

CITY OF LAKE CHARLES, LOUISIANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the
Fiscal Year Ended
September 30, 2014



Prepared by
Department of Finance

CITY OF LAKE CHARLES
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2014

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CITY OF LAKE CHARLES

RANDYROACH
MAYOR

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DEPARTMENT OF FINANCE
KAREN D. HARRELL, DIRECTOR

March 25, 2015

Honorable Randy Roach, 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, 2014. 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 292,619 per the 2010 Census, which represents a 5 percent growth from 2000. The census count for the City of Lake Charles was a population of 71,993 within the corporate limits of the City which includes 43 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.

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

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 control 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 "single audit" report.

Economic Environment

The Lake Charles area has an economic base that has been dominated by petrochemical manufacturing and refining since the 1940's. Over the last couple of decades Southwest Louisiana has diversified its economy with aerospace and gaming industries. The Port of Lake Charles, a deep water port with a 30-mile ship channel to the Gulf of Mexico, is ranked as the 11th busiest port in the Nation. Chennault Industrial Airpark and the Lake Charles Regional Airport support a growing aviation industry. Lake Charles is home to McNeese State University and Sowela Technical Community College. Riverboat Gaming was introduced in 1993 and has provided funding for major capital improvements since that time. Retail businesses within the City provide goods and services to a five parish regional area. Annual art events and over 75 annual festivals provide entertainment to both locals and visitors.

The SWLA Economic Development Alliance recently summarized the areas economic growth, which is of unprecedented proportions. More than \$85 billion in new industry have been announced and include the following:

- SASOL Ltd. announced in December 2012 the potential of two projects at its Westlake facility estimated between \$16 and \$21 billion. The \$8.9 billion ethane cracker complex received final approval in October 2014 and it is estimated to create 500 permanent jobs, 5,000 construction jobs and over 900 indirect jobs in Louisiana and throughout the country. It was recently announced that Sasol has selected five Louisiana-based contractors to support construction of the facility. The ethane cracker will produce ethylene, which is used to make products such as synthetic fibers, detergents, paints and fragrances and will contain six chemical manufacturing plants. Operations of the facility are expected to begin in 2018.

Sasol announced in January 2015 that it will delay the \$14 billion gas-to-liquid, or GTL, facility in Westlake, due to cash flow considerations as a result of declining world market oil prices. A final decision will be made in 2016 to proceed.

- Cheniere Energy in Cameron Parish has construction underway on its Sabine Pass Liquefaction Project, a liquefied natural gas, or LNG, facility to transport affordable natural gas around the world from Louisiana, with an estimated cost of \$20 billion. It is expected to generate 4,500 construction jobs and 475 permanent jobs. The first two liquefaction trains (aka – LNG productions units) are expected to be completed by 2016 and the additional four trains completed by 2019.
- Sempra Energy, a subsidiary of Cameron LNG, broke ground in October 2014 on a \$10 billion natural gas liquefaction and export facility at the company's Cameron LNG terminal in Hackberry. It is estimated to create 3,000 construction jobs and 130 full time jobs with operations expected to begin in 2019.
- Magnolia LNG plans to build a \$3.5 billion mid-scale LNG export facility located on the Industrial Canal. It is estimated that the project will create 65 direct and 1,000 construction jobs. Construction is expected to begin in 2015 with initial start-up of operations in 2018.
- G2X Energy plans to build a \$1.3 billion natural gas-to-gasoline facility on land owned by the Port of Lake Charles on the Industrial Canal. The project is expected to create 243 new direct jobs, resulting in an estimated 748 new indirect jobs. Estimated completion date is mid-2017.

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- Lake Charles LNG/BG Group, formerly Trunkline LNG Export/Energy Transfer Equity, announced in August 2013 a \$9 billion natural gas liquefaction project for Lake Charles. It is estimated to have 4,200 construction jobs and 195 permanent jobs. The project is anticipated to be in service in 2019.
- Southern California Telephone and Energy (SCT&E) and Venture Global LNG are two additional gas liquefaction projects announced in 2014 in Cameron Parish with possible investments of \$9.25 billion and \$4.25 billion and a combined job estimate of 3,500 construction jobs and 300 permanent jobs.

Housing and education needs for the above projects have resulted in the following projects:

- Pelican Lodge, a \$70 million housing facility is being built on Port property to meet the area's projected workforce demands. The temporary housing village, which should be completed in mid-2015, will provide daily meals, transportation and many other amenities to as many as 4,000 construction workers.
- Moss Lake Worker Village has been approved on the Southland Fields Airport in southwest Calcasieu Parish to house up to 2,500 temporary workers and will provide on-site services, including transportation, laundry and daily meals.
- Numerous other temporary housing complexes and RV parks are currently being considered in Calcasieu and Cameron Parishes.
- Sowela Technical Community College:

Recently completed: \$8.8 million H.C. Drew Nursing and Allied Health facility with 11 classrooms, a science lab and a computer lab.

Currently under construction: \$20 million regional training facility that will serve the workforce needs during the construction and operations of the new Sasol plants and other facilities throughout the region.

Final design stage: \$8 million Student Success building to support the ACT 360 initiative and provide services such as enrollment management, admissions, financial aid, veterans affairs, testing and mentoring, and disability services as well as fitness and food court.

- McNeese State University has over \$70 million in proposed capital investment projects, the largest being a \$40 million Health and Human Performance Education Complex.

Tourism is Southwest Louisiana's second largest economic driver, estimated to bring in \$339 million annually. The projects related to growth in this industry are outlined below.

- Golden Nugget opened the \$700 million casino complex on Port property adjacent to the L'Auberge Casino in December of 2014. In addition to the slot machines and poker tables are 740 hotel rooms, meeting rooms, spa, restaurant and bars and an 18,000-square foot ballroom. The 18-hole golf course and pool area are recently or nearing completion.
- Louisiana Department of Transportation is nearing completion of Phase I of an \$80 million interstate improvement project at Cove Lane to improve traffic congestion that is anticipated with the opening of the additional casino as well as facilitate the expansion in south Calcasieu and Cameron Parishes. The City of Lake Charles, Port of Lake Charles and Calcasieu Parish Police Jury will contribute \$20 million from future gaming revenues to pay for a portion of this project.

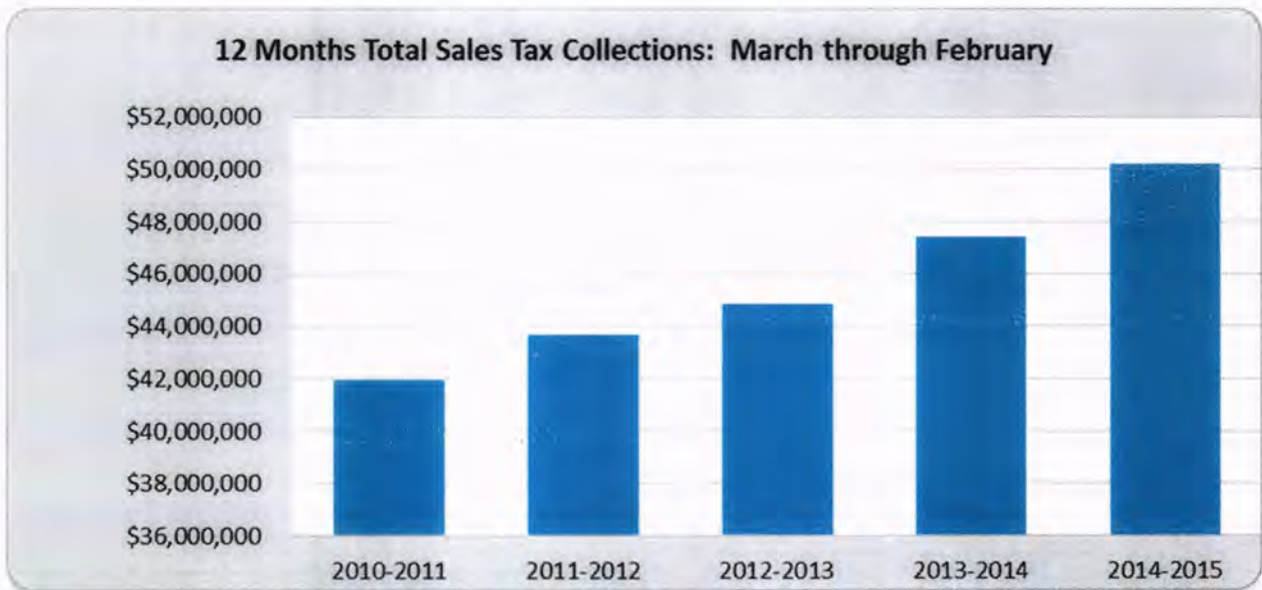
Lake Charles is experiencing growth of the mixed-use community concept. Graywood was the first neighborhood built with this concept and has continued to expand. Walnut Grove and the Lakes at Morganfield are expanding the concept by incorporating the residential properties with various types of commercial space, including office buildings, grocery market, restaurant, bank and post office.

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The Southwest Louisiana Task Force for Growth and Opportunity or, GO Group, was established to deal with the issues that may arise with the planned industrial projects discussed above. The subcommittees will address areas such as workforce development, education, transportation, housing, utilities, health, public safety, small business, environmental and community relations. Area officials are taking a very proactive approach to ensure that the area is ready to support all aspects of the new development, while continuing to maintain our solid sense of community. The City and surrounding area are optimistic about the growth in our area while realizing that along with the growth comes the need for expanded City services.

Current and Future Financial Plans

Sales tax, the City’s largest revenue source, increased by 8 percent in fiscal year 2014 and by 3.5 percent in fiscal year 2013. The City levies 2.25 percent total tax, with 1.73 percent going into the General Fund. The other .52 percent is dedicated for wastewater, recreation and capital projects and is accounted for in those funds. The graph below captures the total sales tax revenue collected for March through February for each of the last five years. The trend for the past six months indicates a 13.8 percent increase over the same period last year.



The City’s primary operating account, the General Fund, ended fiscal year 2014 with a surplus of \$3.4 million which was better than the amended budget surplus of \$228 thousand. This was due to tax revenues exceeding projections and a reduction of expenditures from projections. Employment levels remain the same since thirty-five full time positions were eliminated in the fiscal year 2011 budget. Retirement contributions for all employees continue to be the City’s most challenging expenditure.

The General Fund had an ending fund balance of \$29,374,978 at September 30, 2014, which represents 44 percent of 2015 budgeted operating expenditures and operating transfers. The adopted General Fund Operating Budget for fiscal year 2015 projects a \$2,143,372 deficit and an additional use of fund balance of \$709,797 to pay for the first installment of the Police Supplemental Pay lawsuit. Rather than funding the settlement through installments, the City Council has authorized the use of \$2.1 million from fiscal year 2014’s surplus to fund the entire settlement. The recent increase in sales tax should eliminate the budgeted deficit.

The City conducted a salary survey, and it was concluded that 98 percent of city positions were underpaid when compared to other governmental entities in the area. The City Council authorized a two percent across the board increase for all full time employees effective January 1, 2015. In addition, starting pay for career service employees was increased from \$8.25 per hour to \$8.80. All other pay ranges were adjusted proportionally. Police and Fire

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starting positions were increased by two percent. The annual cost of this increase is estimated at 1.1 million. Most employees had not received an across the board increase since 2008.

The economic expansion previously discussed has already and will continue to have a major impact on the labor market in our area. The administration believes that if we are to compete in the recruitment and retention of qualified employees, we need to further increase our pay scales. We will continue to measure our wages with those of the surrounding area and make adjustments where needed according to the funds we have available.

Although the City has strong cash reserves, the administration continues to monitor all activities and looks to future budget years that will provide adequate funding to cover all expenditures. The City administration will work to balance the economies of the current growth as it relates to what the future will hold once the proposed projects are completed and Southwest Louisiana finds a new normal in terms of the local economy.

The City currently collects one-quarter cent less in sales tax than all of Calcasieu Parish incorporated and unincorporated areas. There have been discussions by the administration to place an item on the October 2015 gubernatorial ballot for the additional one-quarter cent sales tax. The Council will have to consider the item in July in order to meet the date requirements of the Secretary of State.

The additional tax levy will generate approximately \$5 million. The funds would be first and foremost dedicated to the repayment of our current bond issue, should the current revenue sources ever become insufficient. Some of the proceeds from the sales tax are needed to fund the pay increases and additional personnel needs of the City. A portion of the funds will be committed for capital improvements. The infrastructure needs of the area have become more evident with the current expansion projects. Major projects in need of funding are the Wastewater Treatment Plant B/C rebuild, Sallier Street paving, Enterprise Boulevard extension Phase 2, Prien Lake and Ihles Road paving. There are additional expansion needs for the Water System and the possibility of additional fire stations in the near future.

Capital Improvements:

The City has issued \$75 million in bonds for Phase 1 and 2 of the \$90 million capital improvement plan that was approved by Lake Charles voters. To date the City has spent \$73 million of the bond proceeds including the \$1.5 million which was spent in fiscal 2014. The remaining bond proceeds and interest earnings will be used primarily for the Sallier Street project. The City does not currently have any plans to issue any additional debt.

Accumulated Capital Project Fund balances and revenues not needed to repay the bonded debt will be used to provide for previously authorized and future city projects that were not included in the bond proposition. Below are highlights of current capital improvement projects:

Recently completed projects:

- Civic Center Rosa Hart Phase 2 (\$3.5 million construction in progress, \$3.1 million spent in fiscal year 2014; funded primarily CDBG Disaster Recovery Funds), accepted as substantially complete
- Enterprise Boulevard extension, Ryan Street Streetscape, Gill Street extension and Summit Street paving were all projects that were reflected as completed in fiscal year 2014, but most of the expenditures for these projects were expended in previous fiscal years and were shown as construction in progress for those years.
- Wastewater system improvements account for \$17 million in construction in progress, including Lyles Peters Road sewer lines \$3.6 million bond funds; Plant A improvements of \$4.6 million DEQ loan; Plant Aeration/Bar Screen improvements \$4.2 million wastewater funds. These projects are all completed as of the issuance of this report.
- Generator Program: \$1.9 million CDBG Disaster Recovery Unit funds was recently completed.

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Currently in design phase or under construction:

- Sale Road bridge replacement: (\$5.4 million construction in progress, \$4.6 million spent in fiscal year 2014; funded 80% DOTD and 20% City funds), open for traffic and should be accepted as substantially complete in the near future.
- Wastewater system improvements: The City has recently entered into an agreement to design and construct a \$40 million wastewater treatment facility at the current Plant B/C location. Funding sources are \$14 million DEQ loan, \$2 million priority 1 and \$7.53 million priority 5 State Capital Outlay funds and \$14 million current and future City wastewater funds. Additional State Capital Outlay funds have been requested.
- Cove Lane Interchange: initial phase is nearing completion, funded by DOTD, casinos contributions and gaming proceeds of the Calcasieu Parish Gaming Pool.
- Prien Lake Road - Cove Lane to Ihles Road and Ihles Road south to Country Club Road is currently under review. City, Parish and State Capital Outlay funds will be used.
- Highway 385 multi-use trail: \$1.4 million pedestrian and bike trail in the downtown area is under design, and will be funded by DOTD and City funds.
- Transit wash rack: \$700,000 project is currently under construction and will be funded 80% by FTA.

Long-term financial planning:

The fund balance in the General Fund is \$29 million which represents 44 percent of the 2015 budgeted expenditures and non-capital transfers. It is the City's policy to maintain a 30 percent minimum fund balance target for the General Fund.

Annually the City completes a five year capital improvement plan. This serves as the basis for budgeting and planning the future of the City's capital assets.

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, 2013. The City also received this award for its reports of the preceding twenty-nine 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 entire Finance Department staff. We also wish to acknowledge the continued interest and support of the City's elected officials in maintaining an effective financial management and reporting program.

Respectfully submitted,



Karen D. Harrell
Director of Finance



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

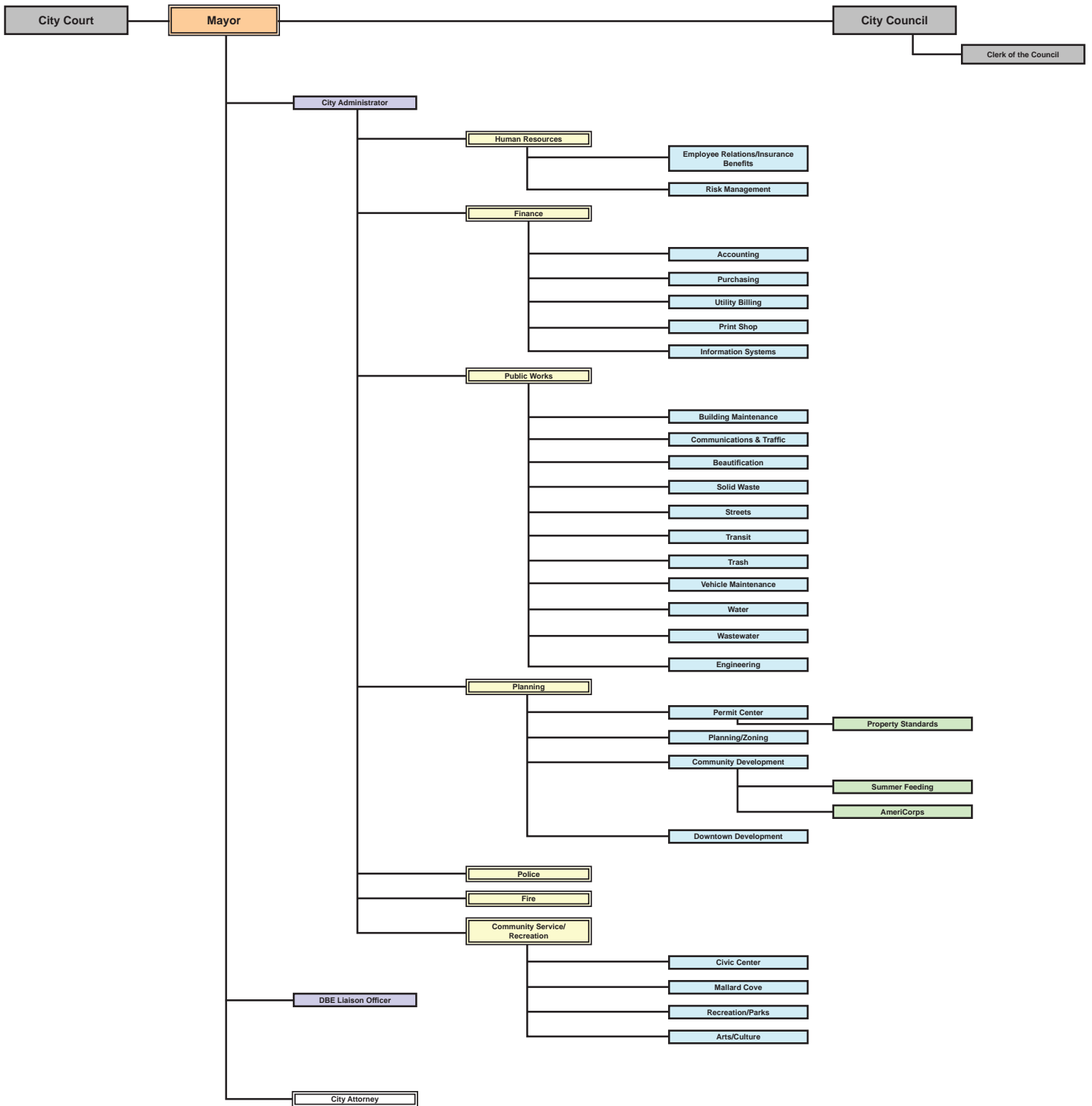
September 30, 2013

Executive Director/CEO

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City of Lake Charles Organization Chart



Key

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

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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>			
Randy Roach	July 1, 2013	June 30, 2017	May 2000
<u>CITY COUNCIL</u>			
Stuart Weatherford, President	July 1, 2013	June 30, 2017	July 2005
Dana Carl Jackson, Vice Pres.	July 1, 2013	June 30, 2017	July 2005
Luvertha August, President	July 1, 2013	June 30, 2017	January 2008
Rodney Geyen	July 1, 2013	June 30, 2017	July 1997
Mark Eckard	July 1, 2013	June 30, 2017	July 2009
Mary Morris	July 1, 2013	June 30, 2017	July 2013
John Ieyoub	July 1, 2013	June 30, 2017	July 2009
<u>CITY JUDGES</u>			
Jamie B. Bice	January 1, 2015	December 31, 2020	January 1, 2015
John S. Hood	January 1, 2015	December 31, 2020	January 1, 1985
<u>WARD 3 MARSHAL</u>			
Joseph Alcede III	January 1, 2015	December 31, 2020	November 16, 2004

CITY OF LAKE CHARLES

DEPARTMENT HEADS

EMPLOYEE	DEPARTMENT
JOHN CARDONE	MAYOR'S OFFICE
BILLY LOFTIN, JR.	LEGAL
KAREN HARRELL	FINANCE
WENDY GOODWIN	HUMAN RESOURCES
KEITH MURRAY	FIRE
DON DIXON	POLICE
MISTER EDWARDS	PUBLIC WORKS
PERCY BROWN	COMMUNITY SERVICES

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Randy Roach
and City Council
City of Lake Charles
Lake Charles, Louisiana

Report on the Financial Statements

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, 2014, 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 0.7 percent, 0.8 percent and 1.3 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, 2014, 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 other postemployment benefits – schedule of funding progress, 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 nonmajor governmental fund statements, 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 nonmajor governmental fund statements, schedules of revenues, expenditures and changes in fund balance-budget and actual, combining internal service fund statements, and schedules of 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. In our opinion, the schedule of total compensation for Mayor, City of Lake Charles, combining and individual nonmajor governmental fund statements, schedules of revenues, expenditures and changes in fund balance-budget and actual, 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 25, 2015, 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.

Mrs Elroy Quirk & Burch

Lake Charles, Louisiana
March 25, 2015

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, 2014, and accompanies the basic financial statements beginning on page 29 of this report. The transmittal letter on pages 1 - 6 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.

Financial Highlights

- The City's net position increased by \$31 million or 7.3 percent during the year to a total of \$456 million. Unrestricted financial assets comprise 26.7 percent of this total. A portion of the increase is related to the City's ongoing investment in capital assets, while at the same time, repaying the debt associated with various projects, therefore reducing the City's liabilities.
- Capital assets increased by \$9 million, net of depreciation, representing an increase of 2.5 percent from 2013. Included in the \$32 million in completed infrastructure projects are \$12.7 million for the Enterprise Boulevard Extension, \$7.8 million for the Ryan Street Streetscape project and \$2.6 million for the Gill Street Extension as well as over \$4 million for wastewater projects. The above projects had been reported as construction in progress in the previous fiscal year.
- The City currently has \$34 million in construction in progress, of which \$17 million is for wastewater system improvements. Another \$5.4 million is for the Sale Road and bridge replacement project. The improvements to the Rosa Heart Theater account for \$3.5 million of construction in progress in the Business-Type Activities. Many of these projects have been completed since fiscal year end. Funding for these projects came from various sources including the DEQ Revolving Loan Fund, State DOTD and CDBG Disaster Recover Funds.
- Current and other assets increased by \$14.7 million. As reflected in the Statement of Cash Flows for the Proprietary and Internal Service Funds, cash increased by \$9.4 million during fiscal year 2014, the largest portion being a payment of \$4.5 million to the Civic Center Fund from the State of Louisiana for accumulated hotel occupancy tax which was received on September 30. These funds will be allocated in future year budgets for the facility's operations and improvements. The Water Fund's cash increased by \$3.5 million, as revenues exceeded budget. The \$1.5 million increase in the Internal Service Fund is attributable to the Employee Health Insurance Fund.
- Total liabilities for the City were reduced to \$99 million compared to \$105 million in fiscal year 2013. The net reduction in long-term debt was \$6.9 million of which \$5.5 million was bonded debt. Claims payable in the Internal Service Funds of \$6.55 million were slightly increased compared to \$6.4 million last fiscal year.
- Total revenue from both governmental and business-type activities was \$133 million, an increase of more than 15 percent from the previous year total of \$115 million. Program revenues increased by \$11.5 million due to Capital Grants and Contributions of \$6.4 million for infrastructure projects in Public Works and \$7.3 million in the Civic Center Fund for theater improvements and the state funds mentioned above. Sales tax revenues increased by \$3.8 million or 8 percent in 2014 from the prior year. The sales tax collections of \$50.5 million account for 38 percent of total revenues.
- The 2014 governmental fund expenditures of \$99.7 million are a decrease of 2.5 percent from the \$102 million spent in 2013. Capital project expenditures decreased by \$2.9 million as the City completed most of the infrastructure projects authorized for bond expenditures and other projects with various funding sources. Departmental expenditures increased by less than \$1 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Total governmental fund balances were increased by \$5.3 million in 2014 to \$120 million. The General Fund experienced a surplus of \$3.48 million due to increased sales tax collections in the last quarter of the fiscal year and unexpended departmental funds. Capital Project Fund balance was increased by \$2.3 million as funds are being accumulated for future bond projects.
- As previously mentioned, the General Fund ended the year with a surplus of \$3,479,432, which compares to a surplus of \$538,582 in the prior year and to a \$42,101 surplus in fiscal year 2012. The City incurred an operating deficit in both fiscal years 2010 and 2011. The ending fund balance was \$29.3 million at September 30, 2014; \$25.9 million at the end of fiscal year 2013.

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 2013 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 30 - 31 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 "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 twelve individual governmental funds, five of which are classified as major. Budget to actual statements for three funds are separately displayed in the Required Supplemental Information section beginning on page 74 of this report. There are seven special revenue funds with are aggregated into a single display on those statements but are individually presented in the combining statements referred to below.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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 44 - 72 of this report.
4. Required Supplemental Information is included with information related to OPEB and budget to actual schedules for the major governmental funds.
5. Other information, consisting of the combining statements for the seven non-major governmental funds and two internal service funds, is presented immediately following the notes to the financial statements.
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 2014 was \$455,967,854, with 68 percent of this total consisting of capital assets, i.e., physical plant, equipment, and infrastructure, less related outstanding debt. An additional 5 percent of the net position is externally restricted by law or contract, leaving 27 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.

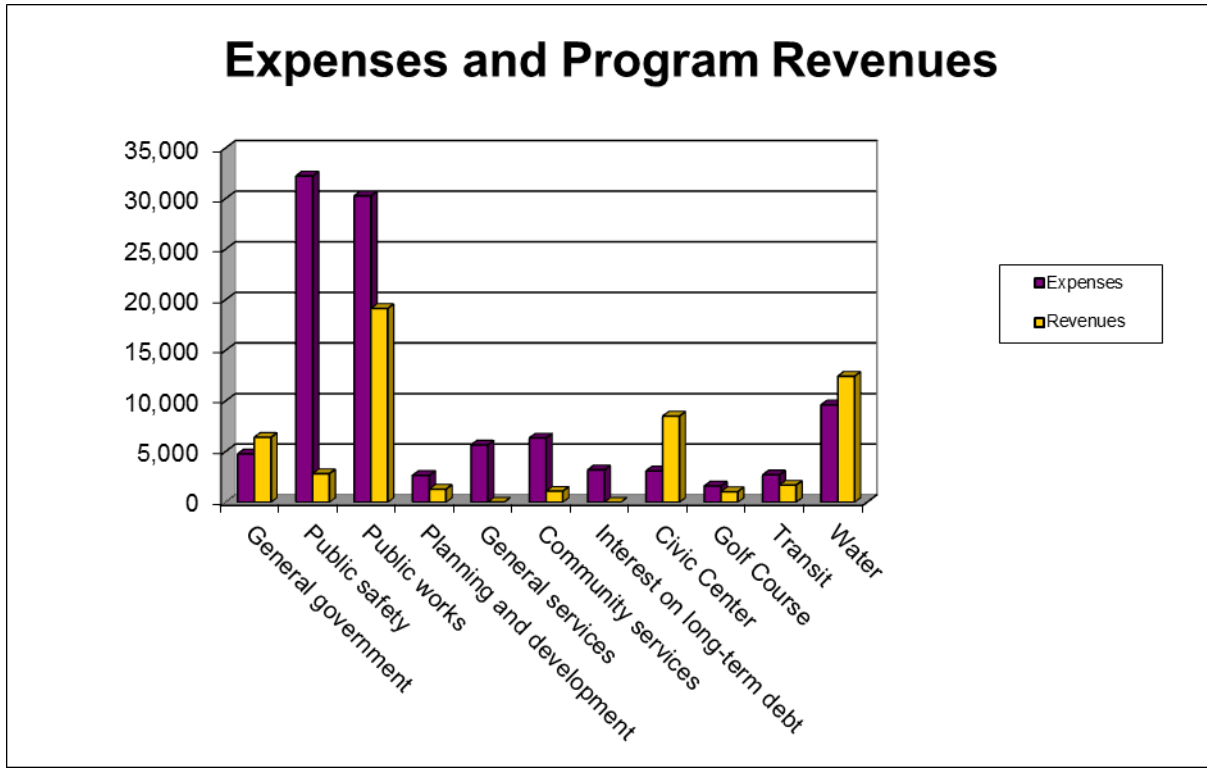
MANAGEMENT'S DISCUSSION AND ANALYSIS

NET POSITION						
(in thousands)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 144,461	\$ 138,176	\$ 22,813	\$ 14,363	\$ 167,274	\$ 152,539
Capital assets	316,690	309,325	70,786	68,562	387,476	377,887
Total assets	461,151	447,501	93,599	82,925	554,750	530,426
Long-term liabilities	80,011	86,118	770	803	80,781	86,921
Current and other liabilities	15,864	16,700	2,137	1,831	18,001	18,531
Total liabilities	95,875	102,818	2,907	2,634	98,782	105,452
Net position:						
Net investment in capital assets	240,382	230,614	70,786	68,562	311,168	299,176
Restricted	22,757	23,169	-	-	22,757	23,169
Unrestricted	102,137	90,900	19,906	11,729	122,043	102,629
Total net position	\$ 365,276	\$ 344,683	\$ 90,692	\$ 80,291	\$ 455,968	\$ 424,974

Net position increased by \$30,993,556 or 7.3 percent for the City as a whole during the 2014 fiscal year. The change in net position for governmental activities was a 6 percent increase, while business-type activities experienced a 13 percent increase. Explanations of the changes are outlined in the pertinent sections below.

MANAGEMENT’S DISCUSSION AND ANALYSIS

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 2014 were \$85.2 million for governmental activities and \$17 million for business-type activities. The portions not covered by program revenues, or net costs funded by taxes and other general revenues, were \$54.4 million for governmental activities. The public safety function (fire and police) historically accounts for the largest share of net cost, with \$29.4 million in excess expenses over program revenues during 2014. Total expenses of \$102 million are a 3.1 percent increase over 2013 expenses of \$99.2 million.

The City’s total revenue for 2014 was \$133 million, a 15.6% increase from 2013 revenues of \$115 million. Sales tax revenue for the Governmental Activities increased by \$3.8 million or 8 percent.

The Statement of Activities for 2014 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.

Major components of program and general revenues, together with total expenses and the resulting change in net position, are summarized below for the 2014 fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHANGES IN NET POSITION						
(in thousands)						
	Governmental		Business-Type		Total	
	Activities		Activities		Total	
	2014	2013	2014	2013	2014	2013
Program revenues:						
Charges for services	\$ 19,126	\$ 18,374	\$ 14,271	\$ 13,355	\$ 33,397	\$ 31,729
Operating grants & contributions	4,429	5,237	1,648	1,516	6,077	6,753
Capital grants & contributions	7,243	3,949	7,795	541	15,038	4,490
General revenues:						
Property taxes	8,632	8,176	-	-	8,632	8,176
Sales taxes	50,520	46,718	-	-	50,520	46,718
Utility franchise taxes	5,953	5,421	-	-	5,953	5,421
Riverboat gaming taxes	9,664	9,692	-	-	9,664	9,692
Other general revenues	3,880	2,166	82	(12)	3,962	2,154
Total revenues	109,447	99,733	23,796	15,400	133,243	115,133
Expenses:						
General government	4,778	4,567	-	-	4,778	4,567
Public safety	32,258	31,413	-	-	32,258	31,413
Public works	30,295	28,841	-	-	30,295	28,841
Planning and development	2,663	2,992	-	-	2,663	2,992
General services	5,660	5,688	-	-	5,660	5,688
Community services	6,350	6,174	-	-	6,350	6,174
Interest in long-term debt	3,204	3,409	-	-	3,204	3,409
Civic Center	-	-	3,092	3,015	3,092	3,015
Golf Course	-	-	1,612	1,539	1,612	1,539
Transit	-	-	2,714	2,355	2,714	2,355
Water	-	-	9,623	9,181	9,623	9,181
Total expenses	85,208	83,084	17,041	16,090	102,249	99,174
Excess before transfers	24,239	16,649	6,755	(690)	30,994	15,959
Transfers	(3,645)	(4,114)	3,645	4,114	-	-
Increase (decrease) net position	20,594	12,535	10,400	3,424	30,994	15,959
Net position - beginning	344,682	332,147	80,292	76,868	424,974	409,015
Net position - ending	\$365,276	\$344,682	\$ 90,692	\$ 80,292	\$455,968	\$424,974

As indicated by the above table and the following chart, sales taxes are the City's largest single revenue source, accounting for 38 percent of all government-wide revenue in 2014, with an 8 percent increase from 2013. The current trend for the past 6 month's collections equals a 13.8 percent increase compared to the actual 2014 collections. The economic boom predicted for Southwest Louisiana is evident according to these figures. Parish-wide sales tax comparisons for the past 12 months show a 20 percent increase in sales in the Building Material and Furniture sales categories, which make up about 16 percent of total sales. Although the Utility sales category only accounts for 3 percent of all sales, this category has increased by 64 percent as the utility companies prepare for the expanded service needs of the area.

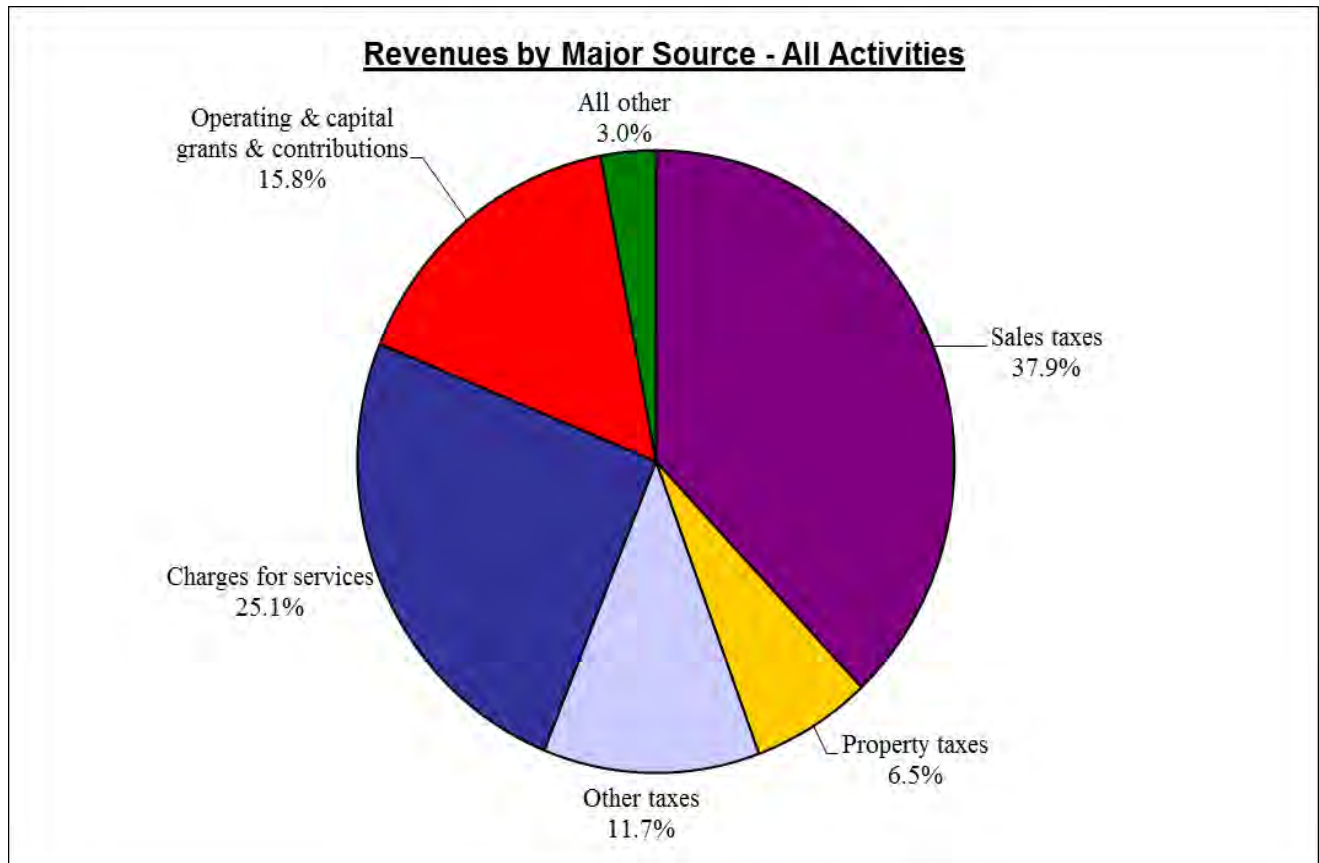
The capital grant and contribution funds reflect the largest increase from 2013. The increase in the governmental activities is for infrastructure projects funded with state DOTD and HUD Disaster Recovery Funds. Included in the current year business-type activities is the HUD Disaster Recovery Funds of \$2.8 million for the Civic Center theater renovations. Also included in the Civic Center is \$4.5 million in state revenue funds earmarked for use exclusively by that facility.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Charges for services are increased due to improved collections and increased rates in utility user fees for the last several years.

Property taxes account for 6.5 percent of total revenues and increased by 6 percent in 2014. Gaming tax revenue accounts for 7.3 percent of total revenues. 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. Revenues for fiscal year 2014 were unchanged from 2013 collections. The Golden Nugget Casino opened in December of 2014, but it is unclear how this will affect total revenue.

Other general revenues include interest earnings, which had been reduced to less than \$50,000 in fiscal year 2013 but rebounded this fiscal year to more than \$750,000 as market conditions changed.



Total expenses increased by 3 percent to \$102 million compared to \$99 million in 2013. The public works category reflects the largest categorical increase of \$1.4 million due to increased spending for wastewater system improvements and increased depreciation expenses reflected in the Changes in Net Position.

Net transfers of \$3.6 million from governmental funds to proprietary funds were a decrease of 11 percent compared to \$4.1 million in 2013. The primary reduction was in transfers from the governmental funds to the Civic Center Fund for capital improvements that were funded in 2013. Capital expenditures of bond funds for Water Fund projects of \$694,859 are reflected in the transfer from the Capital Project Fund to the proprietary Water Fund. This transfer is displayed as a capital contribution in the proprietary funds.

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 City's governmental funds had a combined fund balance of \$120,255,709 at the end of fiscal year 2014, an increase of \$5.3 million from fiscal year 2013. The ending fund balance of \$29.3 million in the General Fund represents a 13 percent increase or \$3.4 million in surplus total revenues over expenditures and operating subsidy transfers as compared to the 2013 operating surplus of \$538,582 and 2012 surplus of \$42,101. This followed two years of recorded deficits. The Capital Project Fund had a \$2.3 million increase of fund balance as funds are being accumulated for several large capital improvement projects.

The City's proprietary funds' net position increased from \$80,291,720 in 2013 to \$90,691,383. The largest increase was \$7 million in the Civic Center Fund, as discussed earlier. The Water Fund's net position increased by \$3.4 million due to increased fees being collected, while maintaining consistent operating costs. Funds have been accumulated in the Water Fund for future capital improvement projects.

General Fund Summary

The General Fund is the City's principal operating fund, accounting for nearly half of all revenue received by the City and 58 percent of revenue for all governmental activities.

The City's operating budget was amended toward the end of the 2014 fiscal year to reflect the elimination of the originally adopted budget deficit and to project an operating surplus. The adopted budget projected a \$2.3 million operating deficit; however, that budgeted deficit was eliminated due to an increased revenue forecast of \$1.8 million and reduced expenditures of \$1.1 million.

The City actually ended the year with a \$3.48 million surplus. A spike of 25 percent in month-over-month sales tax revenue in the last month of the fiscal year was the primary reason for revenues exceeding amended budget amounts by nearly \$1 million. Expenditures fell below budget by over \$2 million. As in previous years, most of the reduction was in the Public Works Department, which spent \$1.2 million less than the amended budget but was \$2.2 million less than the original adopted budget. Most of these savings are a result of continual vacant positions, but maintenance costs were also less than budgeted. City departments continue to work with the administration to curtail costs in some areas in order to offset increases that are not as controllable, such as retirement contributions.

The General Fund revenues of \$62,268,491 exceeded budgeted revenue by \$956,891 and were an increase of 6.7 percent over fiscal year 2013 collections of \$58,329,059. Sales tax revenues of \$38.6 million, which account for 66 percent of all General Fund revenues, were increased by 8 percent or \$2.9 million over 2013 collections and exceeded projected revenues by \$743,750. Property taxes increased by \$404 thousand or 5.5 percent to \$7.6 million due to increased property values due to new construction. Franchise fees from utility companies increased by 10 percent from 2013 to \$5.9 million.

Actual General Fund operating expenditures of \$56,244,111 were \$2.3 million less than the amended budgeted amount. The \$56.2 million expended represents a 1.6 percent increase over prior year expenditures of \$55.3 million. Salaries and fringe benefits in the General Fund were \$537,000 less than the amended budget, however overtime exceeded the original budget by \$777,000. The overtime cost was in the Fire Department, which was the only department that exceeded their originally adopted budget. Savings in maintenance and contractual services of nearly \$700,000 were mostly in the Public Works Department. Materials, supplies, and equipment costs were \$680,000 less than budgeted.

Fiscal year 2014 expenditures for salaries, which account for 40 percent of total expenditures or \$22.7 million, remained unchanged from prior year as staffing levels remained the same and pay increases were limited to the two percent longevity pay for eligible employees. Overtime increased to \$2.6 million in 2014 compared to \$2.5 million in 2013, primarily in the Fire Department. Retirement contribution rates for the Fire and Police Departments

MANAGEMENT'S DISCUSSION AND ANALYSIS

continue to increase and create the City's largest challenge. Contributions for all retirement systems went from \$2.9 million in 2010 to \$4.9 million in the 2013 fiscal year and were \$5.3 million in 2014.

The General Fund's 2013 and 2014 transfers of \$4 million included those necessary to subsidize the grant funds and the proprietary funds and did not include any capital transfers. The transfer of \$481,000 in fiscal year 2014 to the Facility Renewal Fund will be used to pay for future maintenance costs to city facilities.

The General Fund received a transfer of \$966,000 from the Riverboat Gaming Fund which was used to cover the cost of large equipment purchases for the Public Works Department. An additional \$750,000 was transferred from the Employee Insurance Fund for the third year in a row. This transfer was possible due to reduced claim cost and excess reserves in that fund.

The total increase in fund balance was \$3,479,432. The amended budget projected a surplus of \$227,988. This favorable variance is attributable to an increase in actual revenue, primarily sales tax and franchise taxes and savings in operating cost. The City has authorized to use \$2.1 million of this fund balance surplus in fiscal year 2015 to fund the Police Supplemental Pay lawsuit settlement.

The General Fund's ending balance in 2014 was \$29,374,978, which represents 48.5 percent of total expenditures and transfers made from the fund that year. The amount at 2013 fiscal year end was \$25,895,546.

Other Major Fund Summary

The riverboat taxes recorded in the Riverboat Gaming Special Revenue Fund have remained constant at \$9.7 million for the last several fiscal years. The use of fund balance reserves to pay for capital projects was budgeted for fiscal year 2014 and resulted in an ending fund balance of \$2.6 million. Included in the fiscal year 2015 budget is an additional draw-down of reserves.

The Wastewater Special Revenue Fund revenues increased by 8 percent in fiscal year 2014 compared to the prior year. The increase is primarily attributable to a sewer rate increase in January 2014. This is the final year of the rate structure approved in 2010. Sales tax revenues were also increased to \$3.6 million. As has been the practice in the last several years, funds were transferred to the Capital Project Fund for major sewer rehabilitation projects and to debt service funds to pay for debt service obligations. The transfer in 2014 increased slightly to \$7.5 million compared to \$7.3 in 2013. The increase is attributable to the transfer to the Debt Service Fund that was needed for the first year principal payment of the DEQ loan. The transfer to the Capital Project Fund is used for infrastructure improvements to the wastewater system. The expansions and improvements were considered when the rate structure was adopted so therefore the revenues collected were sufficient to fund the transfer. The fund balance of \$7 million will be used for needed major improvements to the wastewater treatment facilities, primarily the rebuilding of Plant B/C, with an estimated cost of \$40 million.

The Debt Service Fund expenditures for 2014 decreased by 3 percent to \$10 million. The City paid the final payment for the 1998 Pension Refunding Bonds during the year. Although the City continues to draw down funds from the DEQ loan as needed for sewer plant improvements, the first principal payments were due in the 2013 fiscal year. Transfers from other funds are typically near or equal to the amount of the debt service payment so therefore fund balance reserves from previous years of \$4.8 million are relatively unchanged.

The Capital Projects Fund accounts for over 17 percent of all governmental fund expenditures. Those expenditures are related to contract and design costs for city bond projects as well as other capital project expenditures. Expenditures decreased to \$17.3 million in 2014 compared to \$20.8 million in 2013, as many large infrastructure projects were completed in the prior year. All of the reduction was in bond fund spending. The transfers out of the fund reflect capital asset expenditures of bond funds for assets that are recorded in the Water Fund of \$694,859 and debt service requirements of \$2,044,490 for the 2007 and the 2010 bond issue. Fund balance was increased by \$2.2 million to \$69 million as capital project funds are accumulated for future projects.

The business-type activities had a \$10 million increase in total net position, most of which was in the Civic Center Fund, which received \$2.8 million for theater improvements and \$4.5 million from the State of Louisiana for accumulated hotel occupancy tax that will be appropriated in future years. This increase is reflected in Capital

MANAGEMENT'S DISCUSSION AND ANALYSIS

Grants and Contributions. The Water Fund's net position increased by \$3.4 million. Operating revenues in that fund increased by 6 percent in 2014 due to the scheduled rate increase effective January 2014.

Capital Assets

The City's total investment in capital assets at the end of the 2014 fiscal year was \$387 million, net of accumulated depreciation. The increase in capital assets during the year was \$9.6 million which includes \$32 million for completed projects, most of which were included as work in progress in the previous year.

The completion of the \$27.4 million in street projects accounts for most of the Governmental Activities decrease in the construction in progress and is included as an increase to the infrastructure category on the Capital Asset schedule below. At fiscal year-end, the City had \$34 million in construction in progress, 50 percent of which relates to wastewater system improvements.

The voters of Lake Charles approved a \$90 million bond issue in November 2006. Riverboat gaming revenue, sales tax revenues and funds from sewer user fees are used to repay the debt. Proceeds from the bonds are being 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.

The City issued \$35 million in bonds in May 2007 for Phase I of the \$90 million public improvement project. An additional \$40 million was issued in March 2010. As of September 30, 2014 the City had spent \$73 million on bond projects but only \$1.5 million was spent in fiscal year 2014. Four of the five specific local road projects named in the bond issue have been completed to date. Remaining bond funds will be used primarily on the Sallier Street project which is currently under design review.

The influx of bond revenues has allowed the City to complete projects that were included in the tax proposal while continuing to spend accumulated capital project funds for previously authorized projects. Funds not needed for repayment of the new debt will continue to be authorized for future projects not included in the bond proposal.

Major completed capital projects during the current year included the following:

- Enterprise Boulevard extension (\$12.6 million funded by bond funds)
 - Ryan Street Streetscape (\$7.8 million funded by bond funds)
 - Gill Street extension (\$2.6 million funded by CDBG Disaster Recovery Funds, state FP&C Funds and bond funds)
 - Summit Street paving (\$1.9 million funded by capital project fund revenues)
 - City Court Building (\$5.1 million funded partially by loan from Calcasieu Parish Public Trust Authority, city court funds, city marshal funds and city funds)
 - Various wastewater line and lift station improvements, the largest being the Penn Street & 12th Street sewer lift station (\$4.1 million total projects funded by city funds and EPA funds)

Major projects that are included in Construction in Progress are as follows:

- Sale Road bridge replacement (\$5.4 million construction in progress, \$4.6 million spent in fiscal year 2014; funded 80% DOTD and 20% city funds)
- Wastewater system improvements account for \$17 million in construction in progress, including Lyles Peters Road sewer lines \$3.6 million bond funds; Plant A improvements of \$4.6 million DEQ loan; Plant Aeration/Bar Screen improvements \$4.2 million wastewater funds

Most of these projects listed as in progress have been completed since fiscal year end.

MANAGEMENT’S DISCUSSION AND ANALYSIS

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, 2014						
(net of depreciation, in thousands)						
	Governmental		Business-type		Total	
	Activities		Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 15,890	\$ 15,890	\$ 2,105	\$ 2,105	\$ 17,995	\$ 17,995
Construction in progress	29,561	55,239	4,696	1,959	34,257	57,198
Buildings	33,068	29,804	6,424	6,497	39,492	36,301
Improvements other than buildings	32,621	31,645	54,873	55,042	87,494	86,687
Equipment	9,584	8,995	2,688	2,959	12,272	11,954
Infrastructure	195,966	167,752	-	-	195,966	167,752
Total	\$ 316,690	\$ 309,325	\$ 70,786	\$ 68,562	\$ 387,476	\$ 377,887

Debt Administration

As of September 30, 2014, the City’s Governmental Activities reported \$84.8 million in non-current liabilities compared to \$92 million the previous year. 84 percent of the total is bonded debt, all of which is payable from future annual appropriations. Approximately 76 percent 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.

The City underwent a formal bond rating process in 2007. They received a rating of ‘A+’ from Fitch and a rating of ‘A’ from Standard and Poor’s. The 2007 LCDA bond issue of \$35 million had the afore mentioned underlying rating but is insured so was therefore sold with a rating of ‘AAA’. The latest review by Fitch in July of 2014 rated the bonds at AA- with a Stable Outlook. In 2012, Fitch assigned an implied unlimited tax general obligation rating of ‘AA’.

Statutory debt limits are not applicable to any of the City’s current outstanding debt.

The City issued phase two of funding in March 2010 as authorized in the \$90 million bond proposition. The \$39,280,000 LCDA bond issue had an underlying rating from Standard and Poor’s of ‘A+’ but was sold as insured ‘AAA’ bonds. Both the 2007 and 2010 bond issues will be repaid as outlined in the bond covenant. A maximum of 60 percent of Riverboat Gaming Funds, 60 percent of sales tax dedicated to capital projects and up to \$500,000 in sewer user fees are dedicated for the debt service. Stand-by revenues of additional property tax and sales tax levies can be implemented if the primary revenues should ever fall below required debt service limits.

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. In June of 2013 Standard and Poor’s affirmed its ‘A+’ long-term rating on all LCDA debt supported by Lake Charles, which are secured by the city’s lawfully available revenue. However, in September 2014, Standards and Poor’s raised the City’s bond rating to ‘AA-’ from ‘A+’ due to “strong budget performance.”

The City of Lake Charles has been approved by the Louisiana Department of Environmental Quality for a \$21,000,000 loan from the State Revolving Loan Fund for improvements to the City’s wastewater system. As of the

MANAGEMENT'S DISCUSSION AND ANALYSIS

end of fiscal year 2014, the City had received \$6 million from the loan proceeds. There were very little DEQ funds spent in fiscal year 2014 due to changes in the plans for the wastewater system improvements. Most of the remaining proceeds of the loan and State Capital Outlay funds will be spent in fiscal year 2016 for a \$40 million renovation to Plant B/C. The first principal payment on the DEQ loan was made in fiscal year 2013. The debt will be repaid with sewer user fees of the Wastewater Special Revenue Fund over a 20 year period.

On behalf of Lake Charles City Court, the City borrowed \$3 million from a banking institution for a 20 year period to construct a new court house. The debt will be paid through fines generated by the court system.

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

Economic Outlook and Next Year's Budget

Southwest Louisiana has over \$85 billion in projects announced for the area, primarily made up of LNG export terminals and gas-to-liquid facilities. Of those announced, \$32 billion of those projects are currently under construction: Sasol Ethane Cracker Plant, \$8.9 billion; Chenier LNG Phase 1 & 2, \$12 billion; and Cameron LNG, \$10 billion. The additional \$52 billion announced projects are pending final approval, the largest of those being 3 LNG facilities in Cameron Parish that total \$21.5 billion. Sasol announced in January 2015 that it was delaying its final investment decision on the proposed \$11 billion gas-to-liquid plant in response to lower international oil prices.

Parish leaders formed the Southwest La. Task Force for Growth and Opportunity or "GO Group" to deal with issues that will affect the community. A Regional Impact Study was released in November 2014 and addressed concerns of transportation, schools, health services, utilities, emergency services, environmental, and regulations relative to land development. A separate study is addressing the housing plan for the region. The SWLA job estimates for these projects are in excess of 56,000 construction jobs and 18,000 permanent jobs. Workforce development is a major issue facing the state. These projects were outlined in more detail in the transmittal letter of this report.

Growth of this magnitude will undoubtedly have a major financial effect on the City of Lake Charles, but as many of the projects are in the early planning stages, the following is reported for current trends:

- Sales tax: The information on taxable sales was obtained from the Taxable Sales Analysis prepared by the Calcasieu Parish School Board Sales Tax Office for the period February 2015. Parish-wide taxable sales comparisons for the twelve month period ending February 28, 2015 of \$5.1 billion compared to the twelve month period ending February 28, 2014 of \$4.6 billion show an increase of \$465 million or 10 percent.

City of Lake Charles sales tax collections for the first four months of fiscal year 2015 reflect a 13 percent increase when compared to the same period in fiscal year 2014.

- Gaming industry: The taxable gaming proceeds for the riverboat casinos in Calcasieu Parish and slot machines at Delta Downs have remained relatively unchanged the last several fiscal years. However, the trend for the first 5 months of the current fiscal year shows a growth of 6.5 percent. The new \$700 million Golden Nugget Casino opened the end of December 2014 so the growth trend was apparent prior to its opening. With only one full month of data available, the existing L'Auberge Casino saw an increase in month-to-month proceeds for January 2015 compared to January 2014 even though the new casino had revenues nearly equal to those of L'Auberge.
- Labor market trends: The Louisiana Workforce Commission reported that the December 2014 unemployment rate for the Lake Charles MSA was 5.3 percent compared to 4.2 percent in December 2013; the statewide unemployment rate was 6.2 percent; and the nationwide unemployment rate was 5.4 percent.

The above items and other economic indicators were considered when preparing the budget for the 2015 fiscal year. The increased revenue trends that are apparent are far exceeding the 2015 projections, which were very cautiously optimistic.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City adopted a 2015 General Fund budget which is projected to draw down \$2,143,372 of its previously accumulated fund balance to cover the difference between projected revenues and operating expenditures and transfers to other funds. However, the above discussed increase in the sales tax collections will eliminate the projected deficit for the 2015 fiscal year. Revenues are budgeted to increase by 4.7 percent over the adopted 2014 revenues. Operating expenses were projected to increase by 2.9 percent compared to the adopted 2014 budget. Pay increases for employees are limited to a 2 percent longevity increase for eligible employees, which are mandated by state statute for public safety employees. The retirement contributions of \$5.8 million to be paid to the state retirement systems have more than doubled since 2009 and are a serious on-going concern for all governments across the state and nation. The budget includes an increase of 5 percent for health insurance premiums but due to financial stability in the Employee Health Insurance Internal Service Fund, the increase will not be implemented for 2015. Increased claims cost in the Risk Management Fund resulted in a 5 percent increase in the insurance line items. Major acquisitions and improvement is the only category of expenses that was reduced from the previous year, as the City has caught up on equipment needs that were deferred during the economic downturn. All other categories of expenditures remain constant from the previous fiscal years as the City administration continues to contain cost and operate as efficiently possible.

The City completed 2014 with a General Fund balance of \$29.3 million which exceeds the City's policy of maintaining a minimum fund balance target of 30 percent of budgeted expenditures and non-capital transfers. The fiscal year 2014 surplus in the General Fund was greater than expected, and the City Council authorized that \$2.1 million of those funds be used to pay for the Police Supplemental Pay lawsuit.

The City authorized a two percent across the board pay increase for all employees effective January 1, 2015. The pay plan for Career Service employees was adjusted by 6.7 percent, bringing entry level pay from \$8.25 to \$8.80. All other pay ranges were adjusted accordingly. Starting pay for fire and police personnel was increased by two percent. The annual cost of this increase is estimated at \$1.1 million. These increases in pay were implemented after a salary survey concluded that all city salaries were below those of other governmental entities in the area. However, the adjustment only helped narrow the gap, and city employees are still receiving comparatively lower wages.

The administration is contemplating a request to the City Council to consider a one-quarter cent sales tax referendum for the October 2015 ballot. The City currently collects one-quarter cent less in sales tax than all of Calcasieu Parish incorporated and unincorporated areas. The Council will have to consider the item in July in order to meet the date requirements as outlined by state statutes.

The additional sales tax levy will generate approximately \$5 million. The funds would be first and foremost dedicated to the repayment of our current bond issue, should the current revenue sources ever become insufficient. Some of the proceeds from the sales tax are needed to fund the pay increases and additional personnel needs of the City. A portion of the funds will be committed for capital improvements. The infrastructure needs of the area have become more evident with the current expansion projects. Major projects in need of funding are the Wastewater Treatment Plant B/C rebuild, Sallier Street paving, Enterprise Boulevard extension Phase 2, Prien Lake and Ihles Road paving. There are additional expansion needs for the Water System and the possibility of additional fire stations in the near future.

The Capital Project budget of \$23 million includes new sources of funding as well as the spending of funds that were previously accumulated for roads, wastewater and water system improvements and other projects.

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.

BASIC FINANCIAL STATEMENTS



CITY OF LAKE CHARLES, LOUISIANA

Statement of Net Position

September 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City Court	City Marshal
ASSETS					
Cash and cash equivalents	\$ 43,355,998	\$ 10,587,344	\$ 53,943,342	\$ 1,804,530	\$ 605,372
Investments	83,066,998	10,480,578	93,547,576	-	-
Receivables (net of allowance for uncollectables)	15,035,438	1,612,041	16,647,479	-	365
Internal balances	1,520,695	(1,520,695)	-	77,979	-
Inventories	318,116	305,470	623,586	-	-
Prepays	1,164,256	80,832	1,245,088	-	-
Restricted assets:					
Cash and cash equivalents	-	1,267,341	1,267,341	353,938	-
Capital assets not being depreciated:					
Land	15,889,781	2,104,506	17,994,287	-	-
Construction in progress	29,560,961	4,695,643	34,256,604	-	-
Capital assets net of accumulated depreciation:					
Building	33,068,281	6,424,023	39,492,304	-	-
Improvements other than buildings	32,620,691	54,873,434	87,494,125	-	-
Equipment	9,584,129	2,688,076	12,272,205	189,005	202,177
Infrastructure	195,966,182	-	195,966,182	-	-
Total assets	<u>461,151,526</u>	<u>93,598,593</u>	<u>554,750,119</u>	<u>2,425,452</u>	<u>807,914</u>
LIABILITIES					
Accounts payable & other current liabilities	4,360,476	865,276	5,225,752	8,083	2,162
Liabilities payable from restricted assets	-	1,266,753	1,266,753	-	-
Noncurrent liabilities:					
Claims payable within one year	4,861,344	-	4,861,344	-	-
Claims payable in more than one year	1,692,792	-	1,692,792	-	-
Due within one year	6,641,979	5,000	6,646,979	-	-
Due in more than one year	76,487,488	528,667	77,016,155	-	-
OPEB payable due in more than one year	1,830,976	241,514	2,072,490	-	-
Total liabilities	<u>95,875,055</u>	<u>2,907,210</u>	<u>98,782,265</u>	<u>8,083</u>	<u>2,162</u>
NET POSITION					
Net investment in capital assets	240,382,023	70,785,682	311,167,705	189,005	202,177
Restricted for:					
Capital projects	19,299,956	-	19,299,956	-	-
Debt service	3,457,018	-	3,457,018	-	-
Unrestricted	102,137,474	19,905,701	122,043,175	2,228,364	603,575
Total net position	<u>\$ 365,276,471</u>	<u>\$ 90,691,383</u>	<u>\$ 455,967,854</u>	<u>\$ 2,417,369</u>	<u>\$ 805,752</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, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units	
	Expenses	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	\$ 4,778,135	\$ 5,423,120	\$ 232,980	\$ 763,000	\$ 1,640,965	\$ -	\$ 1,640,965	\$ -	\$ -
Public safety	32,257,586	98,739	2,724,099	-	(29,434,748)	-	(29,434,748)	-	-
Public works	30,295,303	12,706,586	35,090	6,424,043	(11,129,584)	-	(11,129,584)	-	-
Planning and development	2,663,000	532,678	759,611	-	(1,370,711)	-	(1,370,711)	-	-
General services	5,659,656	6,422	-	-	(5,653,234)	-	(5,653,234)	-	-
Community services	6,350,062	358,641	676,531	56,000	(5,258,890)	-	(5,258,890)	-	-
Interest in long-term debt	3,203,842	-	-	-	(3,203,842)	-	(3,203,842)	-	-
Total governmental activities	<u>85,207,584</u>	<u>19,126,186</u>	<u>4,428,311</u>	<u>7,243,043</u>	<u>(54,410,044)</u>	<u>-</u>	<u>(54,410,044)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Civic center	3,091,611	968,322	200,000	7,347,776	-	5,424,487	5,424,487	-	-
Golf Course	1,612,629	1,046,272	-	-	-	(566,357)	(566,357)	-	-
Transit	2,714,383	189,754	1,447,581	54,796	-	(1,022,252)	(1,022,252)	-	-
Water	9,622,826	12,066,695	-	392,622	-	2,836,491	2,836,491	-	-
Total business-type activities	<u>17,041,449</u>	<u>14,271,043</u>	<u>1,647,581</u>	<u>7,795,194</u>	<u>-</u>	<u>6,672,369</u>	<u>6,672,369</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$102,249,033</u>	<u>\$33,397,229</u>	<u>\$6,075,892</u>	<u>\$15,038,237</u>	<u>\$ (54,410,044)</u>	<u>\$ 6,672,369</u>	<u>\$ (47,737,675)</u>	<u>\$ -</u>	<u>\$ -</u>
Component units:									
City Court	\$ 2,581,776	\$ 356,338	\$ -	\$ 262,630				\$ (1,962,808)	\$ -
City Marshal	549,436	525,709	-	-				-	(23,727)
Total component units	<u>\$ 3,131,212</u>	<u>\$ 882,047</u>	<u>\$ -</u>	<u>\$ 262,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ (1,962,808)</u>	<u>\$ (23,727)</u>
General revenues:									
Property taxes					8,631,895	-	8,631,895	-	-
Sales taxes					50,519,838	-	50,519,838	-	-
Franchise taxes					5,952,906	-	5,952,906	-	-
Riverboat taxes					9,664,375	-	9,664,375	-	-
Grants and contributions not restricted to specific programs					185,172	-	185,172	-	-
Interest and investment earnings					671,283	81,712	752,995	2,534	-
Miscellaneous					3,024,050	-	3,024,050	261,438	-
Transfers					(3,645,582)	3,645,582	-	-	-
Total general revenues and transfers					<u>75,003,937</u>	<u>3,727,294</u>	<u>78,731,231</u>	<u>263,972</u>	<u>-</u>
Change in net position					20,593,893	10,399,663	30,993,556	(1,698,836)	(23,727)
Net position - beginning					344,682,578	80,291,720	424,974,298	4,116,205	829,479
Net position - ending					<u>\$ 365,276,471</u>	<u>\$ 90,691,383</u>	<u>\$ 455,967,854</u>	<u>\$ 2,417,369</u>	<u>\$ 805,752</u>

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

CITY OF LAKE CHARLES, LOUISIANA

**Balance Sheet
Governmental Funds
September 30, 2014**

	<u>General</u>	<u>Riverboat Gaming Special Revenue</u>
ASSETS		
Cash (Note 4-A)	\$ 8,760,149	\$ 866,235
Investments (Note 4-A)	15,867,302	1,163,484
Receivable (net of allowance for uncollectable)		
Accounts (Note 4-B)	6,571,348	1,146,941
Special Assessments	-	-
Accrued interest	23,098	44
Intergovernmental (Note 4-B)	58,032	-
Due from other funds (Note 4-F)	527,700	52,240
Inventory	318,116	-
Prepaid items	207,364	-
Total assets	<u>\$ 32,333,109</u>	<u>\$ 3,228,944</u>
LIABILITIES		
Accounts payable	\$ 1,864,454	\$ -
Contracts payable	-	-
Escrow	399,101	-
Due to other funds	601,717	614,257
Deferred revenues	-	-
Other liabilities	92,859	-
Total liabilities	<u>2,958,131</u>	<u>614,257</u>
FUND BALANCES		
Nonspendable:		
Inventory	318,116	-
Pre-paid items	207,364	-
Restricted:		
Sales tax and bond funds for capital projects	-	-
Debt service reserve	-	-
Committed :		
Capital projects	-	-
Wastewater system improvements	-	-
Debt service payments	-	-
Other purposes	2,853,169	760,775
Assigned:		
Community services	-	-
Public safety	-	-
Disaster recovery	-	-
Other purposes	-	1,853,912
Unassigned	25,996,329	-
Total fund balances	<u>29,374,978</u>	<u>2,614,687</u>
Total liabilities and fund balances	<u>\$ 32,333,109</u>	<u>\$ 3,228,944</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
\$ 2,766,401	\$ 4,541,703	\$ 15,509,061	\$ 3,900,319	\$ 36,343,868
3,018,977	44,561	52,299,556	2,679,404	75,073,284
1,508,716	-	629,404	222,963	10,079,372
-	540,330	196,865	-	737,195
840	-	98,041	6,443	128,466
-	106,026	1,122,471	626,952	1,913,481
-	22,603	500,000	506,478	1,609,021
-	-	-	-	318,116
14,937	2,200	-	13,703	238,204
<u>\$ 7,309,871</u>	<u>\$ 5,257,423</u>	<u>\$ 70,355,398</u>	<u>\$ 7,956,262</u>	<u>\$ 126,441,007</u>
\$ 197,940	\$ 23,313	\$ 740,943	\$ 256,289	\$ 3,082,939
-	-	711,256	18,400	729,656
-	21,775	-	4,008	424,884
31,868	-	-	149,455	1,397,297
-	432,263	-	25,400	457,663
-	-	-	-	92,859
<u>229,808</u>	<u>477,351</u>	<u>1,452,199</u>	<u>453,552</u>	<u>6,185,298</u>
-	-	-	-	318,116
14,937	2,200	-	13,703	238,204
-	-	19,299,956	-	19,299,956
-	3,454,818	-	-	3,454,818
-	-	44,291,607	-	44,291,607
7,065,126	-	4,965,117	-	12,030,243
-	107,582	-	-	107,582
-	-	-	412,951	4,026,895
-	-	-	1,123,537	1,123,537
-	-	-	185,329	185,329
-	-	-	2,491,798	2,491,798
-	1,215,472	346,519	3,275,392	6,691,295
-	-	-	-	25,996,329
<u>7,080,063</u>	<u>4,780,072</u>	<u>68,903,199</u>	<u>7,502,710</u>	<u>120,255,709</u>
<u>\$ 7,309,871</u>	<u>\$ 5,257,423</u>	<u>\$ 70,355,398</u>	<u>\$ 7,956,262</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.	316,690,025
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.	457,663
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.	12,726,207
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.	(84,853,133)

Net position of governmental activities

\$ 365,276,471

CITY OF LAKE CHARLES, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For Fiscal Year Ended September 30, 2014

	General	Riverboat Gaming Special Revenue
Revenues:		
Taxes	\$ 49,422,275	\$ 9,664,375
Licenses and permits	6,686,060	-
Intergovernmental	2,513,429	-
Charges for services	2,454,886	-
Fines and forfeitures	253,920	-
Miscellaneous	937,921	3,286
Total revenues	62,268,491	9,667,661
Expenditures:		
Current operating:		
General government	2,945,962	-
Finance	1,594,290	-
Human Resources	339,091	-
Fire	14,416,100	-
Police	17,101,982	-
Public works	13,909,363	-
Planning and development	1,693,469	-
Community services	-	-
General services	4,243,854	-
Capital projects	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total expenditures	56,244,111	-
Excess (deficiency) of revenues over expenditures	6,024,380	9,667,661
Other financing sources (uses):		
Transfers in	1,716,000	-
Transfers out	(4,260,948)	(10,177,189)
Issuance of debt	-	-
Total other financing sources (uses)	(2,544,948)	(10,177,189)
Net change in fund balances	3,479,432	(509,528)
Fund balance at beginning of year	25,895,546	3,124,215
Fund balance at end of year	\$ 29,374,978	\$ 2,614,687

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
\$ 3,569,585	\$ -	\$ 6,246,775	\$ 2,735,905	\$ 71,638,915
-	-	-	-	6,686,060
-	213,000	7,449,188	2,100,054	12,275,671
12,652,248	-	-	183,745	15,290,879
-	-	-	-	253,920
27,621	4,180	519,346	203,186	1,695,540
<u>16,249,454</u>	<u>217,180</u>	<u>14,215,309</u>	<u>5,222,890</u>	<u>107,840,985</u>
-	-	-	-	2,945,962
-	-	-	414	1,594,704
-	-	-	-	339,091
-	-	-	65,444	14,481,544
-	-	-	809,248	17,911,230
8,109,179	-	-	26,585	22,045,127
-	-	-	842,292	2,535,761
-	-	-	5,343,835	5,343,835
-	-	-	9,243	4,253,097
754,795	-	17,335,874	-	18,090,669
-	6,790,771	-	-	6,790,771
-	3,398,436	-	-	3,398,436
<u>8,863,974</u>	<u>10,189,207</u>	<u>17,335,874</u>	<u>7,097,061</u>	<u>99,730,227</u>
<u>7,385,480</u>	<u>(9,972,027)</u>	<u>(3,120,565)</u>	<u>(1,874,171)</u>	<u>8,110,758</u>
-	9,901,931	8,050,000	2,131,048	21,798,979
(7,517,075)	-	(2,739,349)	-	(24,694,561)
-	-	98,037	-	98,037
<u>(7,517,075)</u>	<u>9,901,931</u>	<u>5,408,688</u>	<u>2,131,048</u>	<u>(2,797,545)</u>
(131,595)	(70,096)	2,288,123	256,877	5,313,213
<u>7,211,658</u>	<u>4,850,168</u>	<u>66,615,076</u>	<u>7,245,833</u>	<u>114,942,496</u>
<u>\$ 7,080,063</u>	<u>\$ 4,780,072</u>	<u>\$ 68,903,199</u>	<u>\$ 7,502,710</u>	<u>\$ 120,255,709</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, 2014

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

Net change in fund balances - total governmental funds	\$ 5,313,213
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.	7,367,293
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(16,100)
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.	6,867,821
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>1,061,666</u>
Change in net position of governmental activities	<u><u>\$ 20,593,893</u></u>

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

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CITY OF LAKE CHARLES, LOUISIANA

Statement of Net Position

Proprietary Funds

September 30, 2014

	Business-type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Civic Center	Golf Course	Public Transit	Water Utility	Totals 2014	
ASSETS						
Current assets:						
Cash	\$ 5,658,422	\$ 481,157	\$ 35,737	\$ 4,412,028	\$ 10,587,344	\$ 7,012,130
Investments	70,174	-	39,387	10,371,017	10,480,578	7,993,714
Restricted cash:						
Customer deposits	-	-	-	1,267,341	1,267,341	-
Accounts receivable (net of allowance for uncollectible)	55,545	-	-	812,992	868,537	2,169,891
Accrued interest receivable	-	-	-	7,388	7,388	7,032
Intergovernmental receivables	169,505	-	483,989	82,622	736,116	-
Due from other funds	72,043	-	-	1,450	73,493	-
Inventories	29,236	39,952	-	236,282	305,470	-
Prepaid items	3,902	-	1,236	75,694	80,832	926,052
Total current assets	<u>6,058,827</u>	<u>521,109</u>	<u>560,349</u>	<u>17,266,814</u>	<u>24,407,099</u>	<u>18,108,819</u>
Capital assets:						
Land	-	1,065,697	806,824	231,985	2,104,506	-
Buses	-	-	2,674,538	-	2,674,538	-
Buildings and structures	18,768,595	2,123,406	4,481,761	459,284	25,833,046	-
Improvements	15,858,719	2,658,831	-	73,942,061	92,459,611	-
Construction in Progress	3,500,066	-	213,370	982,207	4,695,643	-
Equipment, furniture and fixtures	2,737,861	443,185	197,484	1,988,857	5,367,387	30,163
Total capital assets	<u>40,865,241</u>	<u>6,291,119</u>	<u>8,373,977</u>	<u>77,604,394</u>	<u>133,134,731</u>	<u>30,163</u>
Less accumulated depreciation	<u>28,440,636</u>	<u>1,928,916</u>	<u>1,760,091</u>	<u>30,219,403</u>	<u>62,349,046</u>	<u>30,163</u>
Total capital assets (net of accumulated depreciation)	<u>12,424,605</u>	<u>4,362,203</u>	<u>6,613,886</u>	<u>47,384,991</u>	<u>70,785,685</u>	<u>-</u>
Total assets	<u>18,483,432</u>	<u>4,883,312</u>	<u>7,174,235</u>	<u>64,651,805</u>	<u>95,192,784</u>	<u>18,108,819</u>

	Business-type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Civic Center	Golf Course	Public Transit	Water Utility	Totals 2014	
LIABILITIES						
Current liabilities :						
Accounts payable	119,003	42,629	29,391	460,026	651,049	30,138
Contracts payable	163,829	-	2,229	34,503	200,561	-
Customer deposits payable	-	-	-	1,266,753	1,266,753	-
Escrow	2,151	11,518	-	-	13,669	-
Due to other funds	-	149,785	130,838	4,545	285,168	48
Total current liabilities	<u>284,983</u>	<u>203,932</u>	<u>162,458</u>	<u>1,765,827</u>	<u>2,417,200</u>	<u>30,186</u>
Non-current liabilities:						
Compensated absences	123,253	46,898	70,691	292,825	533,667	87,102
OPEB liability	41,808	38,885	30,135	130,686	241,514	20,208
Accrued insurance claims	-	-	-	-	-	4,536,344
Incurred-not reported claims	-	-	-	-	-	325,000
Accrued insurance claims-noncurrent	-	-	-	-	-	1,692,792
Total non-current liabilities	<u>165,061</u>	<u>85,783</u>	<u>100,826</u>	<u>423,511</u>	<u>775,181</u>	<u>6,661,446</u>
Total liabilities	<u>450,044</u>	<u>289,715</u>	<u>263,284</u>	<u>2,189,338</u>	<u>3,192,381</u>	<u>6,691,632</u>
NET POSITION						
Investment in capital assets	12,424,605	4,362,203	6,613,886	47,384,991	70,785,685	-
Unrestricted	<u>5,608,783</u>	<u>231,394</u>	<u>297,065</u>	<u>15,077,476</u>	<u>21,214,718</u>	<u>11,417,187</u>
Total net position	<u>\$ 18,033,388</u>	<u>\$ 4,593,597</u>	<u>\$ 6,910,951</u>	<u>\$ 62,462,467</u>	<u>92,000,403</u>	<u>\$ 11,417,187</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					<u>(1,309,020)</u>	
Net position of business-type activities					<u>\$ 90,691,383</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, 2014

	<u>Business-type</u>	
	<u>Civic Center</u>	<u>Golf Course</u>
Operating revenues:		
Charges for services	\$ 965,832	\$ 1,044,944
Other	594	1,328
Total operating revenues	<u>966,426</u>	<u>1,046,272</u>
Operating expenses:		
Personal services	1,212,524	680,423
Materials and supplies	257,744	503,533
Maintenance	214,516	35,318
Heat, light and power	418,668	56,424
Transportation	-	-
General and administration	220,927	139,025
Claims and losses paid	-	-
Depreciation	809,772	213,933
Total operating expenses	<u>3,134,151</u>	<u>1,628,656</u>
Operating income (loss)	<u>(2,167,725)</u>	<u>(582,384)</u>
Nonoperating revenues (expenses):		
Operating grants-governmental agencies	200,000	-
Interest	1,265	361
Gain (loss) on retirement or transfer of capital assets	1,896	-
Total nonoperating revenues	<u>203,161</u>	<u>361</u>
Income (loss) before operating transfers	<u>(1,964,564)</u>	<u>(582,023)</u>
Capital contributions and transfers:		
Capital contributions - governmental agencies	7,347,776	-
Capital contributions - governmental funds	400,000	100,000
Transfers in (out)	1,202,977	407,262
Total capital contributions and transfers	<u>8,950,753</u>	<u>507,262</u>
Change in net position	6,986,189	(74,761)
Net position at beginning of year	11,047,199	4,668,358
Net position at end of year	<u>\$ 18,033,388</u>	<u>\$ 4,593,597</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 2014	
\$ 141,466	\$ 11,445,133	\$ 13,597,375	\$ 14,166,079
48,288	615,695	665,905	146,258
189,754	12,060,828	14,263,280	14,312,337
816,612	2,740,490	5,450,049	568,931
220,515	1,673,732	2,655,524	10,181
264,723	620,146	1,134,703	-
55,023	938,855	1,468,970	-
95,171	-	95,171	-
1,020,788	2,311,814	3,692,554	2,817,713
-	-	-	8,725,100
373,010	1,558,048	2,954,763	2,496
2,845,842	9,843,085	17,451,734	12,124,421
(2,656,088)	2,217,743	(3,188,454)	2,187,916
1,447,581	-	1,647,581	-
320	79,766	81,712	34,034
-	5,867	7,763	-
1,447,901	85,633	1,737,056	34,034
(1,208,187)	2,303,376	(1,451,398)	2,221,950
54,796	392,622	7,795,194	-
-	694,859	1,194,859	-
840,484	-	2,450,723	(750,000)
895,280	1,087,481	11,440,776	(750,000)
(312,907)	3,390,857	9,989,378	1,471,950
7,223,858	59,071,610		9,945,237
\$ 6,910,951	\$ 62,462,467		\$ 11,417,187
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds		410,285	
Change in net position of business-type activities		\$ 10,399,663	

CITY OF LAKE CHARLES, LOUISIANA

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended September 30, 2014

	<u>Civic Center</u>
Cash flows from operating activities:	
Receipts from customers	\$ 959,933
Payments to employees	(1,218,396)
Payments to suppliers	(938,515)
Internal activity - payments from other funds	(72,043)
Internal activity - payments to other funds	<u>(178,851)</u>
Net cash provided by operating activities	<u>(1,447,872)</u>
Cash flow from noncapital financing activities:	
Operating subsidies	1,202,977
Shared revenue from governmental agencies	200,000
Net cash provided by noncapital financing activities	<u>1,402,977</u>
Cash flows from capital and related financing activities:	
Purchases/sale of capital assets	(69,400)
Contracts payable	(3,132,200)
Capital subsidies from governmental agencies	7,287,138
Capital transfers	400,000
Net cash provided (used for) capital and related financing activities	<u>4,485,538</u>
Cash flow from investing activities:	
Purchase of investment securities	(17)
Proceeds from sale and maturities of investment securities	-
Interest on investments	1,265
Net cash provided (used for) investing activities	<u>1,248</u>
Net increase (decrease) in cash and cash equivalents	4,441,891
Cash and cash equivalents at beginning of year	1,216,531
Cash and cash equivalents at end of year	<u>\$ 5,658,422</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$ (2,167,725)</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	809,772
(Increase) decrease in accounts receivable	(6,493)
(Increase) decrease in due from other funds	(72,043)
(Increase) decrease in inventories	(7,067)
(Increase) decrease in prepaid items	(274)
Increase (Decrease) in accounts payables	195,463
Increase (Decrease) in miscellaneous payables	(10,279)
Increase (Decrease) in customer deposit account	-
Increase (Decrease) in compensated absences payable	(16,020)
Increase (Decrease) in OPEB liability	5,645
Increase (Decrease) in due to other funds	<u>(178,851)</u>
Total adjustments	<u>719,853</u>
Net cash provided (used) by operating activities	<u>\$ (1,447,872)</u>

Noncash investing and capital activities:

Assets retired/transferred cost \$154,257 and had accumulated depreciation of \$154,257, loss of \$0.

Capital assets expenditures of \$694,859 were paid from governmental funds and are recorded as a capital contribution on the statement of activity in the proprietary funds.

Developer/governmental agencies donated capital assets of \$310,000.

Change in the fair value of investments resulted in an unrealized loss of \$7,517 at year end 2014 and an unrealized gain of \$63,076 at year end 2013.

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

Business-type Activities - Enterprise Funds

Golf Course	Transit	Water Utility	Totals 2014	Governmental Activities Internal Service Funds
\$ 1,046,737	\$ 189,754	\$ 12,184,416	\$ 14,380,840	\$ 13,840,398
(682,984)	(816,098)	(2,762,422)	(5,479,900)	(564,709)
(729,322)	(1,656,749)	(5,535,147)	(8,859,733)	(11,436,396)
-	-	(1,450)	(73,493)	400,765
1,844	83,516	(198,632)	(292,123)	21
<u>(363,725)</u>	<u>(2,199,577)</u>	<u>3,686,765</u>	<u>(324,409)</u>	<u>2,240,079</u>
407,262	840,484	-	2,450,723	(750,000)
-	1,330,693	-	1,530,693	-
<u>407,262</u>	<u>2,171,177</u>	<u>-</u>	<u>3,981,416</u>	<u>(750,000)</u>
(39,173)	(18,783)	(212,592)	(339,948)	-
(32,802)	(145,170)	(515,414)	(3,825,586)	-
-	17,098	-	7,304,236	-
100,000	-	-	500,000	-
<u>28,025</u>	<u>(146,855)</u>	<u>(728,006)</u>	<u>3,638,702</u>	<u>-</u>
-	(10)	(4,498,840)	(4,498,867)	(7,855,175)
-	-	4,971,859	4,971,859	7,821,758
361	320	92,941	94,887	54,308
<u>361</u>	<u>310</u>	<u>565,960</u>	<u>567,879</u>	<u>20,891</u>
71,923	(174,945)	3,524,719	7,863,588	1,510,970
409,234	210,682	2,154,650	3,991,097	5,501,160
<u>\$ 481,157</u>	<u>\$ 35,737</u>	<u>\$ 5,679,369</u>	<u>\$ 11,854,685</u>	<u>\$ 7,012,130</u>
<u>\$ (582,384)</u>	<u>\$ (2,656,088)</u>	<u>\$ 2,217,743</u>	<u>\$ (3,188,454)</u>	<u>\$ 2,187,916</u>
213,933	373,010	1,558,048	2,954,763	2,496
465	-	52,981	46,953	(471,939)
-	-	(1,450)	(73,493)	400,765
(32)	-	(34,255)	(41,354)	-
-	1,019	(5,046)	(4,301)	(24,589)
14,049	(2,337)	57,119	264,294	(25,952)
(5,990)	-	(12,059)	(28,328)	167,073
-	-	70,607	70,607	-
(9,720)	(1,101)	(26,704)	(53,545)	3,420
4,110	2,404	8,413	20,572	868
1,844	83,516	(198,632)	(292,123)	21
<u>218,659</u>	<u>456,511</u>	<u>1,469,022</u>	<u>2,864,045</u>	<u>52,163</u>
<u>\$ (363,725)</u>	<u>\$ (2,199,577)</u>	<u>\$ 3,686,765</u>	<u>\$ (324,409)</u>	<u>\$ 2,240,079</u>

NOTES TO FINANCIAL STATEMENTS

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2014

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 provide and maintain 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, 2013.

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 provide and maintain 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, 2013. Complete financial statements of the individual component units are available from the City of Lake Charles at 326 Pujou 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 nonexchange transactions should be recognized in accordance with the requirements of Section N50, Nonexchange 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.

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

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

NOTES TO FINANCIAL STATEMENTS

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 nonoperating 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 uncollectible 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 1st 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 Prepaid Items

Inventory is valued at average cost. Inventory in the General Fund consists of materials and supplies held for consumption and is 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 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 2014 in both the governmental-wide and fund financial statements.

NOTES TO 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 estimated fair market value at 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. Historically, capital assets constructed during the past 30 years had been financed on a pay-as-go basis. However, the City incurred debt in 2003 for the construction of a new sewer treatment facility and issued bonds in 2007 and 2010 to fund capital improvements, such as roads, water, sewer, recreation and downtown development activities. Debt was also incurred during the past fiscal year for improvements to the City’s wastewater plant.

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 not any amount 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, 2014.

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

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

NOTES TO FINANCIAL STATEMENTS

Sick pay is not vested except at retirement, where accumulated sick pay hours up to six hundred (600) are payable to non-civil service retirees. 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, 2014. 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 no current portion of compensatory time recorded in the governmental fund statement at September 30, 2014. At September 30, 2014 the total liability reported on the Statement of Net Position for accrued vacation, sick and compensatory time was \$3,178,705 for Governmental Activities, which includes \$87,102 from the Internal Service Funds. The amount recorded in Business-Type Activities equaled \$533,667.

7. 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 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.

8. 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.

NOTES TO FINANCIAL STATEMENTS

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 made.

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 – total governmental funds and net position – governmental activities as reported in the government-wide 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 \$84,853,133 difference are as follows:

2007 LCDA Bonds payable	\$25,565,000
Premium on 2007 LCDA Bonds payable (to be amortized over the life of the debt)	698,307
2009 Revenue Refunding Bonds payable	10,930,000
Premium on 2009 Refunding Bonds payable (to be amortized over the life of the debt)	274,422
2010 LCDA Bonds payable	32,315,000
Premium on 2010 LCDA Bonds payable (to be amortized over the life of the debt)	1,269,979
Cooperative endeavor-Sales Tax Dist. No.3	2,014,492
Compensated absences	3,091,603
Other post employee benefits (OPEB) payable	1,810,768
Police benefits guarantee	36,913
LC City Court building project	2,700,000
DEQ loan – sewer plant rehabilitation	4,146,649
Net adjustment to reduce fund balance-total governmental funds to arrive at net position -governmental activities	\$ 84,853,133

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 a 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.”

NOTES TO FINANCIAL STATEMENTS

The details of the \$7,367,293 are as follows:

Capital outlays	\$ 20,755,171
Depreciation expense	(13,292,802)
Loss on retirement of capital assets	<u>(95,076)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 7,367,293</u>

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 \$6,867,821 are as follows:

Principal repayment:	
Pension refunding bonds	\$ 805,000
2007 LCDA public improvement bonds	1,430,000
2009 Revenue refunding bonds	1,360,000
2010 LCDA public improvement bonds	1,850,000
Police benefit guarantees	20,385
Compensated absences	77,064
OPEB liabilities	(193,185)
Cooperative endeavor-Sales Tax Dist. No. 3	350,000
Proceeds from premium on 2007 LCDA public improvement bonds (to be amortized as interest over life of debt)	55,129
Proceeds from premium on 2009 Revenue refunding bonds (to be amortized as interest over life of debt)	39,203
Proceeds from premium on 2010 Revenue refunding bonds (to be amortized as interest over life of debt)	100,262
Lake Charles City Court building loan	105,000
DEQ loan – sewer plant improvements	(98,037)
DEQ loan – sewer plant improvements	<u>967,000</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 6,867,821</u>

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 \$(1,309,020) are as follows:

Internal payable representing costs in excess of charges to the business-type activities – prior year	\$(1,719,305)
Internal payable representing costs in excess of charges to the business-type activities – current year	<u>410,285</u>
Net adjustment to decrease net position – enterprise funds to arrive at net position – business-type activities	<u><u>\$(1,309,020)</u></u>

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 are 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 \$63,922,612 was amended to \$62,793,612 during the fiscal year. Most of the \$1,129,000 reduction of expenditures was in the Public Works Department's budget. All other departments were adjusted as needed. It was forecast that revenues would exceed budgeted projections by more than \$1.8 million. The final amendment eliminated the originally forecasted deficit in the General Fund.

The originally adopted amount of all Special Revenue Funds was \$35,684,630. Amendments in the amount of \$169,789 resulted in the final total Special Revenue Fund budget of \$35,854,419. An annual amendment is necessary in response to grant awards compared to actual expenditures within the fiscal year.

NOTES TO FINANCIAL STATEMENTS

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 reappropriations 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 reappropriation. 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 on page 59. The total amount reserved for encumbrances in all funds at fiscal year ended September 30, 2014 are as follows:

Major Funds:	
Capital Projects	\$ 4,405,560
Proprietary Funds:	
Civic Center	103,574
Water Utility	129,847
Total Proprietary Funds	<u>233,421</u>
Total Reserved for Encumbrances	
Fiscal Year Ended September 30, 2014	<u>\$ 4,638,981</u>

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, 2014.

D. Unfavorable Revenue Variance

The revenue of the Riverboat Gaming Special Revenue Fund was \$9,667,661 which was \$135,339 less than the \$9,803,000 budgeted amount. These funds are proportional to gaming revenues within the Parish, which were down slightly from projected figures. The expenditures of the Disaster Recovery Special Revenue Fund were \$210,854 which was \$56 more than the \$210,798 budgeted amount. The intergovernmental revenue of the Community Development Special Revenue Fund was \$757,756 which was \$9,429 less than the \$767,185 budgeted amount. These unfavorable variances are 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.

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.

NOTES TO FINANCIAL STATEMENTS

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, 2014 was \$54,268,229 (carrying amount \$51,611,088).

The total includes restricted cash in the amount of \$1,267,341 from customer deposits in the Water Utility Enterprise Fund. The amounts do not include petty cash of \$23,425 or \$3,576,170 that is on deposit with a third party for bond reserves and the administration of the City's insurance claims.

The carrying amounts of cash deposits for component units at their respective balance sheet dates were \$1,804,530 for City Court and \$605,372 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.

Investments

As of September 30, 2014 the City had the following investments and maturities:

Investment type	Maturity	Fair Value
U.S. agencies callable	Less than 1 year	\$ 9,818,493
U.S. agencies callable	1 – 5 year	77,490,983
Louisiana Asset Management Pool		<u>6,238,100</u>
		<u>\$93,547,576</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. 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 are permitted by state statute. However, such investments are made by LAMP, subject to concentration and maturity limitations of its investments policy.

Investments as of September 30, 2014 were concentrated with the following issuers:

<u>Issuer</u>	<u>Fair Value</u>
Federal Home Loan Bank	\$23,805,198
Federal Home Loan Mortgage Corporation	25,683,228
Federal National Mortgage Association	31,220,454
United States Treasury Bonds	600,867
Federal Farm Credit Bank	5,999,729

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.

NOTES TO FINANCIAL STATEMENTS

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 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 counterparty 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 nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectable accounts are as follows:

Governmental-type Activities	General	Riverboat Gaming	Wastewater	Debt Service
Receivables:				
Accounts	\$1,734,580	\$ 0	\$1,717,388	\$ 0
Taxes	3,764,489	1,146,941	345,374	0
Property standards & special assessment	2,300,275	0	0	1,080,659
Interest	23,098	44	840	0
Intergovernmental	58,032	0	0	106,026
Gross receivables	7,880,474	1,146,985	2,063,602	1,186,685
Less: allowance for uncollectable	(1,227,996)	0	(554,046)	(540,329)
Net total receivables	\$6,652,478	\$1,146,985	\$1,509,556	\$646,356

Governmental-type Activities (continued)	Capital Projects	Non-major Funds	Internal Service	Total Governmental Activities
Receivables:				
Accounts	\$ 25,000	\$ 50,276	\$2,169,891	\$ 5,697,135
Taxes	604,404	172,687	0	6,033,895
Property standards & special assessment	196,865	0	0	3,577,799
Interest	98,041	6,443	7,032	135,498
Intergovernmental	1,122,471	1,644,240	0	2,930,769
Gross receivable	2,046,781	1,873,646	2,176,923	18,375,096
Less: allowance for uncollectible	0	(1,017,288)	0	(3,339,659)
Net total receivables	\$2,046,781	\$ 856,358	\$2,176,923	\$15,035,437

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	\$ 55,545	\$ 0	\$ 0	\$1,368,645	\$1,424,190	\$7,121,325
Taxes	0	0	0	0	0	6,033,895
Property standards & special assessment	0	0	0	0	0	3,577,799
Interest	0	0	0	7,388	7,388	142,886
Intergovernmental	169,505	0	483,989	82,622	736,116	3,666,885
Gross receivables	225,050	0	483,989	1,458,655	2,167,693	20,542,789
Less: allowance for uncollectable	0	0	0	(555,652)	(555,652)	(3,895,311)
Net total receivables	\$225,050	\$ 0	\$ 483,989	\$ 903,003	\$1,612,042	\$16,647,479

Intergovernmental receivables consisted of the following, net of uncollectable allowance of \$1,017,288:

Governmental-type activity:	
Calcasieu Parish Police Jury	\$ 510,655
Lake Charles City Court	145,670
U.S. Department of Justice	59,274
Community Development Grant	110,838
U.S. Treasury	0
LA Department of Treasury	19,498
LA Department of Transportation	401,378
LA Commission on Law Enforcement and Admin. of Criminal Justice Grant	46,257
LA Department of Environmental Quality	135,893
Environmental Protection Agency	0
LA Department of Military Affairs	364,744
Housing & Urban Development Disaster Recovery Grants	67,031
Housing & Urban Development Emergency Grants	52,243
Total Governmental-type activities	1,913,481
Business-type activity:	
Mass Transit Operating Assistance Grant	483,989
Calcasieu Parish Police Jury	82,622
LA Department of Military Affairs	290
Housing & Urban Development – Disaster Recovery Unit – Capital Funding	169,215
Total Business-type activities	736,116
Total primary government	\$2,649,597

NOTES TO FINANCIAL STATEMENTS

C. Capital Assets

Capital asset activity for the fiscal year ended September 30, 2014 was as follows:

Primary Government

Governmental Activities:

Asset	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 15,889,781	\$ 0	\$ 0	\$ 15,889,781
Construction in progress	55,238,824	10,098,478	(35,776,341)	29,560,961
Total capital assets, not being depreciated	71,128,605	10,098,478	(35,776,341)	45,450,742
Capital assets being depreciated:				
Buildings	48,515,574	5,400,732	0	53,916,306
Improvements	55,619,265	3,187,184	0	58,806,449
Machinery & Equipment	32,781,725	3,154,352	(2,717,564)	33,218,513
Infrastructure	271,355,304	34,690,766	0	306,046,070
Total capital assets being depreciated	408,271,868	46,433,034	(2,717,564)	451,987,338
Less accumulated depreciation for:				
Buildings	(18,711,479)	(2,136,546)	0	(20,848,025)
Improvements	(23,974,005)	(2,211,753)	0	(26,185,758)
Machinery & Equipment	(23,787,070)	(2,469,802)	2,622,488	(23,634,384)
Infrastructure	(103,602,691)	(6,477,197)	0	(110,079,888)
Total accumulated depreciation	(170,075,245)	(13,295,298)	2,622,488	(180,748,055)
Total capital assets, being depreciated, net	238,196,623	33,137,736	(95,076)	271,239,283
Governmental activities capital assets, net	\$309,325,228	\$43,236,214	\$(35,871,417)	\$316,690,025

The assets of the Internal Service Funds are included in the table for assets related to governmental-type activities. Total assets are \$30,163 with accumulated depreciation of \$30,163.

NOTES TO FINANCIAL STATEMENTS

Business-type activities:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,104,506	\$ 0	\$ 0	\$ 2,104,506
Construction in progress	1,959,133	3,994,346	(1,257,836)	4,695,643
Total capital assets, not being depreciated	4,063,639	3,994,346	(1,257,836)	6,800,149
Capital assets being depreciated:				
Buildings	25,662,633	170,413	0	25,833,046
Improvements	90,460,796	2,022,657	(23,842)	92,459,611
Machinery & Equipment	7,923,765	248,575	(130,416)	8,041,924
Total capital assets being depreciated	124,047,194	2,441,645	(154,258)	126,334,581
Less accumulated depreciation for:				
Buildings	(19,165,426)	(243,597)	0	(19,409,023)
Improvements	(35,418,903)	(2,191,116)	23,842	(37,586,177)
Machinery & Equipment	(4,964,214)	(520,050)	130,416	(5,353,848)
Total accumulated depreciation	(59,548,543)	(2,954,763)	154,258	(62,349,048)
Total capital assets, being depreciated, net	64,498,651	(513,118)	0	63,985,533
Business-type activities capital assets, net	\$68,562,290	\$ 3,481,228	\$(1,257,836)	\$70,785,682

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

Governmental activities:	
General government	\$ 73,310
Public safety	1,544,285
Public works	9,812,621
Planning and development	20,592
General services	331,191
Community services	1,510,803
Capital assets held by the government's internal service funds are charges to the various functions based on their usage of the assets	2,496
Total depreciation expense – governmental activities	\$13,295,298
Business-type activities:	
Civic Center	\$ 809,772
Golf Course	213,933
Transit	373,010
Water	1,558,048
Total depreciation expense – business-type activities	\$ 2,954,763

NOTES TO FINANCIAL STATEMENTS

D. Discretely presented component units

Capital asset activity for the year ended December 31, 2013 was as follows for City Court:

	Balance 1/01/2013	Additions	Deletions	Balance 12/31/2013
Governmental activities:				
Equipment	\$446,312	\$129,692	\$ 0	\$576,004
Furniture and fixtures	27,773	40,092	0	67,865
Totals at historical cost	474,085	169,784	0	643,869
Less accumulated depreciation:				
Equipment	(405,389)	(25,797)	0	(431,186)
Furniture and fixtures	(16,903)	(6,775)	0	(23,678)
Total accumulated depreciation	(422,292)	(32,572)	0	(454,864)
Governmental activities capital assets, net	\$ 51,793	\$ 137,212	\$ 0	\$189,005

Capital asset activity for the year ended December 31, 2013 was as follows for City Marshal:

	Balance 1/01/2013	Additions	Deletions	Balance 12/31/2013
Governmental activities:				
Automobiles & equipment	\$550,174	\$ 74,369	\$(27,236)	\$597,307
Furniture and fixtures	8,476	13,763	(8,476)	13,763
Building & improvements	0	25,610	0	25,610
Totals at historical cost	558,650	113,742	(35,712)	636,680
Less accumulated depreciation:				
Equipment	(387,708)	(72,008)	27,236	(432,480)
Furniture and fixtures	(8,472)	(1,955)	8,472	(1,955)
Buildings & improvements	0	(68)	0	(68)
Total accumulated depreciation	(396,180)	(74,031)	35,708	(434,503)
Governmental activities capital assets, net	\$ 162,470	\$ 39,711	\$(4)	\$ 202,177

E. Construction commitments

The City had total commitments of \$4,518,205 with contractors for unfinished construction projects as of September 30, 2014 categorized as follows:

Project type	Expended to Date	Remaining Commitment
Streets and storm drainage	\$1,796,593	\$120,240
Waterlines	323,406	24,565
Sanitary sewer rehabilitation	6,308,666	3,395,190
Recreation / community facilities	20,744	257,551
Downtown Development	-	240,895
Civic Center Improvements	3,111,226	103,574
Other governmental facilities	4,850,615	376,190
Total	\$16,411,250	\$4,518,205

All remaining commitments are financed from City revenues previously received.

NOTES TO FINANCIAL STATEMENTS

F. Interfund receivables, payables and transfers

The composition of interfund balances as of September 30, 2014 is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Wastewater Fund	\$ 31,868
	Riverboat Gaming Fund	114,257
	Non-major Governmental Funds	96,359
	Risk Management Fund	48
	Transit Fund	130,838
	Golf Course	149,785
	Water Fund	4,545
Riverboat Gaming Fund	Non-Major Governmental Funds	52,240
Capital Projects Fund	Riverboat Gaming Fund	500,000
Debt Service Fund	General Fund	22,603
Non-major Governmental Funds	General Fund	505,621
	Non-Major Governmental Funds	856
Civic Center Enterprise Fund	General Fund	72,043
Water Enterprise Fund	General Fund	1,450
Total		\$1,682,513

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and the payments between funds are made.

Interfund transfers:

	General Fund	Riverboat Fund	Wastewater Fund	Capital Project Fund	Other Special Revenue Funds	Internal Service Funds
Transfer out:						
Transfer in:						
General Fund	\$ 0	\$ 966,000	\$ 0	\$ 0	\$ 0	\$750,000
Debt Service	253,386	4,086,980	3,517,075	2,044,490	0	0
Capital Projects	0	4,050,000	4,000,000	0	0	0
Non-major Governmental	1,556,839	574,209	0	0	0	0
Civic Center	1,202,977	400,000	0	0	0	0
Golf Course	407,262	100,000	0	0	0	0
Transit	840,484	0	0	0	0	0
Water	0	0	0	694,859	0	0
Internal Service	0	0	0	0	0	0
Total	\$ 4,260,948	\$10,177,189	\$7,517,075	\$2,739,349	\$ 0	\$750,000

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

Amounts recorded in the Capital Project Fund to the Water Fund are a transfer of capital assets that were paid for with bond proceeds and then transferred to the Proprietary Funds where they are recorded as capital contributions from the governmental funds. Excess reserves in the Employee Insurance Internal Service Fund were transferred to the General Fund to offset health insurance costs.

G. Long-Term Debt

Bonds payable as of September 30, 2014 are comprised of the following individual issues and are entirely related to governmental activities:

<u>\$34,480,000</u> 2007 Fixed rate Revenue Bonds – LCDA for City of Lake Charles Public Improvement Projects (roads, utilities, downtown/lakefront development, economic development and parks) due in annual amounts of \$1,110,000 to \$2,555,000 through 2027; interest rates of 4% to 5%.	25,565,000
<u>\$17,735,000</u> 2009 Revenue Refunding Bonds – LCDA 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%.	10,930,000
<u>\$39,280,000</u> 2010 Fixed rate Revenue Bonds – LCDA for City of Lake Charles Public Improvement Projects (roads, utilities, downtown/lakefront development, economic development and parks) due in annual amounts of \$1,575,000 to \$3,200,000 through 2027; interest rates of 2% to 4.125%.	<u>32,315,000</u>
Total bonds payable	<u>\$68,810,000</u>

The Revenue Bonds are subject to arbitrage rules. An arbitrage rebate in the amount of \$493,061 was paid in fiscal year 2012 for the 2007 bond issue. Additional calculations will be done in the future as required.

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

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2015	4,790,000	3,033,969	7,823,969
2016	4,950,000	2,882,344	7,832,344
2017	5,150,000	2,684,344	7,834,344
2018	5,380,000	2,452,044	7,832,044
2019	5,625,000	2,209,269	7,834,269
2020	5,860,000	1,969,237	7,829,237
2021	6,125,000	1,711,688	7,836,688
2022	4,570,000	1,442,337	6,012,337
2023	4,800,000	1,213,838	6,013,838
2024	5,020,000	989,700	6,009,700
2025	5,275,000	738,700	6,013,700
2026	5,510,000	504,500	6,014,500
2027	5,755,000	259,750	6,014,750
Total	\$ 68,810,000	\$ 22,091,720	\$ 90,901,720

NOTES TO FINANCIAL STATEMENTS

Changes in long-term liabilities:

Long-term liability activity for the year ended September 30, 2014 was as follows:

	Balance 10/01/2013	Additions	Reductions	Balance 9/30/2014	Due within one year
Governmental activities:					
Bonds payable:					
Pension refunding bonds payable	\$ 805,000	\$ 0	\$(805,000)	\$ 0	\$ 0
Revenue Bonds LC Public Imp 2007	26,995,000	0	(1,430,000)	25,565,000	1,490,000
Deferred amount of revenue bonds	753,436	0	(55,129)	698,307	55,129
Revenue Refunding Bonds	12,290,000	0	(1,360,000)	10,930,000	1,395,000
Deferred amount of revenue bonds	313,625	0	(39,203)	274,422	39,203
Revenue Bonds LC Public Imp 2010	34,165,000	0	(1,850,000)	32,315,000	1,905,000
Deferred amount of revenue bonds	1,370,241	0	(100,262)	1,269,979	100,262
Total bonds payable	76,692,302	0	(5,639,594)	71,052,708	4,984,594
Compensated absences	3,252,349	275,854	(349,498)	3,178,705	200,000
Other post employment benefits	1,636,923	513,898	(319,845)	1,830,976	0
Police Benefit Guarantee	57,298	0	(20,385)	36,913	20,385
Lake Charles City Court building loan	2,805,000		(105,000)	2,700,000	110,000
DEQ loan	5,015,612	98,037	(967,000)	4,146,649	977,000
Cooperative endeavor-Sales Tax Dist 3	2,364,492	0	(350,000)	2,014,492	350,000
Long-term liabilities	\$91,823,976	\$887,789	\$(7,751,322)	\$84,960,443	\$6,641,979
Business-type activities:					
Compensated absences	\$ 587,212	\$ 10,109	\$ (63,654)	\$ 533,667	\$ 5,000
Other post employment benefits	220,942	79,408	(58,836)	241,514	0
Long-term liabilities	\$ 808,154	\$ 89,517	\$ (122,490)	\$ 775,181	\$ 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, \$87,102 of internal service compensated absences and \$20,208 OPEB liabilities are included in the above statement.

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

General Fund	Wastewater Fund	Other Special Revenue Funds
\$339,646	\$ 3,034	\$ 6,818

In the current year other post-employment benefits are paid primarily from the General Fund.

NOTES TO FINANCIAL STATEMENTS

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 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 \$550,000 for all employees.

Total net position at September 30, 2014 was \$5,186,948. Specific ordinance authorization is required for payment 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 September 30, 2014 was \$6,230,239. The amount of risk retained by the fund during 2014 was limited to \$135,000 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 2013:	\$6,050,798	\$1,550,000	\$7,600,798
Incurred and adjusted claims	958,063	5,542,967	6,501,030
Claim payments	(2,171,799)	(5,542,967)	(7,714,766)
Unpaid claims, beginning of fiscal year 2014:	4,837,062	1,550,000	6,368,062
Incurred and adjusted claims	4,040,751	4,851,423	8,892,174
Claim payments	(3,723,677)	(5,001,423)	(8,725,100)
Total unpaid claims September 30, 2014:			
Current claims due within one year	3,461,344	1,400,000	4,861,344
Long-term claims due one year or more	1,692,792	0	1,692,792
Total unpaid claims September 30, 2014	\$5,154,136	\$1,400,000	\$6,554,136

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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. The distribution of the City's levy (tax rate per \$1,000 assessed value) to its funds was as follows for 2014 and 2013:

Tax	Fiscal year 2014	Fiscal year 2013
General Alimony	6.07	6.07
Special recreation	1.70	1.70
Employee salary	5.27	5.27
Special street improvement	2.31	2.31
Totals	15.35	15.35

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, 2014, 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 renewal period of three years. The City agreed to fund one-half of the operating 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 2014 payment was \$507,838.

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 2014 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 2014, the Parish remitted \$ 1,762,374 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

NOTES TO FINANCIAL STATEMENTS

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 and the Town of Iowa. 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 \$9,664,375 during fiscal year 2014 as a result of this agreement.

F. Other Postemployment Benefits Other than Pensions (OPEB)

For the fiscal year ended September 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This statement addresses the fact that certain postemployment benefits other than pensions, which for the City consist 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. This statement attempts to quantify the future "retirement" costs that have been earned by the employee during his active years of employment. The City will finance the postemployment benefits on a "pay-as-you-go" basis. Accordingly, a liability is recognized in the financial statements for the actuarial determined amount of postemployment benefits that are associated with the normal costs of benefits attributable to service in the current year as well as an amortization of any unfunded actuarial accrued liability for costs of benefits associated with prior years of employment.

The notes to the financial statements contain other required disclosure information such as the estimated costs today of providing the postemployment benefits to all of our current employees once they retire, not just the liability referred to above that is actually recognized in the statements of net position. The City contracted with a third party consultant to perform the actuarial valuation required by GASB Statement No. 45 for the fiscal year ended September 30, 2014. GASB Statement No. 45 requires biennially valuations for plans with memberships exceeding 200. The projected unit credit actuarial cost method was used for the September 30, 2008, September 30, 2010, and September 30, 2012 actuarial valuations. The schedule of funding progress is presented immediately following the financial statements as required supplementary information. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The Valuation Reports for the City of Lake Charles – GASB 45 Actuarial Valuation – is available at City of Lake Charles, 326 Pujos Street, Lake Charles, LA 70601.

Plan Description: The City OPEB Plan is a single employer defined benefit plan. 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 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 dependants are eligible for benefits. Participants over 65 are covered under a retiree-pay-all Medicare Advantage plan.

The City does offer dental and vision benefits to its retirees. However, those benefits are fully insured and retiree-pay-all, so the City has no liability for those benefits. A life benefit of \$10,000 is available at retirement. The current cost of the life insurance is \$7.10 per month and is completely paid by the retirees. Therefore, there is no liability to the City for life insurance benefits.

Funding Policy: 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. As stated previously, the required contribution is based on projected pay-as-you-go financing requirements. The employer contribution to the OPEB plan for 2014 was \$267,297. For coverage under the plan prior to age 65,

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retirees pay the active premium. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which for 2014 consisted of \$556 per month for retiree only and \$1,112 for retiree and dependent coverage. Retirees over age 65 pay a range between \$137 and \$220 per month, depending on their age, for Medicare Supplements Part B and D. After age 65, retirees may participate in a retiree-pay-all Medicare Advantage plan. The cost of the Medicare Advantage plan is completely paid by the retiree. Therefore, there is no post-retirement benefit increase/liability to the City after age 65.

Actuarial Methods and Assumptions: All calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of such valuation and on the pattern of sharing of costs between the employer and plan members to that point. The actuarial valuations for the OPEB plan involves estimates of the value of reported amounts and assumptions about the probability of events far into the future, and the actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial calculations of the OPEB plan also reflect a long-term perspective and liability for the future premiums expected to be paid by the retiree for their own and their dependents' coverage. This liability is based on the current premium rates without adjustment for age or gender. It also is based on the terms of the retiree medical program. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Projections of benefits for financial reporting purposes include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members. The actuarial cost method and assumptions used for determining the benefit obligation is the Projected Unit Credit Cost Method for the October 1, 2012 actuarial valuations. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees and is calculated based on the assumptions and census data as stated. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service to expected retirement. The Normal Cost is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. The initial Unfunded Actuarial Accrued Liability (UAAL) was amortized over a closed 30 year amortization period commencing October 1, 2008. For each subsequent valuation, the re-measured UAAL will be amortized the remaining amortization years. In determining the Annual Required Contribution, the Unfunded AAL is amortized as a level dollar over 26 years beginning October 1, 2012. Because the City currently finances OPEB using a "pay-as-you-go" approach, the discount rate of 4 percent was based on the historical and future investment yields that are expected to be used in financing the payment of benefits. The actuarial assumptions for all valuations included a 4 percent investment rate of return, compounded annually. Life expectancies for the 2014 actuarial valuation report were based on the RP 2000 Male and Females Tables which is consistent with the 2008, 2010, and 2012 valuation reports. Turnover rates for the valuation reports were based on the City's historical data and modified based on years of employment.

For Municipal Employees, demographic assumptions regarding retirement, turnover and disability are based on statistics taken from the Municipal Employees' Retirement System of Louisiana (MERSLA) pension valuation. For Police and Fire, demographic assumptions are based on statistics taken from the Louisiana Municipal Police Employees' Retirement System (LAMPERS) valuation.

To determine the future trend rate assumptions, the Actuarial Valuation considered both near term and long term expectations of healthcare inflation. For the near term, the Actuarial selected trend rates within the range of factors included in Milliman's Health Cost Guidelines for 2012 based on industry data. For the long term, the Actuarial used trend rates from the Getzen model for projecting long term healthcare trends. The Getzen model was developed by the Society of Actuaries (SOA) as a resource for the estimation of reportable liabilities for retiree healthcare benefits.

Inflation Rate Assumptions: The 2014 actuarial valuation assumed a healthcare cost inflation rate of 6.2 percent decreasing to an ultimate rate of 4.4 percent in 2098 and beyond. A one percent inflation factor was

NOTES TO FINANCIAL STATEMENTS

utilized each year. The actuarial assumptions for all valuations included a 4 percent investment rate of return, compounded annually. The 2014 actuarial valuation also assumes that 1) the discount rate for valuing liabilities without prefunding is 4 percent per annum, compounded annually; 2) the pre-retirement and post-retirement mortality rates were based on the sex distinct RP 2000 with projection scale AA and the post-disablement mortality rates were based on the sex distinct RP 2000 disabled with projection scale AA; 3) for Municipal Employees, demographic assumptions regarding retirement, turnover, and disability were based on statistics taken from the Municipal Employees' Retirement System of Louisiana (MERSLA) 2012 City pension valuation; 4) for Police and Fire, demographic assumptions regarding retirement, turnover, and disability were based on statistics taken from the Louisiana Municipal Police Employees' Retirement System (LAMPERS) 2012 Police/Fire pension valuation; 5) the disability rates used at age 35 for Municipal Employees (from MERSLA report) was at .034 percent to .404 percent at age 55 and Police/Fire Employees (from LAMPERS report) at age 35 at .068 percent to age 55 at .808 percent; 6) the withdrawal rates for Municipal Employees (from MERSLA report-Plan B) from 0-1 year of service were at a rate of 26 percent to over 20 years of service at a rate of 2 percent. The withdrawal rate for Police and Fire (from LAMPERS report) from age 20-23 was 8.5 percent and age 50-63 was 5 percent. For the Police and Fire, during the first four years of employment, the probability of terminating was 125 percent, 120 percent, 115 percent, and 110 percent respectively, of the attained age rate; 7) the retirement rates for Municipal Employees (from MERSLA report for Plan B) for age 46-54 was 6 percent and to over age 66, the retirement rate was 100 percent. The Police and Fire (from LAMPERS report) retirement rate for age 47-54 was 8 percent and over age 66 was 100 percent; 8) 25 percent of members are assumed to elect coverage at retirement; 9) it was assumed that husbands are three years older than their wives for active employees. Also, it was assumed that 25 percent of active participants making it to retirement are married and elect spouse coverage; 10) the trend assumptions for medical and pharmacy costs and retiree premiums are 6.2 percent pre-65 for fiscal year 2014 to 4.4 percent for fiscal year 2098 and beyond. The cost of the OPEB plan was derived by making certain specific assumptions as to rates of interest, mortality, turnover, which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the long term assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan. The actuarial liabilities and comparative costs were computed using the unit credit actuarial cost method. The normal cost is the actuarial present value of benefits allocated to the valuation year. The actuarial accrued liability is the actuarial present value of benefits accrued as of the valuation date.

In determining the Annual Required Contribution, the Unfunded Actuarial Accrued Liability (AAL) is amortized as a level dollar over 26 years as of October 1, 2012. The unfunded actuarial liability as of October 1, 2008 was amortized over the maximum permissible period under GASB 45 of a closed 30 year amortization period. The valuation assets are equal to the market value of assets as of the valuation date. Unfunded actuarial accrued liability is the difference between the Actuarial Accrued Liability and the Valuation Assets.

Annual OPEB Cost and Net OPEB Obligation: The City annual OPEB costs were calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding, which if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the October 1, 2012 actuarial valuation performed by an outside actuary consultant. The following table shows the components of the City's annual OPEB costs for the year and the amount estimated to have been contributed to the plan during the year:

Determination of Net OPEB Obligation	Governmental Activities	Business-Type Activities	Total
Annual required contribution (ARC)	\$ 458,713	\$ 60,278	\$ 518,991
Interest on prior year Net OPEB Obligation	65,684	8,631	74,315
Adjustment to ARC	(98,448)	(12,936)	(111,384)
Annual OPEB Cost	425,949	55,973	481,922
City contributions made	(231,896)	(35,401)	(267,297)
Increase in Net OPEB Obligation	194,053	20,572	214,625
Net OPEB Obligation – beginning of year	1,636,923	220,942	1,857,865
Net OPEB Obligation – end of year	\$ 1,830,976	\$ 241,514	\$2,072,490

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Trend Information for OPEB Plan:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	\$642,116	34%	\$ 424,116
9/30/2010	\$642,116	41%	\$ 805,231
9/30/2011	\$697,183	37%	\$1,243,413
9/30/2012	\$697,183	43%	\$1,642,596
9/30/2013	\$481,922	55%	\$1,857,865
9/30/2014	\$481,922	55%	\$2,072,490

Funding Status and Funding Progress: The following is a Schedule of Funding Status and Funding Progress for the OPEB Plan based on the current actuarial valuation:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/01/2008	\$0	\$6,063,254	\$6,063,254	0%	\$23,558,095	25.74%
10/01/2010	\$0	\$6,402,679	\$6,402,679	0%	\$23,900,000	26.79%
10/01/2012	\$0	\$4,928,516	\$4,928,516	0%	\$25,311,382	19.47%

G. Other Postemployment Benefits – Police Benefit Guarantee

In connection with a 1983 merger of the former Lake Charles Police Pension and Relief Fund into the state-administered Municipal Police Employees Retirement System (MPERS), the City contractually guaranteed the continued availability of early retirement benefits to merged police employees with twenty or more years of service, for transitional benefit payments to those electing to terminate employment prior to attainment of the then-existing normal retirement age for commencement of MPERS pension benefits. As a result of subsequent liberalization of MPERS benefits, relatively few of the eligible participants have elected to receive the temporary City benefit prior to normal retirement under MPERS.

As of September 30, 2014, the City was paying post-employment benefits to one participant who will be eligible to receive benefits from MPERS at age 60 so the maximum liability is known and reported below. Total payments during the year then ended were \$20,385; the maximum liability for subsequent payments was established at \$36,913 that is recorded as a long-term liability. Payments are funded on a cash basis through a related debt service fund, which is supported by periodic General Fund transfers. The balance available in the Debt Service Fund as of September 30, 2014 was \$52,816, which exceeds the maximum future liability.

H. Retirement Commitments

The City participates in three state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the City's full-time employees: Municipal Employees' Retirement System, Municipal Police Employees' Retirement System and Firefighters' Retirement System of the State of Louisiana. 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. Additional disclosures with respect to the City's participation in these systems are provided below.

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Municipal Employees' Retirement System

This system covers full-time municipal employees who are not eligible to participate in other state-administered defined benefit plans. Membership is generally mandatory for such employees of participating municipalities. The City of Lake Charles participates in "Plan B" of this system, in which employees are subject to federal social security coverage. Prior to January 1, 2013 a member of Plan B could retire at any age with 30 years of creditable service or at age 60 with 10 years of service. Benefits vest after 10 years of service and have historically been equal to two percent of the member's final three-year average salary times the number of years of creditable service.

Retirement legislation effective January 1, 2013 changed the eligibility requirement as follows:

7 years or more of service credit, at age 67

10 years or more of service credit, at age 62

30 years or more of service credit, at age 55

25 years of service credit at any age but shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section.

For those members retiring or entering DROP on or after January 1, 2013, and on or before December 31, 2014, and whose first employment making them eligible for membership in the system began on or before June 30, 2006, the period used to calculate the monthly earning average final compensation shall be thirty-six (36) months plus the number of whole months since January 1, 2013. Beginning January 1, 2015, the final compensation will be the average monthly earnings during the highest sixty (60) consecutive or joined months.

Active plan members are required to contribute 5 percent of regular earnings, and the City is required to contribute at an actuarially determined rate, which was at 8 percent of covered payroll from July 1, 2011 through June 30, 2013. Effective July 1, 2013 the employer share was increased to 8.75 percent; effective July 1, 2014 the employer share was increased to 9.5 percent.

The City of Lake Charles and their employees contributed to Plan B of Municipal Employees Retirement System a total of \$1,922,750; \$1,785,696; and \$1,833,414 for the years ended September 30, 2014, 2013 and 2012 respectively, which equals the required contribution for each year.

The Municipal Employees' Retirement System issues a publicly available financial report, which may be obtained by writing to that system at 9737 Office Park Boulevard, Baton Rouge, LA 70809.

Municipal Police Employees' Retirement System

This system, which covers full-time police personnel in participating municipalities, provides a pension benefit of three and one-third percent of average final salary for each year of service, with normal retirement eligibility ranging from age 55 with 12 years of service to any age with 25 years of service. Active plan members historically have been required to contribute 7.5 percent of covered earnings; this rate was increased on July 1, 2011 to 10 percent in an effort to reduce employer required contributions. The City is required to contribute an actuarially determined rate, which was 31 percent of covered payroll from July 1, 2012 through June 30, 2014. Effective July 1, 2014 the employer share was increased to 31.5 percent.

The City of Lake Charles and their employees contributed a total of \$3,175,150; \$3,115,808; and \$3,001,885 to the Municipal Police Employees' Retirement System for fiscal years ended September 30, 2014, 2013 and 2012 respectively, which equals the required contributions for each year. The financial report issued by this system may be obtained from Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard Suite 270, Baton Rouge, LA 70809-7017.

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Firefighters' Retirement System of the State of Louisiana

This system, which covers full-time fire department employees who are not members of other retirement systems, has the same contribution requirements and major benefits provisions as the Municipal Police Employees' Retirement System described above. Employees have historically been required to contribute 8 percent of covered earnings; this rate increased to 10 percent on July 1, 2011 in an effort to reduce the employer required contributions. The City is required to contribute an actuarially determined rate, which was 29.25 percent at fiscal year end. The City was contributing 28.25 percent at the end of fiscal year 2013; 24 percent of covered payroll at fiscal year end 2012, and 23.25 percent of covered payroll at fiscal year end 2011.

The City of Lake Charles' employee and employer contributions to this plan were \$2,936,259; \$2,575,940; and \$2,423,257 for the years ended September 30, 2014, 2013 and 2012 respectively, which equals the required contributions for each year. The financial report for this system may be obtained from Firefighters' Retirement System, P.O. Box 94095, Capitol Station, Baton Rouge, LA 70804-9095.

I. 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, Environmental Protection Agency, 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, 2014 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 OMB Circular A-133. The compliance audit report is not included within this report but will be issued as a separate supplementary report.

During fiscal year 2014 the following amounts were recorded in the accompanying financial statements under various federal and state pass-through entitlements:

Fund	Fiscal year 2014
General Fund	\$ 2,425
Community Development	755,290
Disaster Recovery Fund	1,855
Grant Fund	1,173,457
Capital Projects Fund	6,018,758
Civic Center Fund	2,779,009
Transit Enterprise Fund	1,380,390

NOTES TO FINANCIAL STATEMENTS

J. Dedication of Proceeds and Flow of Funds - Two and One-Quarter 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 (2014 collections \$22,309,909; 2013 collections \$20,638,460; 2012 collections \$19,940,426;) 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 2006 for an additional 10 years through 2016. Proceeds of this additional one percent sales tax levied by the City of Lake Charles (2014 collections \$22,309,909; 2013 collections \$20,638,460; 2012 collections \$19,940,426) 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%

Additional One-Quarter Percent Sales Tax:

The voters approved an additional 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. The revenues from this tax are recorded exclusively in the General Fund. Collections for September 30, 2014 totaled \$5,577,484; \$5,159,621 in fiscal year 2013 and \$4,985,113 in 2012.

NOTES TO FINANCIAL STATEMENTS

K. Schedule of Compensation Paid to Governing Board

Compensation paid to Governing Board:

	Salary	Per Diem	Mileage Reimbursement	Total
Mayor:				
Randy Roach	\$125,000	\$ 0	\$ 0	\$125,000
Councilmen:				
Luvertha August	12,000	0	0	12,000
Mark Eckard	12,000	181	0	12,181
Rodney Geyen	12,000	176	0	12,176
John Ieyoub	12,000	0	0	12,000
Dana Carl Jackson	12,000	189	0	12,189
Mary Morris	12,000	0	0	12,000
Stuart Weatherford	12,000	0	0	12,000
Total	\$209,000	\$ 546	\$0	\$209,546

L. Subsequent Events

Subsequent events have been evaluated by management through March 25, 2014, the date the financial statements were available to be issued.

- Various current and former fire and police employees have filed suit against the City seeking additional supplemental pay. The City has settled and paid all claims associated with the fire employees.

The City has agreed to a settlement amount in the police litigation which involves some similar issues and a similar number of potential claimants. The amount of the settlement agreement is \$2,129,605.91 The City’s legal counsel and the attorneys representing the police employees are continuing to work out the details of the settlement and no funds have been paid to date. The City Council has authorized that the fiscal year 2014 surplus in the General Fund be designated to fund this liability in full during the 2015 fiscal year.

- On December 5, 2014 the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA) authorized on the behalf of the City of Lake Charles the issue of \$15,825,000 in Revenue Refunding Bonds, Series 2014. The proceeds of the bonds will be used by the City for the purpose of 1) advance refunding the Authority’s \$34,380,000 Revenue Bonds Series 2007 maturing May 1, 2018; May 1, 2019; May 1, 2022; May 1, 2024 and May 1, 2027 (collectively, the “Refunded Series 2007 bonds); 2) paying the cost of issuance of the Series 2014 bonds. Additional disclosures will be included in the September 30, 2015 CAFR.
- Effective January 1, 2015 all full time City employees received a two percent across the board salary adjustment. In addition, starting pay for Career Service employees was increased from \$8.25 per hour to \$8.80 per hour and all other pay ranges were adjusted accordingly. Starting pay for fire and police personnel were increased by two percent. The annual cost of this pay adjustment is estimated at \$1.1 million and was not included in the adopted fiscal year 2015 budget. Any necessary amendment to the budget will be made at a later date.

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, 2014**

	Budgeted Amounts		2014 Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$47,570,790	\$48,768,138	\$49,422,275	\$654,137
Licenses and permits	5,972,650	6,482,650	6,686,060	203,410
Intergovernmental	2,439,712	2,509,712	2,513,429	3,717
Charges for services	2,416,400	2,346,400	2,454,886	108,486
Fines and forfeitures	308,500	308,500	253,920	(54,580)
Miscellaneous	746,200	896,200	937,921	41,721
Total revenues	<u>59,454,252</u>	<u>61,311,600</u>	<u>62,268,491</u>	<u>956,891</u>
Expenditures:				
Current:				
General government	3,090,306	3,065,306	2,945,962	119,344
Finance	1,629,743	1,629,743	1,594,290	35,453
Human Resources	340,408	346,408	339,091	7,317
Fire	14,389,668	14,609,668	14,416,100	193,568
Police	17,453,419	17,344,337	17,101,982	242,355
Public works	16,108,880	15,103,880	13,909,363	1,194,517
Planning	2,050,287	1,905,287	1,693,469	211,818
General services	4,605,962	4,525,962	4,243,854	282,108
Total expenditures	<u>59,668,673</u>	<u>58,530,591</u>	<u>56,244,111</u>	<u>2,286,480</u>
Excess (deficiency) of rev over exp	<u>(214,421)</u>	<u>2,781,009</u>	<u>6,024,380</u>	<u>3,243,371</u>
Other financing sources (uses):				
Transfers in	2,105,000	1,710,000	1,716,000	6,000
Transfers out	(4,253,939)	(4,263,021)	(4,260,948)	2,073
Total other financing sources (uses)	<u>(2,148,939)</u>	<u>(2,553,021)</u>	<u>(2,544,948)</u>	<u>8,073</u>
Net change in fund balances	(2,363,360)	227,988	3,479,432	3,251,444
Fund balance at beginning of year	<u>25,895,546</u>	<u>25,895,546</u>	<u>25,895,546</u>	<u>-</u>
Fund balance at end of year	<u>\$23,532,186</u>	<u>\$26,123,534</u>	<u>\$29,374,978</u>	<u>\$3,251,444</u>

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

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, 2014

	<u>Budgeted Amounts</u>		<u>2014 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 9,800,000	\$ 9,800,000	\$ 9,664,375	\$ (135,625)
Miscellaneous	3,000	3,000	3,286	286
Total revenues	<u>9,803,000</u>	<u>9,803,000</u>	<u>9,667,661</u>	<u>(135,339)</u>
Expenditures:				
Other services and charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>9,803,000</u>	<u>9,803,000</u>	<u>9,667,661</u>	<u>(135,339)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(10,747,360)	(10,747,360)	(10,177,189)	570,171
Total other financing sources (uses)	<u>(10,747,360)</u>	<u>(10,747,360)</u>	<u>(10,177,189)</u>	<u>570,171</u>
Excess (deficiency) of rev and other sources over exp and other uses	(944,360)	(944,360)	(509,528)	434,832
Fund balance at beginning of year	<u>3,124,215</u>	<u>3,124,215</u>	<u>3,124,215</u>	<u>-</u>
Fund balance at end of year	<u><u>\$2,179,855</u></u>	<u><u>\$2,179,855</u></u>	<u><u>\$2,614,687</u></u>	<u><u>\$434,832</u></u>

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

CITY OF LAKE CHARLES, LOUISIANA
Waste Water Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>2014 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales tax revenue	\$ 3,413,184	\$ 3,413,184	\$ 3,569,585	\$ 156,401
Charges for services	11,883,500	11,883,500	12,652,248	768,748
Miscellaneous	9,000	9,000	27,621	18,621
Total revenues	<u>15,305,684</u>	<u>15,305,684</u>	<u>16,249,454</u>	<u>943,770</u>
Expenditures:				
Personal services	2,901,520	2,876,120	2,843,781	32,339
Contractual and operational services	2,940,594	3,072,691	2,853,839	218,852
Materials & supplies	1,459,450	1,221,273	1,028,649	192,624
Special Current Charges	1,386,000	1,388,995	1,382,910	6,085
Capital outlay	850,000	978,485	754,795	223,690
Total expenditures	<u>9,537,564</u>	<u>9,537,564</u>	<u>8,863,974</u>	<u>673,590</u>
Excess (deficiency) of rev over exp	5,768,120	5,768,120	7,385,480	1,617,360
Other financing sources (uses):				
Transfers out	<u>(7,517,075)</u>	<u>(7,517,075)</u>	<u>(7,517,075)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,517,075)</u>	<u>(7,517,075)</u>	<u>(7,517,075)</u>	<u>-</u>
Excess (deficiency) of rev and other sources over exp and other uses	(1,748,955)	(1,748,955)	(131,595)	1,617,360
Fund balance at beginning of year	<u>7,211,658</u>	<u>7,211,658</u>	<u>7,211,658</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,462,703</u>	<u>\$ 5,462,703</u>	<u>\$ 7,080,063</u>	<u>\$ 1,617,360</u>

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

CITY OF LAKE CHARLES, LOUISIANA
Other Postemployment Benefits -
Schedule of Funding Progress
For Fiscal Year Ended September 30, 2014

Schedule of Funding Progress for the OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
10/01/2008	\$0	\$ 6,063,254	\$ 6,063,254	0%	\$ 23,558,095	25.74%
10/01/2010	\$0	\$ 6,402,679	\$ 6,402,679	0%	\$ 23,900,000	26.79%
10/01/2012	\$0	\$ 4,928,516	\$ 4,928,516	0%	\$ 25,311,382	19.47%

Only three years of trend information is available for presentation since 2009 was the first year for implementation of Governmental Accounting Standards Board (GASB) Statement No. 45 "Accounting and Financial reporting by Employers for Postemployment Benefits Other Than Pension", and actuarial valuations are only required every two years.

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For Fiscal Year Ended September 30, 2014

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

CITY OF LAKE CHARLES, LOUISIANA
 Schedule of Total Compensation for Mayor, City of Lake Charles
 For Fiscal Year ended September 30, 2014

Compensation for Mayor of City of Lake Charles fiscal year 2014:

Randy Roach, Mayor	Amount
Purpose:	
Salary	\$125,000
Benefits - health insurance	9,158
Benefits - FICA & Medicare	8,972
Benefits - retirement	11,172
Benefits-wellness	240
Travel	112
Total	\$154,654

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.

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

Disaster Recovery Fund – Accounts for the receipt of intergovernmental and miscellaneous revenue and subsequent expenditure of such funds necessary to recover from disasters.

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
September 30, 2014

ASSETS	Grants	Recreation	Central School	Special Events	Facility Renewal	Disaster Recovery	Community Development	Total Nonmajor Governmental Funds
Cash (Note 1-G)	\$ 27,059	\$ 794,753	\$ 134,564	\$ 63,014	\$ 1,394,784	\$ 1,398,347	\$ 87,798	\$ 3,900,319
Investments (Note 1-G)	58,485	77,547	54,100	-	1,588,966	900,306	-	2,679,404
Receivable (net of allowance for uncollectable)								
Accounts (Note 1-I)	-	172,687	25,176	-	-	-	25,100	222,963
Accrued interest	-	-	-	-	4,208	2,235	-	6,443
Intergovernmental (Note 7-C)	230,463	-	-	-	-	299,741	96,748	626,952
Due from other funds (Note 7-B)	20,163	-	-	-	481,434	-	4,881	506,478
Prepaid items	-	13,703	-	-	-	-	-	13,703
Total assets	<u>\$ 336,170</u>	<u>\$ 1,058,690</u>	<u>\$ 213,840</u>	<u>\$ 63,014</u>	<u>\$ 3,469,392</u>	<u>\$ 2,600,629</u>	<u>\$ 214,527</u>	<u>\$ 7,956,262</u>
 LIABILITIES								
Accounts payable	\$ 7,249	\$ 85,791	\$ 5,150	\$ 50	\$ -	\$ 108,831	\$ 49,218	\$ 256,289
Contracts payable	-	-	-	-	-	-	18,400	18,400
Escrow	-	-	-	-	-	-	4,008	4,008
Due to other funds	26,493	122,923	-	7	-	-	32	149,455
Deferred revenues	-	-	300	-	-	-	25,100	25,400
Total liabilities	<u>33,742</u>	<u>208,714</u>	<u>5,450</u>	<u>57</u>	<u>-</u>	<u>108,831</u>	<u>96,758</u>	<u>453,552</u>
 FUND BALANCES								
Nonspendable	-	13,703	-	-	-	-	-	13,703
Restricted	-	-	-	-	-	-	-	-
Committed (subsequent yrs and fund 120)	-	144,000	62,643	12,308	194,000	-	-	412,951
Assigned (grant funds and disaster recov)	302,428	692,273	145,747	50,649	3,275,392	2,491,798	117,769	7,076,056
Unassigned	-	-	-	-	-	-	-	-
Total fund balances	<u>302,428</u>	<u>849,976</u>	<u>208,390</u>	<u>62,957</u>	<u>3,469,392</u>	<u>2,491,798</u>	<u>117,769</u>	<u>7,502,710</u>
Total liabilities and fund balances	<u>\$ 336,170</u>	<u>\$ 1,058,690</u>	<u>\$ 213,840</u>	<u>\$ 63,014</u>	<u>\$ 3,469,392</u>	<u>\$ 2,600,629</u>	<u>\$ 214,527</u>	<u>\$ 7,956,262</u>

CITY OF LAKE CHARLES, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For Fiscal Year Ended September 30, 2014

Special Revenue Funds

	<u>Grants</u>	<u>Recreation</u>	<u>Central School</u>	<u>Special Events</u>	<u>Facility Renewal</u>	<u>Disaster Recovery</u>	<u>Community Development</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:								
Taxes	\$ -	\$ 2,735,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,735,905
Intergovernmental	1,340,443	-	-	-	-	1,855	757,756	2,100,054
Charges for services	-	183,745	-	-	-	-	-	183,745
Miscellaneous	116	1,043	100,134	63,674	12,342	9,477	16,400	203,186
Total revenues	<u>1,340,559</u>	<u>2,920,693</u>	<u>100,134</u>	<u>63,674</u>	<u>12,342</u>	<u>11,332</u>	<u>774,156</u>	<u>5,222,890</u>
Expenditures:								
Current operating:								
Finance	-	-	-	-	-	415	-	415
Fire	-	-	-	-	-	65,444	-	65,444
Police	707,387	-	-	-	-	101,861	-	809,248
Public Works	-	-	-	-	-	26,585	-	26,585
Planning and development	-	-	-	-	-	1,855	840,437	842,292
Community services	703,522	4,241,637	134,045	259,180	-	5,451	-	5,343,835
General services	-	-	-	-	-	9,243	-	9,243
Capital projects	-	-	-	-	-	-	-	-
Total expenditures	<u>1,410,909</u>	<u>4,241,637</u>	<u>134,045</u>	<u>259,180</u>	<u>-</u>	<u>210,854</u>	<u>840,437</u>	<u>7,097,062</u>
Excess (deficiency) of revenues over expenditures	<u>(70,350)</u>	<u>(1,320,944)</u>	<u>(33,911)</u>	<u>(195,506)</u>	<u>12,342</u>	<u>(199,522)</u>	<u>(66,281)</u>	<u>(1,874,172)</u>
Other financing sources (uses):								
Transfers in	105,211	1,274,623	-	205,000	481,434	-	64,781	2,131,049
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>105,211</u>	<u>1,274,623</u>	<u>-</u>	<u>205,000</u>	<u>481,434</u>	<u>-</u>	<u>64,781</u>	<u>2,131,049</u>
Net change in fund balances	34,861	(46,321)	(33,911)	9,494	493,776	(199,522)	(1,500)	256,877
Fund balance at beginning of year	<u>267,567</u>	<u>896,297</u>	<u>242,301</u>	<u>53,463</u>	<u>2,975,616</u>	<u>2,691,320</u>	<u>119,269</u>	<u>7,245,833</u>
Fund balance at end of year	<u>\$ 302,428</u>	<u>\$ 849,976</u>	<u>\$ 208,390</u>	<u>\$ 62,957</u>	<u>\$ 3,469,392</u>	<u>\$ 2,491,798</u>	<u>\$ 117,769</u>	<u>\$ 7,502,710</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, 2014

	<u>Budgeted Amounts</u>		<u>2014 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:	\$ 1,561,815	\$ 1,334,983	\$ 1,340,443	\$ 5,460
Miscellaneous	-	-	116	116
Total revenues	<u>1,561,815</u>	<u>1,334,983</u>	<u>1,340,559</u>	<u>5,576</u>
Expenditures:				
Current:				
Public safety	711,619	711,094	707,387	3,707
Community services	952,624	711,830	703,522	8,308
Total expenditures	<u>1,664,243</u>	<u>1,422,924</u>	<u>1,410,909</u>	<u>12,015</u>
Excess of revenues over expenditures	<u>(102,428)</u>	<u>(87,941)</u>	<u>(70,350)</u>	<u>17,591</u>
Other financing source(uses):				
Transfers in	102,428	107,163	105,211	(1,952)
Total other financing sources (uses)	<u>102,428</u>	<u>107,163</u>	<u>105,211</u>	<u>(1,952)</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	19,222	34,861	15,639
Fund balance at beginning of year	<u>267,567</u>	<u>267,567</u>	<u>267,567</u>	<u>-</u>
Fund balance at end of year	<u>\$ 267,567</u>	<u>\$ 286,789</u>	<u>\$ 302,428</u>	<u>\$ 15,639</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, 2014

	Budgeted Amounts		2014 Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 2,625,182	\$ 2,625,182	\$ 2,735,905	\$ 110,723
Charges for services	158,400	158,400	183,745	25,345
Miscellaneous	1,000	1,000	1,043	43
Total revenues	<u>2,784,582</u>	<u>2,784,582</u>	<u>2,920,693</u>	<u>136,111</u>
Expenditures:				
Personal services	2,431,960	2,396,605	2,368,587	28,018
Contractual and operational	1,208,606	1,270,529	1,153,641	116,888
Materials and supplies	540,750	610,007	542,261	67,746
Special charges	13,000	16,799	12,509	4,290
Capital outlay	392,000	292,376	164,639	127,737
	<u>4,586,316</u>	<u>4,586,316</u>	<u>4,241,637</u>	<u>344,679</u>
Excess (deficiency) of rev over exp	<u>(1,801,734)</u>	<u>(1,801,734)</u>	<u>(1,320,944)</u>	<u>480,790</u>
Other financing sources (uses):				
Transfers in	1,611,734	1,611,734	1,274,623	(337,111)
Total other financing sources (uses)	<u>1,611,734</u>	<u>1,611,734</u>	<u>1,274,623</u>	<u>(337,111)</u>
Excess (deficiency) of rev and other sources over exp and other uses	(190,000)	(190,000)	(46,321)	143,679
Fund balance at beginning of year	<u>896,297</u>	<u>896,297</u>	<u>896,297</u>	<u>-</u>
Fund balance at end of year	<u>\$ 706,297</u>	<u>\$ 706,297</u>	<u>\$ 849,976</u>	<u>\$ 143,679</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, 2014

	Budgeted Amounts		2014 Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Miscellaneous	\$ 107,300	\$ 99,500	\$ 100,134	\$ 634
Total revenues	<u>107,300</u>	<u>99,500</u>	<u>100,134</u>	<u>634</u>
Expenditures:				
Materials and supplies	14,700	15,550	12,694	2,856
Other services and charges	<u>135,050</u>	<u>126,400</u>	<u>121,351</u>	<u>5,049</u>
Total expenditures	<u>149,750</u>	<u>141,950</u>	<u>134,045</u>	<u>7,905</u>
Excess of revenue over expenditures	<u>(42,450)</u>	<u>(42,450)</u>	<u>(33,911)</u>	<u>8,539</u>
Fund balance at beginning of year	<u>242,301</u>	<u>242,301</u>	<u>242,301</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 199,851</u></u>	<u><u>\$ 199,851</u></u>	<u><u>\$ 208,390</u></u>	<u><u>\$ 8,539</u></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, 2014

	<u>Budgeted Amounts</u>		<u>2014 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous	\$ 54,200	\$ 54,200	\$ 63,674	\$ 9,474
Total revenues	<u>54,200</u>	<u>54,200</u>	<u>63,674</u>	<u>9,474</u>
Expenditures:				
Materials and supplies	6,900	11,900	11,031	869
Other services and charges	<u>258,565</u>	<u>253,565</u>	<u>248,149</u>	<u>5,416</u>
Total expenditures	<u>265,465</u>	<u>265,465</u>	<u>259,180</u>	<u>6,285</u>
Excess of revenue over expenditures	<u>(211,265)</u>	<u>(211,265)</u>	<u>(195,506)</u>	<u>15,759</u>
Other financing sources:				
Transfers in	<u>205,000</u>	<u>205,000</u>	<u>205,000</u>	<u>-</u>
Total other financing sources	<u>205,000</u>	<u>205,000</u>	<u>205,000</u>	<u>-</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>(6,265)</u>	<u>(6,265)</u>	<u>9,494</u>	<u>15,759</u>
Fund balance at beginning of year	<u>53,463</u>	<u>53,463</u>	<u>53,463</u>	<u>-</u>
Fund balance at end of year	<u>\$ 47,198</u>	<u>\$ 47,198</u>	<u>\$ 62,957</u>	<u>\$ 15,759</u>

CITY OF LAKE CHARLES, LOUISIANA
Facility Renewal Fund
Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Years Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>2014 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest on investments	\$ 6,500	\$ 6,500	\$ 12,342	\$ 5,842
Total revenues	<u>6,500</u>	<u>6,500</u>	<u>12,342</u>	<u>5,842</u>
Expenditures:				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of rev over exp	<u>6,500</u>	<u>6,500</u>	<u>12,342</u>	<u>5,842</u>
Other financing sources (uses):				
Transfers in	-	-	481,434	481,434
Transfers out	<u>(575,000)</u>	<u>(575,000)</u>	<u>-</u>	<u>575,000</u>
Total other financing sources (uses)	<u>(575,000)</u>	<u>(575,000)</u>	<u>481,434</u>	<u>1,056,434</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>(568,500)</u>	<u>(568,500)</u>	<u>493,776</u>	<u>1,062,276</u>
Fund balance at beginning of year	<u>2,975,616</u>	<u>2,975,616</u>	<u>2,975,616</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,407,116</u>	<u>\$ 2,407,116</u>	<u>\$ 3,469,392</u>	<u>\$ 1,062,276</u>

CITY OF LAKE CHARLES, LOUISIANA

Disaster Recovery Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For Fiscal Year Ended September 30, 2014

	<u>Budgeted Amounts</u>		<u>2014</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Intergovernmental				
(net of allowance for uncollectable)	\$ -	\$ 1,855	\$ 1,855	\$ -
Miscellaneous	-	6,643	9,477	2,834
Total revenues	-	8,498	11,332	2,834
Expenditures:				
Current:				
Personal services	-	199,954	199,928	26
Contractual and operational	-	10,844	10,926	(82)
Total expenditures	-	210,798	210,854	(56)
Excess (deficiency) of rev over exp	-	(202,300)	(199,522)	2,778
Fund balance at beginning of year	2,691,320	2,691,320	2,691,320	-
Fund balance at end of year	<u>\$ 2,691,320</u>	<u>\$ 2,691,320</u>	<u>\$ 2,491,798</u>	<u>\$ -</u>

CITY OF LAKE CHARLES, LOUISIANA
Community Development Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2014

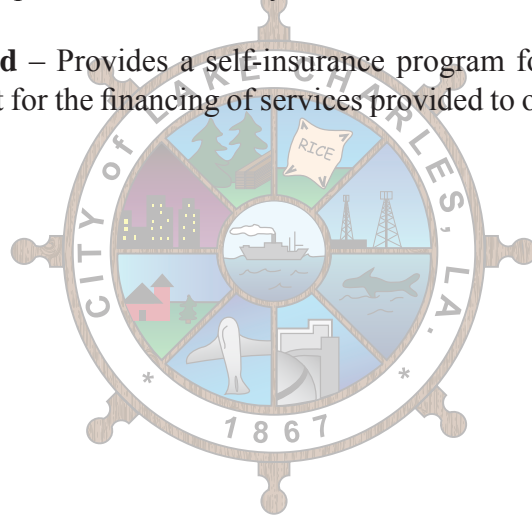
	<u>Budgeted Amounts</u>		<u>2014</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Intergovernmental	\$ 616,631	\$ 767,185	\$ 757,756	\$ (9,429)
Miscellaneous	-	16,400	16,400	-
Total revenues	<u>616,631</u>	<u>783,585</u>	<u>774,156</u>	<u>(9,429)</u>
Expenditures:				
Current:				
Personal services	135,700	123,681	123,675	6
Contract and operational	19,891	15,190	15,186	4
Material and supplies	3,092	4,576	4,574	2
Special current	275,865	306,660	301,469	5,191
Capital outlay	<u>207,309</u>	<u>399,860</u>	<u>395,533</u>	<u>4,327</u>
Total expenditures	<u>641,857</u>	<u>849,967</u>	<u>840,437</u>	<u>9,530</u>
Excess (deficiency) of revenues over expenditures	(25,226)	(66,382)	(66,281)	101
Other financing sources:				
Transfers in	<u>25,226</u>	<u>64,782</u>	<u>64,781</u>	<u>(1)</u>
Total other financing sources	<u>25,226</u>	<u>64,782</u>	<u>64,781</u>	<u>(1)</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	(1,600)	(1,500)	100
Fund balance at beginning of year	<u>119,269</u>	<u>119,269</u>	<u>119,269</u>	<u>-</u>
Fund balance at end of year	<u><u>\$119,269</u></u>	<u><u>\$117,669</u></u>	<u><u>\$117,769</u></u>	<u><u>\$100</u></u>

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

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, 2014

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2014</u>
ASSETS			
Current assets:			
Cash	\$ 4,410,027	\$ 2,602,103	\$ 7,012,130
Investments	2,952,745	5,040,969	7,993,714
Receivables:			
Accounts	2,169,196	695	2,169,891
Accrued interest	3,533	3,499	7,032
Due from other funds	-	-	-
Prepaid expenses	926,052	-	926,052
Total current assets	<u>10,461,553</u>	<u>7,647,266</u>	<u>18,108,819</u>
Noncurrent assets:			
Capital assets (at cost):			
Machinery & equipment	30,163	-	30,163
Less accumulated depreciation	<u>(30,163)</u>	<u>-</u>	<u>(30,163)</u>
Total capital assets (net of accum. depr.)	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>10,461,553</u>	<u>7,647,266</u>	<u>18,108,819</u>
LIABILITIES			
Current liabilities:			
Accounts payable	13,111	17,027	30,138
Due to other funds	48	-	48
Total current liabilities	<u>13,159</u>	<u>17,027</u>	<u>30,186</u>
Long-term liabilities:			
Accrued leave benefits	87,102	-	87,102
OPEB payable	20,208	-	20,208
Accrued insurance claims	3,286,344	1,250,000	4,536,344
Incurred-not reported claims	175,000	150,000	325,000
Accrued insurance claims - noncurrent	1,692,792	-	1,692,792
Total long-term liabilities	<u>5,261,446</u>	<u>1,400,000</u>	<u>6,661,446</u>
Total liabilities	<u>5,274,605</u>	<u>1,417,027</u>	<u>6,691,632</u>
NET POSITION			
Investment in capital assets	-	-	-
Unrestricted	5,186,948	6,230,239	11,417,187
Total net position	<u>\$ 5,186,948</u>	<u>\$ 6,230,239</u>	<u>\$ 11,417,187</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, 2014

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2014</u>
Operating revenues:			
Charges for services	\$ 6,815,755	\$ 7,350,324	\$ 14,166,079
Intergovernmental revenue	-	-	-
Subrogation	13,783	132,475	146,258
Total operating revenues	<u>6,829,538</u>	<u>7,482,799</u>	<u>14,312,337</u>
Operating expenses:			
Personal services	492,939	75,992	568,931
Materials and supplies	9,880	301	10,181
General and administration	1,893,107	924,606	2,817,713
Depreciation	2,496	-	2,496
Claims and losses paid	3,723,677	5,001,423	8,725,100
Total operating expenses	<u>6,122,099</u>	<u>6,002,322</u>	<u>12,124,421</u>
Operating income (loss)	<u>707,439</u>	<u>1,480,477</u>	<u>2,187,916</u>
Nonoperating revenues:			
Interest	11,725	22,309	34,034
Loss on retirement of fixed asset	-	-	-
Total nonoperating revenues	<u>11,725</u>	<u>22,309</u>	<u>34,034</u>
Income (loss) before transfers	<u>719,164</u>	<u>1,502,786</u>	<u>2,221,950</u>
Transfer in (out)	<u>-</u>	<u>(750,000)</u>	<u>(750,000)</u>
Change in net position	719,164	752,786	1,471,950
Net position - beginning of fiscal year	4,467,784	5,477,453	9,945,237
Net position - ending of fiscal year	<u>\$ 5,186,948</u>	<u>\$ 6,230,239</u>	<u>\$ 11,417,187</u>

CITY OF LAKE CHARLES, LOUISIANA

Internal Service Fund

Combining Statement of Cash Flows

For the Fiscal Year Ended September 30, 2014

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2014</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 6,356,946	\$ 7,483,452	\$ 13,840,398
Payments to employees	(488,717)	(75,992)	(564,709)
Payments to suppliers and claimants	(5,359,538)	(6,076,858)	(11,436,396)
Internal activity - payments to other funds	399,649	1,137	400,786
Net cash provided by operating activities	<u>908,340</u>	<u>1,331,739</u>	<u>2,240,079</u>
Cash flow from noncapital financing activities:			
Operating subsidies	-	(750,000)	(750,000)
Net cash provided by noncapital financing activities	<u>-</u>	<u>(750,000)</u>	<u>(750,000)</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	(3,869,256)	(3,985,919)	(7,855,175)
Proceeds from sale and maturities of investment securities	2,906,796	4,914,962	7,821,758
Interest on investments	19,753	34,555	54,308
Net cash provided (used for) investing activities	<u>(942,707)</u>	<u>963,598</u>	<u>20,891</u>
Net increase (decrease) in cash and cash equivalents	(34,367)	1,545,337	1,510,970
Cash and cash equivalents at beginning of year	4,444,394	1,056,766	5,501,160
Cash and cash equivalents at end of year	<u>\$ 4,410,027</u>	<u>\$ 2,602,103</u>	<u>\$ 7,012,130</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ 707,439</u>	<u>\$ 1,480,477</u>	<u>\$ 2,187,916</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	2,496	-	2,496
(Increase) decrease in accounts receivable	(472,592)	653	(471,939)
(Increase) decrease in due from other funds	399,628	1,137	400,765
(Increase) decrease in prepaid items	(24,589)	-	(24,589)
Increase (Decrease) in accounts payables	(25,424)	(528)	(25,952)
Increase (Decrease) in accrued insurance claims	317,073	(150,000)	167,073
Increase (Decrease) in compensated absences payable	3,420	-	3,420
Increase (Decrease) in OPEB liability	868	-	868
Increase (Decrease) in due to other funds	21	-	21
Total adjustments	<u>200,901</u>	<u>(148,738)</u>	<u>52,163</u>
Net cash provided by operating activities	<u>\$ 908,340</u>	<u>\$ 1,331,739</u>	<u>\$ 2,240,079</u>

Noncash investing, capital and financing activities:

Change in the fair value of investments resulted in an unrealized loss of \$20,915 at year-end 2014 and an unrealized gain of \$15,612 at year-end 2013.

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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Governmental funds capital assets		
Land	\$ 15,889,781	\$ 15,889,781
Buildings	53,916,306	48,515,574
Improvements other than buildings	58,806,449	55,619,265
Machinery and Equipment	33,188,350	32,751,562
Infrastructure	306,046,070	271,355,304
Construction in progress	<u>29,560,961</u>	<u>55,238,824</u>
Total general capital assets	<u>\$ 497,407,917</u>	<u>\$ 479,370,310</u>
Property acquired prior to October 1, 1985, excluding infrastructure	\$ 23,674,538	\$ 23,729,828
Property acquired after September 30, 1985 from:		
Federal grants	19,343,356	13,310,533
State grants	644,432	644,432
General fund revenues	127,601,591	118,733,135
Capital projects funds	289,521,487	288,637,341
Donations	<u>36,622,513</u>	<u>34,315,041</u>
Total investments in general capital assets	<u>\$ 497,407,917</u>	<u>\$ 479,370,310</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$30,163 at 9/30/2014 and 9/30/2013 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, 2014

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	-	-	-	32,174	-	-	32,174
Judicial	-	5,129,852	-	38,967	-	-	5,168,819
Total general government	-	5,129,852	-	141,812	-	-	5,271,664
STAFF AGENCIES							
Finance	-	-	-	19,390	-	-	19,390
Planning and development	-	-	-	66,629	-	-	66,629
Human Resources	-	-	-	23,487	-	-	23,487
Public works	214,700	928,520	77,918	1,399,166	-	-	2,620,304
Information Services	-	-	-	292,354	-	-	292,354
General government buildings	5,091,549	6,127,362	1,660,359	531,807	-	-	13,411,077
Total staff agencies	5,306,249	7,055,882	1,738,277	2,332,833	-	-	16,433,241
PUBLIC SAFETY							
Police	67,715	850,375	699,766	6,042,376	-	271,482	7,931,714
Fire	203,900	7,731,916	527,693	10,725,459	-	8,410	19,197,378
Permit Center	-	-	-	221,761	-	-	221,761
Total public safety	271,615	8,582,291	1,227,459	16,989,596	-	279,892	27,350,853
Streets	-	6,995	-	4,127,198	260,133,979	7,640,615	271,908,787
Recreation	9,308,960	3,804,033	26,355,536	1,962,380	-	-	41,430,909
Community service	5,000	2,549,579	160,128	2,471	-	2,664,986	5,382,164
Sanitation and waste	997,957	26,787,674	29,325,049	7,632,060	45,912,091	18,975,468	129,630,299
	10,311,917	33,148,281	55,840,713	13,724,109	306,046,070	29,281,069	448,352,159
Total capital assets allocated to functions	\$ 15,889,781	\$ 53,916,306	\$ 58,806,449	\$ 33,188,350	\$ 306,046,070	\$ 29,560,961	\$ 497,407,917

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$30,163. at 9/30/2014 and at 9/30/2013 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, 2014

Function and Activity	General Capital Assets 9/30/2013	Additions	Deletions	General Capital Assets 9/30/2014
GENERAL GOVERNMENT				
Legislative	\$ 70,671	\$ -	\$ -	\$ 70,671
Executive	32,174	-	-	32,174
Judicial	4,908,917	5,129,852	(4,869,950)	5,168,819
Total general government	<u>5,011,762</u>	<u>5,129,852</u>	<u>(4,869,950)</u>	<u>5,271,664</u>
STAFF AGENCIES				
Finance	19,390	-	-	19,390
Planning and Development	66,629	-	-	66,629
Human Resources	23,487	-	-	23,487
Public Works	2,583,551	92,579	(55,826)	2,620,304
Information Services	214,078	78,276	-	292,354
General Government	13,401,490	291,915	(282,328)	13,411,077
Total staff agencies	<u>16,308,625</u>	<u>462,770</u>	<u>(338,154)</u>	<u>16,433,241</u>
PUBLIC SAFETY				
Police	7,305,883	927,459	(301,628)	7,931,714
Fire	19,580,319	34,606	(417,547)	19,197,378
Permit Center	209,835	21,197	(9,270)	221,762
Total public safety	<u>27,096,037</u>	<u>983,262</u>	<u>(728,445)</u>	<u>27,350,854</u>
Streets	261,170,117	36,687,792	(25,949,121)	271,908,788
Recreation	38,153,624	3,359,760	(82,475)	41,430,909
Community service	7,849,004	287,935	(2,754,774)	5,382,165
Sanitation and waste	123,781,141	9,620,141	(3,770,986)	129,630,296
	<u>430,953,886</u>	<u>49,955,628</u>	<u>(32,557,356)</u>	<u>448,352,158</u>
Total capital assets allocated to functions	<u>\$ 479,370,310</u>	<u>\$ 56,531,512</u>	<u>\$ (38,493,905)</u>	<u>\$ 497,407,917</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued on 9/30/2014 at \$30,163 and at 9/30/2013 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.

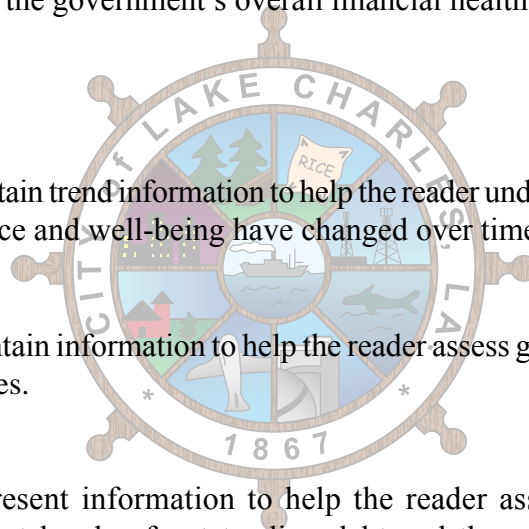
Demographic and Economic Information

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 168,278	\$ 185,082	\$ 160,853	\$ 200,193
Restricted	12,216	10,597	48,485	42,220
Unrestricted	64,114	60,816	64,136	48,188
Total governmental activities net assets	<u>\$ 244,608</u>	<u>\$ 256,495</u>	<u>\$ 273,474</u>	<u>\$ 290,601</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 50,605	\$ 51,436	\$ 59,165	\$ 66,241
Assigned	8,442	14,134	5,716	555
Total governmental activities net assets	<u>\$ 59,047</u>	<u>\$ 65,570</u>	<u>\$ 64,881</u>	<u>\$ 66,796</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 218,883	\$ 236,518	\$ 220,018	\$ 266,434
Restricted	12,216	10,597	48,485	42,220
Unrestricted	72,556	74,950	69,852	48,743
Total governmental activities net assets	<u>\$ 303,655</u>	<u>\$ 322,065</u>	<u>\$ 338,355</u>	<u>\$ 357,397</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 204,550	\$ 216,618	\$ 223,583	\$ 228,301	\$ 230,614	\$ 240,382
30,622	60,553	51,978	31,734	23,169	22,757
62,216	31,362	44,864	72,112	90,900	102,138
<u>\$ 297,388</u>	<u>\$ 308,533</u>	<u>\$ 320,425</u>	<u>\$ 332,147</u>	<u>\$ 344,683</u>	<u>\$ 365,277</u>
\$ 67,502	\$ 68,319	\$ 66,627	\$ 68,959	\$ 68,562	\$ 70,785
2,363	2,851	5,584	7,909	11,729	19,906
<u>\$ 69,865</u>	<u>\$ 71,170</u>	<u>\$ 72,211</u>	<u>\$ 76,868</u>	<u>\$ 80,291</u>	<u>\$ 90,691</u>
\$ 272,052	\$ 284,937	\$ 290,210	\$ 297,260	\$ 299,176	\$ 311,167
30,622	60,553	51,978	31,734	23,169	22,757
64,579	34,213	50,448	80,021	102,629	122,044
<u>\$ 367,253</u>	<u>\$ 379,703</u>	<u>\$ 392,636</u>	<u>\$ 409,015</u>	<u>\$ 424,974</u>	<u>\$ 455,968</u>

CITY OF LAKE CHARLES, LOUISIANA

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 3,812,105	\$ 4,024,194	\$ 4,102,319	\$ 4,158,299	\$ 4,428,106	\$ 4,565,486	\$ 4,585,082	\$ 4,644,212	\$ 4,567,288	\$ 4,778,135
Public safety	26,919,170	29,515,842	28,708,138	28,400,481	30,691,441	29,211,079	28,681,562	30,667,312	31,412,865	32,257,586
Public works	20,693,262	28,642,450	24,449,739	26,341,091	26,204,810	24,948,706	30,294,422	29,047,659	28,841,269	30,295,303
Planning and development	2,308,019	2,325,223	2,729,542	3,011,317	2,420,483	2,855,462	3,195,533	2,981,902	2,991,321	2,663,000
General services	3,428,701	6,975,121	5,901,532	5,201,297	7,819,930	7,327,977	4,384,287	5,428,845	5,687,941	5,659,656
Community services	4,928,356	10,314,122	5,814,605	5,658,398	6,101,747	5,699,264	6,936,038	6,730,143	6,174,061	6,350,062
Interest in long-term debt	1,074,675	1,324,532	1,997,185	2,850,831	2,703,667	3,396,559	3,935,479	4,053,332	3,409,036	3,203,842
Total governmental activities	<u>63,164,288</u>	<u>83,121,484</u>	<u>73,703,060</u>	<u>75,621,714</u>	<u>80,370,184</u>	<u>78,004,533</u>	<u>82,012,403</u>	<u>83,553,405</u>	<u>83,083,781</u>	<u>85,207,584</u>
Business-type activities										
Civic center	2,987,398	2,813,459	3,101,741	3,274,154	3,265,481	3,734,478	3,575,028	3,356,078	3,014,670	3,091,611
Golf course	1,185,076	1,192,880	1,299,432	1,247,986	1,480,511	1,432,343	1,495,425	1,489,217	1,539,186	1,612,629
Transit	1,481,491	1,662,242	1,996,952	2,540,820	2,359,228	2,038,547	2,215,223	2,298,862	2,354,540	2,714,383
Water	7,045,612	7,757,623	8,144,570	8,829,630	9,139,256	8,645,421	8,948,287	8,980,994	9,181,423	9,622,826
Total business-type activities	<u>12,699,577</u>	<u>13,426,204</u>	<u>14,542,695</u>	<u>15,892,590</u>	<u>16,244,476</u>	<u>15,850,789</u>	<u>16,233,963</u>	<u>16,125,151</u>	<u>16,089,819</u>	<u>17,041,449</u>
Total primary government	<u>\$ 75,863,865</u>	<u>\$ 96,547,688</u>	<u>\$ 88,245,755</u>	<u>\$ 91,514,304</u>	<u>\$ 96,614,660</u>	<u>\$ 93,855,322</u>	<u>\$ 98,246,366</u>	<u>\$ 99,678,556</u>	<u>\$ 99,173,600</u>	<u>\$ 102,249,033</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 4,188,998	\$ 4,431,182	\$ 4,874,140	\$ 4,855,947	\$ 5,126,923	\$ 5,091,090	\$ 5,432,955	\$ 5,067,281	\$ 5,497,834	\$ 5,423,120
Public works	5,516,777	5,618,552	5,691,800	8,066,296	8,215,969	9,006,678	10,317,926	11,146,171	11,767,500	12,706,586
Other activities	804,172	886,296	1,221,578	1,165,914	911,091	1,030,878	1,123,347	1,106,880	1,108,756	996,480
Operating grants and contributions	5,168,349	15,728,027	3,968,837	5,920,889	3,801,382	4,426,140	4,505,960	5,037,836	5,237,139	4,428,311
Capital grants and contributions	802,681	5,076,055	4,472,089	2,917,678	4,913,193	5,685,329	5,843,875	2,991,355	3,949,165	7,243,043
Total govmntl activity prgrm	<u>16,480,977</u>	<u>31,740,112</u>	<u>20,228,444</u>	<u>22,926,724</u>	<u>22,968,558</u>	<u>25,240,115</u>	<u>27,224,063</u>	<u>25,349,523</u>	<u>27,560,394</u>	<u>30,797,540</u>
Business-type activities:										
Charges for services:										
Civic center	845,555	533,072	932,746	915,970	1,047,163	930,113	968,296	975,050	941,963	968,322
Golf course	1,038,192	1,009,908	1,046,555	985,883	1,126,764	905,153	928,512	844,392	974,094	1,046,272
Transit	73,227	62,086	80,615	83,792	62,810	81,418	98,804	115,597	111,750	189,754
Water	6,898,120	6,379,993	6,286,427	6,936,227	7,586,073	8,925,396	10,333,108	10,657,748	11,327,208	12,066,695
Operating grants and contributions	798,193	1,287,219	1,272,010	1,157,412	1,198,730	1,307,484	1,411,923	1,422,853	1,515,747	1,647,581
Capital grants and contributions	-	5,293,304	256,761	1,213,667	1,510,505	1,698,748	736,314	3,184,780	541,173	7,795,194
Total busnss-type prgrm revens	<u>9,653,287</u>	<u>14,565,582</u>	<u>9,875,114</u>	<u>11,292,951</u>	<u>12,532,045</u>	<u>13,848,312</u>	<u>14,476,957</u>	<u>17,200,420</u>	<u>15,411,935</u>	<u>23,713,818</u>
Total primary gvrnment program	<u>\$ 26,134,264</u>	<u>\$ 46,305,694</u>	<u>\$ 30,103,558</u>	<u>\$ 34,219,675</u>	<u>\$ 35,500,603</u>	<u>\$ 39,088,427</u>	<u>\$ 41,701,020</u>	<u>\$ 42,549,943</u>	<u>\$ 42,972,329</u>	<u>\$ 54,511,358</u>

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense)/revenue										
Governmental activities	\$ (46,683,311)	\$ (51,381,372)	\$ (53,474,616)	\$ (52,694,990)	\$ (57,401,626)	\$ (52,764,418)	\$ (54,788,340)	\$ (58,203,882)	\$ (55,523,387)	\$ (54,410,044)
Business-type activities	(3,046,290)	1,139,378	(4,667,581)	(4,599,639)	(3,712,431)	(2,002,477)	(1,757,006)	1,075,269	(677,884)	6,672,369
Total primary government net expenses	\$ (49,729,601)	\$ (50,241,994)	\$ (58,142,197)	\$ (57,294,629)	\$ (61,114,057)	\$ (54,766,895)	\$ (56,545,346)	\$ (57,128,613)	\$ (56,201,271)	\$ (47,737,675)
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes										
Property taxes	\$ 5,895,575	\$ 5,953,207	\$ 6,536,673	\$ 6,612,603	\$ 7,348,241	\$ 7,489,471	\$ 7,923,348	\$ 7,707,653	\$ 8,176,273	\$ 8,631,895
Sales taxes	38,271,946	47,667,615	44,710,221	45,584,783	45,149,671	41,685,781	43,127,692	45,659,894	46,717,755	50,519,838
Franchise taxes	5,099,288	6,038,709	5,821,514	6,842,265	5,446,301	5,702,863	5,787,057	4,873,591	5,420,601	5,952,906
Riverboat taxes	7,706,108	3,024,702	6,961,367	8,399,666	9,099,020	8,959,034	9,113,904	9,713,282	9,691,942	9,664,375
Grants and contributions not restricted										
to specific programs	180,156	205,557	284,017	195,018	201,846	198,471	190,806	3,462,831	181,836	185,172
Interest and investment earnings	1,680,895	3,465,720	5,258,465	4,781,799	2,638,358	1,728,068	1,089,127	575,503	62,044	671,283
Miscellaneous	8,330,043	2,652,685	2,902,648	3,717,359	859,064	1,206,950	2,194,144	1,479,307	1,922,170	3,024,050
Gain (loss) on sales of capital assets	4,700	28,100	102,703	67,296	-	-	-	-	-	-
Transfers	(5,100,256)	(5,767,780)	(2,124,636)	(6,378,347)	(6,554,391)	(3,060,758)	(2,746,015)	(3,545,790)	(4,113,925)	(3,645,582)
Total governmental activities	62,068,455	63,268,515	70,452,972	69,822,442	64,188,110	63,909,880	66,680,063	69,926,271	68,058,696	75,003,937
Business-type activities:										
Grants and contributions not restricted										
to specific programs	200,000	190,000	200,000	200,000	200,000	200,000	-	-	-	-
Interest and investment earnings	147,277	362,990	589,768	181,262	26,597	46,565	52,549	35,695	(12,505)	81,712
Miscellaneous	184,062	640,010	1,064,948	252,500	-	-	-	-	-	-
Gain (loss) on sales of capital assets	-	(1,577,138)	-	(497,393)	-	-	-	-	-	-
Transfers	5,100,256	5,767,780	2,124,636	6,378,347	6,554,391	3,060,758	2,746,015	3,545,790	4,113,925	3,645,582
Total business type activities	5,631,595	5,383,642	3,979,352	6,514,716	6,780,988	3,307,323	2,798,564	3,581,485	4,101,420	3,727,294
Total primary government	\$ 67,700,050	\$ 68,652,157	\$ 74,432,324	\$ 76,337,158	\$ 70,969,098	\$ 67,217,203	\$ 69,478,627	\$ 73,507,756	\$ 72,160,116	\$ 78,731,231
Change in Net Assets										
Governmental activities	\$ 15,385,144	\$ 11,887,143	\$ 16,978,356	\$ 17,127,452	\$ 6,786,484	\$ 11,145,462	\$ 11,891,723	\$ 11,722,389	\$ 12,535,309	\$ 20,593,893
Business-type activities	2,585,305	6,523,020	(688,229)	1,915,077	3,068,557	1,304,846	1,041,558	4,656,754	3,423,536	10,399,663
Total primary government	\$ 17,970,449	\$ 18,410,163	\$ 16,290,127	\$ 19,042,529	\$ 9,855,041	\$ 12,450,308	\$ 12,933,281	\$ 16,379,143	\$ 15,958,845	\$ 30,993,556

CITY OF LAKE CHARLES, LOUISIANA

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year	Property Tax	One Percent Sales Tax (1965)	Additional One Percent Sales Tax (1987)	Employee's Pay Quarter cent Sales Tax (1995)
2005	\$ 5,895,575	\$ 16,905,803	\$ 16,905,803	\$ 4,226,453
2006	5,953,207	21,069,476	21,069,476	5,267,376
2007	6,536,673	19,604,922	19,604,747	4,901,540
2008	6,612,603	20,048,716	20,048,779	5,012,194
2009	7,348,241	19,767,418	19,767,417	4,932,015
2010	7,489,471	18,382,454	18,382,454	4,595,619
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

Notes: L'Auberge du lac Casino opened in May 2005.
 Harrah's Riverboat closed in September 2005 after sustaining damage from Hurricane Rita.
 Beginning fiscal year 2007, the City has entered into a Cooperative Endeavor Agreement with the Calcasieu Parish Policy Jury to pool gaming on a parish-wide basis.

A new cable television franchise agreement was entered into at the beginning of fiscal year 2008.

2009 property tax revenues reflect the reassessment of property in 2008.

2013 property tax revenues reflect the reassessment of property in 2012.

Riverboat Gaming Tax	Electric Utility Franchise	Gas Utility Franchise	Cable Television Franchise
\$ 7,706,108	\$ 4,037,249	\$ 515,915	\$ 546,124
3,024,702	4,854,764	659,837	524,107
6,961,367	4,521,714	671,183	628,617
8,399,666	5,215,659	632,849	993,758
9,099,020	3,964,234	588,931	893,136
8,959,034	4,183,356	590,275	929,232
9,113,904	4,346,623	483,307	957,127
9,713,282	3,463,387	405,302	1,004,902
9,691,942	4,009,040	396,650	1,014,911
9,664,375	4,442,183	474,212	1,036,511

CITY OF LAKE CHARLES, LOUISIANA

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 215,028	\$ 864,493	\$ 1,999,645	\$ 3,289,392	\$ 230,186	\$ 297,834				
Unreserved	27,722,313	26,835,936	29,486,833	28,820,688	28,007,800	25,483,998				
Nonspendable							\$ 486,580	\$ 543,389	\$ 478,983	\$ 525,480
Committed							2,895,603	2,567,929	2,363,360	2,853,169
Unassigned							21,932,680	22,245,646	23,053,203	25,996,329
Total General Fund	27,937,341	27,700,429	31,486,478	32,110,080	28,237,986	25,781,832	25,314,863	25,356,964	25,895,546	29,374,978
All other governmental funds										
Reserved	8,525,787	6,437,907	14,060,057	23,285,955	19,013,569	16,022,853				
Unreserved, reported in:										
Special revenue funds	9,699,426	10,774,273	10,620,548	8,778,666	12,922,418	14,598,101				
Capital projects funds	33,283,507	28,477,469	59,084,997	51,085,939	43,174,593	77,320,653				
Nonspendable							27,460	51,623	50,925	30,840
Restricted							44,338,979	31,731,731	23,962,211	22,754,774
Committed							51,269,454	50,934,223	57,358,834	57,603,158
Assigned							8,388,325	12,033,195	7,674,979	10,491,959
Total all other governmental funds	51,508,720	45,689,649	83,765,602	83,150,560	75,110,580	107,941,607	104,024,218	94,750,772	89,046,949	90,880,731
Total all governmental funds	\$ 79,446,061	\$ 73,390,078	\$ 115,252,080	\$ 115,260,640	\$ 103,348,566	\$ 133,723,439	\$ 129,339,081	\$ 120,107,736	\$ 114,942,495	\$ 120,255,709

* The increases in fund balance in fiscal years 2007 and 2010 are due primarily to unspent bond proceeds from issues during the period for capital projects.

* Note GASB 54 adopted in 2011.

CITY OF LAKE CHARLES, LOUISIANA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues:										
Taxes	\$ 54,186,267	\$ 58,915,721	\$ 60,340,385	\$ 62,863,828	\$ 63,906,886	\$ 60,681,304	\$ 62,638,371	\$ 65,208,410	\$ 67,508,949	\$ 71,638,915
Licenses and permits	5,589,731	6,760,340	6,710,807	7,635,503	6,104,766	6,357,695	6,633,096	5,526,807	6,349,383	6,686,060
Intergovernmental	6,774,038	18,151,628	5,636,828	9,417,429	8,851,035	10,830,886	10,759,547	8,264,523	9,752,774	12,275,671
Charges for services	7,425,881	7,497,818	8,334,042	10,232,457	10,440,834	11,300,612	13,134,106	13,680,453	14,375,194	15,290,879
Fines and forfeitures	257,762	257,462	276,359	306,694	322,461	338,073	383,267	311,388	247,061	253,920
Miscellaneous	8,280,461	8,508,921	9,886,132	6,600,618	4,582,043	2,708,846	2,826,993	2,351,245	1,888,663	1,695,540
Total revenues	<u>82,514,140</u>	<u>100,091,890</u>	<u>91,184,553</u>	<u>97,056,529</u>	<u>94,208,025</u>	<u>92,217,416</u>	<u>96,375,380</u>	<u>95,342,826</u>	<u>100,122,024</u>	<u>107,840,985</u>
Expenditures:										
Current operating:										
General government	2,240,148	2,280,837	2,298,225	2,449,791	2,598,746	2,727,390	2,857,662	2,876,353	2,892,999	2,945,962
Finance	1,352,825	1,383,033	1,392,804	1,352,358	1,389,805	1,496,010	1,488,859	1,498,360	1,524,491	1,594,704
Human Resources	276,304	308,001	292,767	288,724	317,809	352,726	313,428	312,168	309,113	339,091
Fire	11,535,201	12,577,995	12,579,653	12,634,153	13,074,636	12,729,943	12,940,071	13,293,542	13,523,625	14,481,544
Police	14,119,891	15,026,989	14,371,715	14,094,524	14,196,539	15,775,008	16,200,141	17,108,345	18,311,542	17,911,230
Public works	15,766,960	23,015,679	18,974,532	20,648,106	20,039,183	20,272,640	20,324,226	21,183,964	21,449,006	22,045,127
Planning and development	2,264,326	2,095,331	2,515,448	2,805,009	2,305,258	2,596,371	3,028,735	2,785,459	2,793,690	2,535,761
Community services	3,851,337	9,707,729	5,046,085	4,662,889	4,545,957	4,780,142	4,721,208	4,913,007	5,516,244	5,343,835
General services	2,880,492	6,254,807	3,901,466	5,554,769	4,254,079	4,096,854	4,168,195	4,127,074	4,453,969	4,253,097
Capital projects	21,505,295	23,238,997	16,341,943	19,136,059	28,093,724	24,458,504	25,022,530	27,249,392	21,031,285	18,090,669
Debt service:										
Principal retirement	2,038,438	2,566,162	2,500,302	3,637,281	3,991,176	6,427,242	5,449,519	5,836,224	6,947,090	6,790,771
Bond issuance costs	-	42,978	621,817	-	-	1,414,680	147,128	-	-	-
Interest and fiscal charges	1,074,675	1,281,554	1,393,744	2,905,960	2,758,796	2,109,632	3,982,945	4,247,927	3,603,630	3,398,436
Total expenditures	<u>78,905,892</u>	<u>99,780,092</u>	<u>82,230,501</u>	<u>90,169,623</u>	<u>97,565,708</u>	<u>99,237,142</u>	<u>100,644,647</u>	<u>105,431,815</u>	<u>102,356,684</u>	<u>99,730,227</u>
Excess (deficiency) of revenues over expenditures	<u>3,608,248</u>	<u>311,798</u>	<u>8,954,052</u>	<u>6,886,906</u>	<u>(3,357,683)</u>	<u>(7,019,726)</u>	<u>(4,269,267)</u>	<u>(10,088,989)</u>	<u>(2,234,660)</u>	<u>8,110,758</u>
Other financing sources (uses):										
Transfers in	11,911,644	12,016,568	15,728,775	17,610,913	17,216,245	14,552,013	15,153,082	19,551,176	21,967,386	21,798,979
Transfers out	(17,370,037)	(19,084,348)	(18,403,411)	(24,489,260)	(25,770,636)	(18,612,300)	(18,982,135)	(22,915,600)	(25,731,311)	(24,694,561)
Issuance of debt	-	700,000	34,480,000	-	-	57,015,000	3,713,962	-	833,344	98,037
Premium on issuance of debt	-	-	1,102,586	-	-	2,174,886	-	4,222,067	-	-
Payment to refunded bonds	-	-	-	-	-	(17,735,000)	-	-	-	-
Total other financing sources(uses)	<u>(5,458,393)</u>	<u>(6,367,780)</u>	<u>32,907,950</u>	<u>(6,878,347)</u>	<u>(8,554,391)</u>	<u>37,394,599</u>	<u>(115,091)</u>	<u>857,643</u>	<u>(2,930,581)</u>	<u>(2,797,545)</u>
Net change in fund balances	<u>\$ (1,850,145)</u>	<u>\$ (6,055,982)</u>	<u>\$ 41,862,002</u>	<u>\$ 8,559</u>	<u>\$ (11,912,074)</u>	<u>\$ 30,374,873</u>	<u>\$ (4,384,358)</u>	<u>\$ (9,231,346)</u>	<u>\$ (5,165,241)</u>	<u>\$ 5,313,213</u>
Debt service as a percentage of noncapital expenditures	5.57%	5.11%	6.19%	9.59%	9.37%	11.18%	12.29%	13.53%	13.24%	12.90%

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)	Riverboat Gaming Tax	Electric Utility Franchise	Gas Utility Franchise	Cable Television Franchise
2005	\$ 5,895,575	\$ 16,905,803	\$ 16,905,803	\$ 4,226,453	\$ 7,706,108	\$ 4,037,249	\$ 515,915	\$ 546,124
2006	5,953,207	21,069,476	21,069,476	5,267,376	3,024,702	4,854,764	659,837	524,107
2007	6,536,673	19,604,922	19,604,747	4,901,540	6,961,367	4,521,714	671,183	628,617
2008	6,612,603	20,048,716	20,048,779	5,012,194	8,399,666	5,215,659	632,849	993,758
2009	7,348,241	19,767,418	19,767,417	4,932,015	9,099,020	3,964,234	588,931	893,136
2010	7,489,471	18,382,454	18,382,454	4,595,619	8,959,034	4,183,356	590,275	929,232
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

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
2005	2004	\$ 253,965,820	\$ 2,539,658,200	\$ 96,107,240	\$ 640,714,933
2006	2005	261,268,194	2,612,681,940	98,723,970	658,159,800
2007	2006	286,848,080	2,869,480,800	105,860,810	705,738,733
2008	2007	295,823,700	2,958,237,000	114,102,720	760,684,800
2009	2008	352,041,171	3,520,411,710	116,471,700	776,478,000
2010	2009	362,072,150	3,620,721,500	109,775,460	731,836,400
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

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 1996, 2000, 2004, 2008, and 2012.

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		
\$ 17,604,920	\$ 70,419,680	\$ 367,677,980	\$ 3,250,792,813	16.09	11.31%
17,693,580	70,774,320	377,685,744	3,341,616,060	16.09	11.30%
18,358,980	73,435,920	411,067,870	3,648,622,453	16.09	11.27%
18,450,920	73,803,680	428,377,340	3,792,725,480	16.09	11.29%
18,738,980	74,955,920	487,251,851	4,371,845,630	15.35	11.00%
18,833,580	75,334,320	490,681,190	4,427,892,220	15.35	11.08%
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%

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 Funds	Debt Service Funds	Total	General Fund	Debt Service Funds	Total	Parish Police Jury	Road Districts	Gravity Drainage	Recreation and Com Centers	Fire Protection	Airport Harbor & Terminal	Parish Water & Sewer	Parish Total
2004	2005	16.09	0.00	16.09	18.72	36.50	55.22	44.19	3.88	5.77	0.00	12.60	8.80	16.25	91.49
2005	2006	16.09	0.00	16.09	18.72	25.00	43.72	44.99	3.88	5.77	7.85	12.60	8.80	18.39	102.28
2006	2007	16.09	0.00	16.09	18.72	25.50	44.22	47.21	3.88	5.79	7.40	11.54	8.80	20.39	105.01
2007	2008	16.09	0.00	16.09	18.72	27.50	46.22	41.5	3.88	5.79	7.00	11.54	8.80	18.14	96.95
2008	2009	15.35	0.00	15.35	18.72	24.00	42.72	39.28	3.67	5.29	7.00	11.08	8.34	18.46	93.12
2009	2010	15.35	0.00	15.35	18.72	24.00	42.72	33.02	3.67	5.79	5.65	11.08	8.34	15.59	83.14
2010	2011	15.35	0.00	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	0.00	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	0.00	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	0.00	15.35	18.04	22.20	40.24	34.78	4.06	5.57	5.32	10.85	8.14	15.37	84.09

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, 2013 and December 31, 2003

for Fiscal Year Ended September 30, 2014 and September 30, 2004

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2014</u>			<u>2004</u>		
		<u>Assessed Valuation 2012</u>	<u>Rank</u>	<u>Percentage of Total Valuation</u>	<u>Assessed Valuation 2002</u>	<u>Rank</u>	<u>Percentage of Total Valuation</u>
PNK (Lake Charles) LLC	Hotel and Casino	\$ 32,465,750	1	5.42 %	\$ -	-	- %
Entergy Gulf States Inc.	Electric utility	8,987,420	2	1.50	4,614,230	4	1.03
Wal-Mart Stores	Retail	4,466,310	3	0.75	3,693,400	5	0.83
Bell South Telecommunications	Telephone	4,441,920	4	0.74	9,453,730	2	2.12
JP Morgan Chase Bank NA * Bank One in 2001	Bank	4,043,690	5	0.68	3,614,450	6	0.81
Carboline Company	Wholesale	3,546,310	6	0.59	-	-	-
Women's & Children's Hospital	Hospital	3,265,370	7	0.55	2,667,960	7	0.60
Capital One NA * Hibernia in 2002	Bank	3,153,840	8	0.53	7,603,130	3	1.70
Simon Debartolo Group *Simon, Melvin & Associates in 2001	Real Estate Agent	2,143,950	9	0.36	2,448,520	9	0.55
Iberia Bank	Bank	1,830,480	10	0.31	-	-	-
Harras Entertainment Inc * Players in 1998	Riverboat Casino	-	-	-	12,044,800	1	2.70
Cameron State Bank	Bank	-	-	-	2,452,290	8	0.55
Xsepdius	Telecommunications	-	-	-	2,266,520	10	0.51
		<u>\$ 68,345,040</u>		<u>11.42%</u>	<u>\$ 50,859,030</u>		<u>11.39%</u>

2014 Total city valuation: \$ 598,574,960

2004 Total city valuation: \$ 446,369,560

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>
2005	2004	\$ 5,932,879	\$ 36,144	\$ 5,896,735
2006	2005	6,081,102	200,513	5,880,589
2007	2006	6,617,407	47,920	6,569,487
2008	2007	6,896,377	83,620	6,812,757
2009	2008	7,483,466	144,030	7,339,436
2010	2009	7,534,395	46,098	7,488,297
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

Source: Calcasieu Parish Sheriff & Tax Collector

Note: Property damage reductions in 2006 related to Hurricane Rita.

Less: Outstanding Delinquent Taxes	Net Total Taxes Collected	Percent of Net Taxes Collected	Percent of Delinquent Taxes to Net Levy
\$ 61,889	\$ 5,834,846	98.95 %	1.05 %
57,162	5,823,427	99.03	0.97
89,299	6,480,188	98.64	1.36
79,015	6,733,742	98.84	1.16
58,377	7,281,059	99.20	0.80
48,697	7,439,600	99.35	0.65
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

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%		Waste Water	Capital Project	Employee's Pay	School Board		Law Enforcement	General	Tourism Promotion	Total	
			Public Safety	Public Works				General	Salaries					
2004	2005	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%
2005	2006	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%
2006	2007	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%
2007	2008	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%
2008	2009	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%
2009	2010	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%
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	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%

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

CITY OF LAKE CHARLES, LOUISIANA

Principal Sales Taxpayers

Tax Year June 30, 2014 and June 30, 2005

for Fiscal Year Ended September 30, 2014 and September 30, 2005

<u>Type of Business</u>	<u>2014</u>			<u>2005</u>		
	<u>Tax Paid</u>	<u>Rank</u>	<u>Percentage of Total Valuation</u>	<u>Tax Paid</u>	<u>Rank</u>	<u>Percentage of Total Valuation</u>
Retail	\$ 5,860,191	1	13.30%	\$ 5,287,093	1	13.77%
Government	2,720,258	2	6.17%	2,541,536	2	6.62%
Hotel and Casino	1,388,833	3	3.15%	-	-	-
Building Supply	779,158	4	1.77%	744,603	3	1.94%
Grocery	770,872	5	1.75%	719,611	4	1.87%
Health Care	762,638	6	1.73%	588,432	5	1.53%
Retail	674,029	7	1.53%	412,551	9	1.07%
Grocery	663,244	8	1.51%	-	-	-
Grocery	569,262	9	1.29%	498,779	7	1.30%
Health Care	533,530	10	1.21%	497,147	8	1.29%
Building Supply	-		0.00%	513,543	6	1.34%
Retail	-		-	396,821	10	1.03%
	<u>\$ 14,722,015</u>		<u>33.41%</u>	<u>\$ 12,200,116</u>		<u>31.77%</u>

2014 Total sales tax: \$ 44,068,157

2005 Total sales tax: \$ 38,397,154

CITY OF LAKE CHARLES, LOUISIANA

Ratios of Outstanding Debt

Last Ten Fiscal Years

Fiscal Year	Bonded Debt									Loans			Percentage of Personal Income	Per Capita
	Pension Refunding Bonds	LCDA Sewer Bonds	LCDA Sewer Refunding Bonds	Deferred Amount LCDA Sewer Refunding Bonds	2007 LCDA Public Improvement Bonds	Deferred Amount LCDA Public Improvement 2007 Bonds	2010 LCDA Public Improvement Bonds	Deferred Amount LCDA Public Improvement 2010 Bonds	Total Bonded Debt	DEQ Loan	Lake Charles City Court Building	Total Loans Debt		
2005	\$ 8,345,000	\$ 23,515,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,860,000	\$ -	\$ -	\$ -	1.44%	\$ 444
2006	7,585,000	22,715,000	-	-	-	-	-	-	30,300,000	-	-	-	1.37%	422
2007	6,775,000	21,880,000	-	-	34,480,000	1,084,210	-	1,084,210	65,303,420	-	-	-	2.75%	910
2008	5,915,000	21,010,000	-	-	33,370,000	1,029,081	-	1,029,081	62,353,162	-	-	-	2.63%	869
2009	5,005,000	20,100,000	-	-	32,195,000	973,952	-	973,952	59,247,904	-	-	-	2.50%	826
2010	4,035,000	-	16,175,000	431,234	30,970,000	918,823	39,280,000	1,671,027	93,481,084	-	-	-	3.65%	1,298
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	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	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	3.17%	1,150
2014	-	-	10,930,000	274,422	25,565,000	698,307	32,315,000	1,269,979	71,052,708	4,146,649	2,700,000	6,846,649	2.92%	1,060

Note: 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.

See the Schedule of Demographics and Economic Statistics on page 117 for personal income and population data.

CITY OF LAKE CHARLES, LOUISIANA

Direct and Overlapping Governmental Activities Debt

As of September 30, 2014

<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	\$ 77,899,357	100%	\$ 77,899,357
Total direct debt	<u>77,899,357</u>		<u>77,899,357</u>
Overlapping:			
Calcasieu Parish School Board	207,585,000	30%	61,971,316
Calcasieu Parish Police Jury	<u>2,180,000</u>	74%	<u>1,609,152</u>
Total overlapping debt	209,765,000		63,580,468
Total Direct and Overlapping Debt	<u><u>\$ 287,664,357</u></u>		<u><u>\$ 141,479,825</u></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)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Debt limit	\$ 46,601	\$ 47,601	\$ 44,185	\$ 51,710	\$ 56,732	\$ 49,305	\$ 50,314	\$ 50,258	\$ 53,554	\$ 60,093
Total net debt applicable to limit	0	0	0	0	0	0	0	0	0	0
Legal debt margin	<u>\$ 46,601</u>	<u>\$ 47,601</u>	<u>\$ 44,185</u>	<u>\$ 51,710</u>	<u>\$ 56,732</u>	<u>\$ 49,305</u>	<u>\$ 50,314</u>	<u>\$ 50,258</u>	<u>\$ 53,554</u>	<u>\$ 60,093</u>
Total net debt 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 2014

(amounts expressed in thousands)

Assessed value	\$ 598,575
Add back: exempt real property	<u>2,361</u>
Total assessed value	<u>\$ 600,936</u>
Debt limit (10% of total assessed value)	\$ 60,093
Total outstanding General Obligation Bonds of City of Lake Charles	<u>-</u>
Legal capacity of City of Lake Charles for General Obligation Bonds	<u>\$ 60,093</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 \$77,899,357 outstanding bonded debt at September 30, 2014. 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
2004	71,757	\$ 2,208,250	\$ 30,774	35.3	12,218	2,761	14,979	7.6 %
2005	71,757	2,208,250	30,774	35.3	13,054	2,541	15,595	3.3
2006	71,757	2,371,425	33,048	36.4	12,952	2,556	15,508	3.0
2007	71,757	2,371,425	33,048	35.3	12,735	2,407	15,142	3.4
2008	71,757	2,371,425	33,048	34.5	12,783	2,741	15,524	5.9
2009	71,757	2,371,425	33,048	35.3	12,566	2,575	15,141	7.3
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

Notes:

- (1) Estimates for population, income age and unemployment provided by the Bureau of Labor Statistics, Imperial Calcasieu Regional Planning and Development 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 2014 and 2004

<u>Employer</u>	<u>Type of Business</u>	<u>2014</u>			<u>2004</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total MSA</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total MSA</u>
Calcasieu Parish School Board	Education	4,840	1	5.5%	4,000	1	4.7%
Turner Industries	Fabrication	1,650	2	1.9%	2,000	2	2.4%
L'Auberge Du Lac	Gaming	1,308	3	1.5%	-		-
Lake Charles Memorial Hospital	Health Care	1,194	4	1.4%	1,700	4	2.0%
Axiall Corporation (formerly PPG)	Basic Chemical	1,190	5	1.4%	1,625	5	1.9%
Citgo Petroleum	Oil Products	1,200	6	1.4%	1,206	8	1.4%
Isle of Capri Casino	Gaming	1,155	7	1.3%	2,000	3	2.4%
City of Lake Charles	Government	1,093	8	1.2%	-		-
Christus St. Patrick's Hospital	Health Care	939	9	1.1%	1,500	6	1.8%
Calcasieu Parish Sheriff's Office	Police Protection	864	10	1.0%	-		-
Player's Casino (closed 2005)	Gaming	-		-	1,450	7	1.7%
Conoco	Oil Products	-		-	1,200	9	1.4%
Delta Downs	Gaming	-		-	1,000	10	1.2%
		<u>15,433</u>		<u>17.5%</u>	<u>17,681</u>		<u>20.9%</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 Parish

2014 Total employment: 87,951

2004 Total employment: 84,398

Total employment: Calcasieu Parish

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

<u>Functions/Programs</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government	45	46	46	46	47	48.5	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	5	5	5	5	5	5	4	4	4	4
Public safety										
Fire	190	190	190	190	190	190	182	182	182	182
Police	194	194	194	194	192	192	189	189	189	189
Public works	166	167	166	166	166	167	157	157	157	157
Waste water	61	64	64	64	64	65	65	65	65	65
Transit	19	19	19	19	19	19	19	19	19	19
Water utility	57	57	57	57	57	56	56	56	56	56
Planning and development	24	25	27	24	24	25	24	24	24	24
General services	30	29	30	33	33	30.5	27.5	27.5	27.5	27.5
Community Services	76	78	78	78	77	77	71	71	71	71
Total	897	904	906	906	904	905	871	871	871	871

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government										
* Legal: request for legal action					239	199	90	51	96	102
Printing/communication:										
* Number of mail pieces metered					67,550	72,701	#####	#####	#####	#####
Risk Management										
Accident reports/investigations	452	607	595	626	544	632	443	377	415	457
Claims	320	307	302	277	178	289	208	186	205	226
Finance/includes Water Business										
Checks issued	14,641	15,235	15,553	15,356	15,543	14,760	14,927	23,699	19,750	12,025
Occupational licenses processed	4,415	4,391	4,177	4,048	4,169	4,268	4,300	3,341	3,353	3,331
Purchase orders processed	3,990	3,589	4,064	3,738	3,290	2,881	2,785	2,800	2,825	2,653
Water: number of customers	27,605	26,889	28,422	28,147	28,124	28,886	28,775	28,926	29,704	30,042
Water: Average daily consumption (millions of gallons per day)	12.87	11.35	9.53	10.79	9.33	8.87	9.05	9.03	8.65	8.42
Human Resources										
Applications received	1,108	926	725	711	961	1,000	1,327	1,250	1,328	1,100
New hires	368	374	436	483	462	425	432	364	436	325
Employee Health Fair Participation	295	250	238	268	285	300	320	325	375	450
Public safety										
Fire: Calls for service	2,826	2,755	2,503	2,571	2,588	2,790	2,863	2,768	2,807	2,996
* Fire: Code inspections		4,671	3,194	2,775	3,594	4,465	7,305	4,000	7,386	2,929
Police: Calls for service	111,788	108,232	96,659	93,886	90,995	96,732	107,100	108,064	125,161	121,384
Public works										
Solid Waste										
* Tons garbage collected			29,320	26,324	26,320	25,814	24,515	23,951	25,018	25,563
* Tons incinerated			2,146	3,338	2,322	2,905	4,857	4,163	4,340	8,343
* Tons trash collected			18,869	10,682	9,583	7,930	5,957	6,208	6,212	7,053
* Streets: Work orders			960	647	1,289	1,863	2,708	1,234	1,370	1,734
* Transit: Bus riders			188,175	178,889	175,875	190,834	219,802	223,407	228,068	267,126
* Vehicle Maintenance: Work orders			5,815	3,530	4,291	5,867	5,689	5,841	5,877	5,498
* Waste water: Work orders			4,584	3,337	9,508	11,100	5,490	6,000	12,371	11,898
Planning and development										
Building permits issued	5,152	6,384	9,438	6,287	4,162	6,395	6,073	4,356	4,762	4,122
Community Development										
* Down Payment Assistance		9	21	22	17	22	15	24	17	14
* Rehab/Reconstruction		7	15	8	8	9	12	13	12	8
* Street Projects		2	6	6	3	0	1	2	2	1
Community Services										
Recreation and parks										
* Athletic teams					279	292	311	313	877 ⁺	913 ⁺
* Summer camp attendance			460	470	219	480	472	447	425	430
* Civic Center: Events			309	356	377	358	368	353	352	340
Golf Course: Rounds of golf	40,019	39,498	34,221	32,969	36,464	23,852	31,900	30,318	36,317	36,641
Art Center/museum										
* Art exhibits				13	9	11	16	16	15	15
* Concerts/Events				43	35	100	119	25	24	19

Source: Various city departments

* Prior year statistics not available.

+ Includes tournament teams

CITY OF LAKE CHARLES, LOUISIANA

Capital Assets Statistics by Function

Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public safety										
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
Police:										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Units	90	90	90	92	92	92	92	98	94	111
Public works										
Solid Waste/Recycling										
Collection trucks	24	22	33	32	30	34	32	32	32	33
Streets										
Streets (miles)	483	483	460	460	460	460	460	503	534	534
* Streetlights		9,229	9,285	9,285	9,285	9,285	9,285	14,000	10,000	10,000
* Traffic Signals		64	64	66	66	66	66	68	66	62
Transit										
Public Buses	8	8	7	7	7	7	7	4	5	4
Para-transit buses	2	2	2	2	4	4	4	2	2	2
Trolley	0	0	0	0	0	1	1	1	1	1
Waste water										
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 capacity (millions of gallons per day)				13.1	13.1	18	18	18	18	18
Water utility										
* Water mains (miles)		410	450	455	458	458	460	465	430	470
* Fire hydrants		2,500	2,800	2,820	2,850	2,850	2,900	2,954	3,000	3,000
* Maximum daily capacity (millions of gallons per day)		23	22	22	22	22	22	22	22	22
Community Services										
Recreation and parks										
** Park acreage	256	256	256	256	466	466	466	465	502	502
Parks	34	34	34	34	34	34	34	33	33	33
Swimming Pools	2	2	2	2	2	2	2	2	2	2
*** Spray parks	1	1	1	1	3	2	2	2	2	2
Tennis courts	6	6	6	17	17	17	17	15	11	11
Community Centers	12	12	12	12	12	12	12	12	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

Source: Various city departments

* Prior year statistics not available.

**Total acreage changed from 456 to 256 in 2005 when the City gave the Multis-sports complex to Ward 3 Recreation district.

In 2009 the addition of Riverside Park increased total acreage to 466.

***One spray park donated to Ward 3 Recreation District.

CITY OF LAKE CHARLES, LOUISIANA

**OMB CIRCULAR A-133
SUPPLEMENTARY REPORTS**

YEAR ENDED SEPTEMBER 30, 2014

CITY OF LAKE CHARLES
LAKE CHARLES, LOUISIANA

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INDEPENDENT AUDITOR'S 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 Randy Roach
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, 2014, 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 25, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 City of Lake Charles, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 the 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 25, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133

Honorable Mayor Randy Roach
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 Circular A-133 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, 2014. The City of Lake Charles, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Lake Charles, Louisiana's compliance.

Opinion on Each 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 major federal programs for the year ended September 30, 2014.

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 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 OMB Circular A-133, 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.

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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2014, 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 25, 2015, 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 OMB Circular A-133, 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 OMB Circular A-133. 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.

Mrs Eloy Quirk & Beach

Lake Charles, Louisiana
March 25, 2015

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Period Ending September 30, 2014

<u>Grant Type</u>	<u>Federal CFDA Number</u>
Department of Housing & Urban Development:	
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Louisiana Office of Community Development (pass thru agency):	
Community Development Block Grant-ARRA	14.228
Community Development Block Grant-Disaster Recovery (Ike-Gustav)	14.228
Community Development Block Grant-Disaster Recovery (Ike-Gustav)	14.228
Community Development Block Grant-Disaster Recovery (Ike-Gustav)	14.228
Louisiana Department of Administration (pass thru agency):	
HUD/Emergency Shelter Grant	14.231
HUD/Emergency Shelter Grant	14.231
HUD/HOME Grant	14.239
HUD/HOME Grant	14.239
HUD/HOME Grant	14.239
HUD/CHDOS	14.239
HUD/CHDOS	14.239
HUD/CHDOS	14.239
Federal Emergency Management Agency:	
Louisiana Department of Military Affairs (pass thru agency)	
Port Security Grant	97.056
Port Security Grant	97.056
Immigration and Customs Enforcement	97.000
Homeland Security	97.067
Department of Transportation:	
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Highway Administration	20.000
Federal Highway Administration	20.000
Highway Planning & Construction ARRA	20.205
Highway Planning & Construction ARRA	20.205

<u>Grant Number</u>	<u>Grant Period</u>		<u>Grant Receipts</u>	<u>Current Expenditures</u>
	<u>From</u>	<u>To</u>		
B-11-MC-22-0004	10/1/13	9/30/14	\$ 107,417	\$ 107,417
B-12-MC-22-0004	10/1/13	9/30/14	231,475	231,475
B-11-MC-22-0004	10/1/13	9/30/14	120,281	120,281
B-12-MC-22-0004	10/1/13	9/30/14	357,983	357,983
69PARA1301, 1302	10/1/13	9/30/14	1,855	1,855
69PARA2301	10/1/13	9/30/14	71,849	71,849
10PARA3212	10/1/13	9/30/14	1,583,116	1,583,116
10PARA3205	10/1/13	9/30/14	2,779,009	2,779,009
716642	10/1/13	9/30/14	29,138	29,138
LHA-13-15-13	10/1/13	9/30/14	14,667	14,667
B-10-MC-22-0208	10/1/13	9/30/14	13,690	13,690
B-11-MC-22-0208	10/1/13	9/30/14	244,512	244,512
B-12-MC-22-0208	10/1/13	9/30/14	58,543	58,543
B-07-MC-22-0208	10/1/13	9/30/14	11,048	11,048
B-11-MC-22-0208	10/1/13	9/30/14	1,050	1,050
B-12-MC-22-0208	10/1/13	9/30/14	43,750	43,750
EMW-2013-PU-0033-S01	10/1/13	9/30/14	59,072	59,072
EMW-2011-PU-K00128-S01	10/1/13	9/30/14	142,978	142,978
114NO1480	10/1/13	9/30/14	1,560	1,560
2012 SHSP 2012-SS-00075-S01	10/1/13	9/30/14	2,370	2,370
LA-900-384	10/1/13	9/30/14	166,238	166,238
LA-900-390	10/1/13	9/30/14	1,016,084	1,016,084
LA-900-414	10/1/13	9/30/14	143,272	143,272
LA-04002400	10/1/13	9/30/14	43,766	43,766
LA-900-322	10/1/13	9/30/14	11,030	11,030
FAP No. STP-1004(541)	10/1/13	9/30/14	3,613,160	3,613,160
FAP No. IR-10-1(142)030	10/1/13	9/30/14	85,000	85,000
ARR 1009(517, 518)	10/1/13	9/30/14	54,720	54,720
ARR-1009(521)	10/1/13	9/30/14	34,614	34,614

CITY OF LAKE CHARLES, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For Period Ending September 30, 2014
 (Continued)

<u>Grant Type</u>	<u>Federal CFDA Number</u>
Department of Environmental Quality:	
Clean Water State Revolving Loan Fund	66.458
Department of Agriculture:	
<i>Louisiana Department of Education (pass thru agency):</i>	
Child Nutrition Summer Food Program	10.559
Department of Justice:	
Justice Assistance Grant	16.738
Justice Assistance Grant	16.607
Justice Assistance Grant	16.738
COPS	16.710
HIDTA (Sheriff's Office)	95.001
US Marshal Service	16.111
Louisiana Commission on Law Enforcement (pass-thru agency):	
Anti-Gang Initiative	16.609
Louisiana Highway Safety Commission (pass thru agency):	
Highway Safety	20.600
Highway Safety	20.600
Volunteer Louisiana Commission/Dept of Treasury:	
Americorps 2013-2014 Grant (0930)	94.006
Americorps 2014-2015 Grant (0940)	94.006
Volunteer Generation Fund	94.021
Volunteer Generation Fund	94.021
Volunteer Generation Fund	94.021
Department of the Interior:	
Historic Preservation Fund Grants-In-Aid	15.904
Total Federal Assistance	

<u>Grant Number</u>	<u>Grant Period</u>		<u>Grant Receipts</u>	<u>Current Expenditures</u>
	<u>From</u>	<u>To</u>		
CS221215-01	10/1/13	9/30/14	98,037	98,037
7CFR Part 25.7	10/1/13	9/30/14	551,222	526,804
2012-DJ-BX-0480	10/1/13	9/30/14	727	727
2012 BPV	10/1/13	9/30/14	10,191	10,191
2013-DJ-BX-0240	10/1/13	9/30/14	8,714	8,714
2010UMWX0127	10/1/13	9/30/14	97,842	97,842
G14GC0001A	10/1/13	9/30/14	54,667	54,667
JLEOTFS425302	10/1/13	9/30/14	13,718	13,718
F11-8-001	10/1/13	9/30/14	7,986	7,986
PN2014-30-39	10/1/13	9/30/14	107,082	107,082
PN2012-30-39FFY13	10/1/13	9/30/14	18	18
12AFHLA0010002	10/1/13	9/30/14	97,028	97,028
12AFHLA0010002	10/1/13	9/30/14	12,367	12,367
11VG129683016	10/1/13	9/30/14	956	956
14CDHLA00109	10/1/13	9/30/14	667	667
11VG129683002M	10/1/13	9/30/14	4,291	4,291
P13AF00181	10/1/13	9/30/14	2,425	2,425
			<u>\$ 12,111,185</u>	<u>\$ 12,086,767</u>

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2014

Note A. Scope of Audit

The audit was performed pursuant to the *Single Audit Act of 1996* and *OMB Circular A-133*.

Summary of significant accounting policies:

The above 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 (CAFR). 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 Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. OMB Circular A-133 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, 2014 were determined based on program activity. The City's major programs for the year ended September 30, 2014 were all federally assisted high risk "Type A" programs and 50% of federally assisted high risk "Type B" programs. Two high risk "Type B" programs were present in the current year, resulting in one being selected as a major 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 City of Lake Charles is receiving 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, 2014, the principal balance is \$4,146,649.

Note F. 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 25, 2015, the date which the schedule of expenditures of federal awards was available to be issued, and noted no events or transactions that occurred after the schedule of expenditures of federal awards date requiring recognition or disclosure.

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2014

SECTION I - SUMMARY OF AUDITOR'S 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 Yes X 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 Circular
A-133, Section .510(a)? Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grant Disaster Recovery
20.000	Federal Highway Administration
94.006	Volunteer Louisiana/Americorps

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 362,603

Auditee qualified as low-risk auditee? X Yes No

(continued on next page)

CITY OF LAKE CHARLES, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2014
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings to report.

CITY OF LAKE CHARLES, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2014
(Continued)

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 BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
Year Ended September 30, 2014

No findings to report