENVIRONMENTAL PROTECTION AGENCY:</b>	
Direct program:	
Beach Monitoring and Notification Program	66.472
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>	
Passed Through Louisiana Department of Military Affairs:	
Public Assistance Grant	97.036
Public Assistance Grant	97.036
Public Assistance Grant	97.036
Public Assistance Grant	97.036
Public Assistance Grant	97.036
Immigration and Customs Enforcement	97.067
<b>Total U.S. Department of Homeland Security</b>	

<u>Grant Number</u>	<u>Grant Period</u>		<u>Grant Receipts</u>	<u>Current Expenditures</u>
	<u>From</u>	<u>To</u>		
B-16MC-22-0004	10/1/21	9/30/22	\$ 6,524	\$ 6,524
B-17MC-22-0004	10/1/21	9/30/22	1,566	1,566
B-19MC-22-0004	10/1/21	9/30/22	51,101	51,101
B-20MC-22-0004	10/1/21	9/30/22	64,046	64,046
B-21MC-22-0004	10/1/21	9/30/22	10,752	10,752
B-20MW-22-0004	10/1/21	9/30/22	227,982	227,982
			<u>361,971</u>	<u>361,971</u>
B-16-MC-22-0208	10/1/21	9/30/22	42,000	42,000
B-17-MC-22-0208	10/1/21	9/30/22	36,486	36,486
B-18-MC-22-0208	10/1/21	9/30/22	162,269	162,269
B-19-MC-22-0208	10/1/21	9/30/22	34,098	34,098
B-20-MC-22-0208	10/1/21	9/30/22	63,854	63,854
			<u>338,707</u>	<u>338,707</u>
			<u>700,678</u>	<u>700,678</u>
I-10 Beach	10/1/21	9/30/22	<u>1,250</u>	<u>1,250</u>
FEMA-1607-DR-LA	10/1/21	9/30/22	95,540	-
FEMA-4559-DR-LA	10/1/21	9/30/22	20,656,080	20,656,080
FEMA-4570-DR-LA	10/1/21	9/30/22	1,205,833	1,205,833
FEMA-4590-DR-LA	10/1/21	9/30/22	535,251	535,251
FEMA-4606-DR-LA	10/1/21	9/30/22	827,033	827,033
2022 ICE-HIS	10/1/21	9/30/22	2,003	2,003
			<u>23,321,740</u>	<u>23,226,200</u>

CITY OF LAKE CHARLES, LOUISIANA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For Period Ending September 30, 2022  
 (Continued)

<u>Grant Type</u>	<u>Federal CFDA Number</u>
<b>U.S. DEPARTMENT OF TREASURY:</b>	
Direct program:	
Coronavirus State and Local Fiscal Recovery Funds	21.027
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>	
Direct Program:	
Federal Highway Planning and Construction - Cluster	20.205
Federal Transit Cluster:	
Federal Transit Formula Grants	20.507
Federal Transit Formula Grants	20.507
Federal Transit Formula Grants	20.507
Total Federal Transit Cluster	
Total Direct Programs	
Passed Through Louisiana Highway Safety Commission:	
Highway Safety Cluster	20.600
<b>Total U.S. Department of Transportation</b>	
<b>U.S. DEPARTMENT OF JUSTICE:</b>	
Direct Program:	
Justice Assistance Grant	16.738
Justice Assistance Grant	16.738
Justice Assistance Grant	16.738
US Marshal Service	16.922
<b>Total U.S. Department of Justice</b>	
<b>U.S. DEPARTMENT OF INTERIOR:</b>	
Historic Preservation Fund	
Grants-In-Aid	15.904
Emergency Supplemental Historic Preservation	
Fund Grant	15.957
<b>Total U.S. Department of Interior</b>	
<b>EXECUTIVE OFFICE OF THE PRESIDENT:</b>	
HIDTA	95.001

**TOTAL FEDERAL AWARDS**

<u>Grant Number</u>	<u>Grant Period</u>		<u>Grant Receipts</u>	<u>Current Expenditures</u>
	<u>From</u>	<u>To</u>		
American Rescue Plan Act	10/1/21	9/30/22	<u>8,459,493</u>	<u>-</u>
H.011088	10/1/21	9/30/22	95,197	95,197
LA-2021-026 CARES	10/1/21	9/30/22	627,402	627,402
LA-2017-023	10/1/21	9/30/22	30,273	30,273
LA-2020-017	10/1/21	9/30/22	1,652,242	1,652,242
			<u>2,309,917</u>	<u>2,309,917</u>
			<u>2,405,114</u>	<u>2,405,114</u>
2020-30-35	10/1/21	9/30/22	<u>45,540</u>	<u>45,540</u>
			<u>2,450,654</u>	<u>2,450,654</u>
2019-DJ-BX-0163	10/1/21	9/30/22	15,672	15,672
2020-DJ-BX-0302	10/1/21	9/30/22	41,347	41,347
15PBJA-21-GG-01515-JAGX	10/1/21	9/30/22	42,670	42,670
JLEOTFS4 25302	10/1/21	9/30/22	8,925	8,925
			<u>108,614</u>	<u>108,614</u>
P21AF11021	10/1/21	9/30/22	12,500	12,500
P19AP00011	10/1/21	9/30/22	<u>70,621</u>	<u>70,621</u>
			<u>83,121</u>	<u>83,121</u>
G20GC0001A	10/1/21	9/30/22	<u>76,376</u>	<u>76,376</u>
			<u>\$35,201,926</u>	<u>\$26,646,893</u>

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2022

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, 2022 were determined based on program activity. The City's major programs for the year ended September 30, 2022 consisted of 1 federally assisted high risk "Type A" program, and 1 federally assisted 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, 2022, the principal balance is \$12,295,000.

Note F. Subrecipient Payments

1. CDBG - Subrecipient payments in the amount of \$9,683 to SWLA Center for Health Services.
2. CDBG - Subrecipient payments in the amount of \$18,706 to Robotics Education.
3. CDBG - Subrecipient payments in the amount of \$13,889 to New Covenant Faith.

Note G. 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, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.239	HUD/HOME Grant Program
97.036	Public Assistance Grant

Dollar threshold used to distinguish  
between Type A and Type B programs: \$ 799,407

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes      X   No

(continued on next page)

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2022

(Continued)

**SECTION II - FINANCIAL STATEMENT FINDINGS**

2022-001 Deposits in Excess of Federally Insured Amounts

- Condition: Deposits in excess of federally insured amounts were not fully collateralized at year end.
- Criteria: Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value.
- Effect: Without adequate collateral, the deposits are subject to deposit risk.
- Recommendation: Management should ensure that all deposits in excess of federally insured amounts are collateralized.
- Response: We recognize this issue. We will work with the financial institution which had this lapse to ensure that it does not occur again. Procedures will be implemented to ensure we are independently monitoring this area.

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

No findings to report.



CITY OF LAKE CHARLES, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended September 30, 2022

**SECTION IV - PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

No Prior Year Findings

**SECTION V - PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

No Prior Year Findings