

CITY OF LAKE CHARLES, LOUISIANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the
Fiscal Year Ended
September 30, 2010



Prepared by
Department of Finance

CITY OF LAKE CHARLES
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2010

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CITY OF LAKE CHARLES

RANDY ROACH
MAYOR

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DEPARTMENT OF FINANCE
KAREN D. HARRELL, DIRECTOR

March 23, 2011

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, 2010. 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 unqualified ("clean") 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 Southwestern 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 10 years ago. 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. This number represents 0.3 percent growth from the 2000 census. 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

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. 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

Lake Charles is a deep water port with a 30-mile ship channel to the Gulf of Mexico, and has developed an economic base dominated by petrochemical manufacturing and refining since the 1940's. Southwest Louisiana has diversified its economy as is evident when you consider the following major economic drivers. The Port of Lake Charles is the 12th largest port in the United States. 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.

Below are excerpts from the *Louisiana Economic Outlook: 2011-2012* was released in October 2010 by its authors – Dr. Loren Scott, Dr. James Richardson, and Dr. M. Dek Terrell of Louisiana State University. According to the report, Lake Charles metropolitan area should add 800 jobs in each of the next two years – a growth rate of 0.9 percent each year. A number of diverse projects are cited as the basis for growth in the Lake Charles economy.

- **Shaw Modular Solutions:** This unit of Shaw has spent \$120 million to construct a new facility to manufacture modular components for nuclear power plants. The firm has already hired about 150 workers, should add 600-800 more over 2011-12, and ultimately support a 1,200-person workforce.
- **Aeroframe:** This firm had dropped from 475 employees down to 250 during the Great Recession. By the end of this year, the firm plans to be back up to about 650, then add 150 more in 2011, and another 200 in 2012.
- **Petrochemical plant maintenance:** A recent survey by the Lake Charles Industrial Alliance indicates the next two years will be big ones for turnaround work at the refineries and chemical plants in the area. Projections are for \$400.4 million in 2011 and \$800.3 million in 2012 – significant bumps compared to the last couple of years.
- **Northrop Grumman:** This firm recently received a maintenance contract for KC10 aircraft, which will boost its workforce by 200. Most of the hiring will be done in 2010.
- **Highway construction** projects underway or scheduled in Lake Charles MSA area total \$187.2 million over 2010-12.
- **Chenier Energy** has a \$220 million expansion underway that will be completed in late 2011.
- **Lake Charles Memorial Hospital** is constructing a \$20 million project scheduled for completion in mid-2012.

The report also cites several projects near final approval that could boost employment in the Lake Charles MSA above the forecast estimates. They include:

- **Leucadia:** This is a \$1.8 billion synthetic natural gas plant that would be the largest single capital project in southwest Louisiana history. Leucadia would create 150 jobs paying in the \$65,000 to \$75,000 range.
- **IFG** is a funding group that invests in infrastructure projects and is in the process of getting permits to build a grain elevator at the Port of Lake Charles. This first stage would involve a \$50 million investment and hire about 25 – 40 people.
- **Rain CH Carbon** has recently received approval for bonds and permitting to build a \$80 million gasification plant using pet coke from nearby refineries.

- **Dynamic Industries**, which employs about 500 in the Lake Charles area, has several bids out that if successful could increase its workforce by 700 people. One bid is for a huge natural gas clearing modular for Prudhoe Bay in Alaska. The project is so large that it would start in 2010 and not end until 2015.

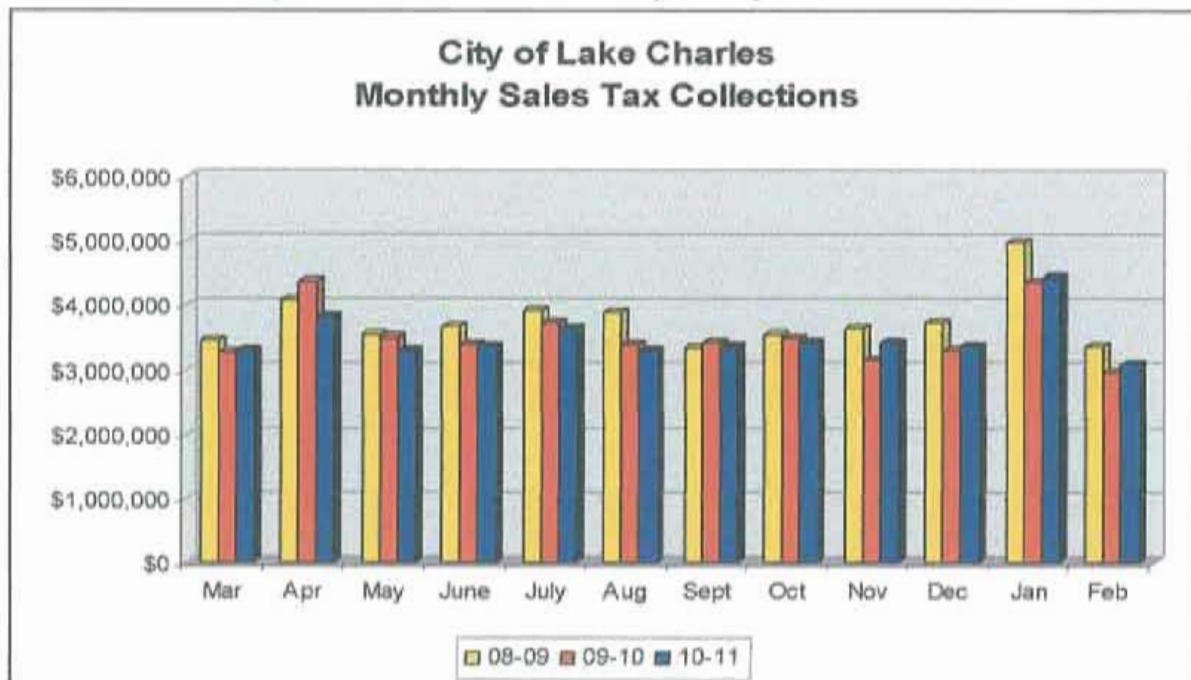
Although not listed in the October report, Creative Casinos was recently awarded the State of Louisiana's fifteenth and final casino license and plans to build a \$400 million casino-resort called Mojito Pointe on Port of Lake Charles property next to the L'Auberge du Lac facility, which is owned by Pinnacle Entertainment. This final license had been held by Pinnacle Entertainment since 2006 when they acquired Harrah's casino that was closed as a result of Hurricane Rita in 2005. Pinnacle had planned to build Sugarcane Bay Resort on the Port's property but cancelled the project in April 2010 and relinquished the license.

A recent article in *Site Selection Magazine*, the official publication of the Industrial Asset Management Council, confirmed that the above cited events make Southwest Louisiana a profitable location. The article noted that in 2010, Lake Charles topped the U.S. metropolitan area with populations between 50,000 and 200,000 in regards to new and expanded facilities. The magazine based its rankings on a tally of corporate facility expansion projects nationwide that involve new space and capital costs of at least \$1 million. According to the poll, there are 30 such projects in the Lake Charles Area.

In addition to the industry growth the *Lake Charles American Press* has reported the following:

- Lake Charles has opened 30 new eateries within the past two years. February 26, 2011
- The Lake Charles Regional Airport reported that they have seen a second year of double digit growth in passenger and traffic. March 3, 2011)
- Sowela Technical and Community College has growth of nearly 27 percent for spring 2011 compared to spring 2010, February 12, 2011
- Taxable sales in Calcasieu Parish are showing signs of a rebounding economy. February 12, 2011

Sales tax revenues, which account for the majority of the City's revenue and serve as a strong economic indicator, have increased 4.13 percent in the past 4 months compared to the same period in the prior year. Total decline for the 12 month period displayed below is 1.33 percent or \$563,422. This compares to a decline of 6.3 percent or \$2.9 million dollars when compared to the same 12 months in the previous year.



Current and Future Financial Plans

The City administration continues to monitor operating budgets very closely. Thirty-five full time positions were eliminated in the fiscal year 2011 budget. Skyrocketing retirement contributions for public safety officers are projected to be \$3.7 million for fiscal year 2011 compared to \$1.6 million in fiscal year 2009. The recent increase in the cost of fuel adds to the City's concerns. City departments continue to evaluate vacant positions and monitor all other costs. Although the City has strong cash reserves, the adopted 2011 General Fund operating budget projects a \$5 million draw down of reserves.

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 \$41 million of the bond proceeds and has an additional \$23.7 million in outstanding construction commitments related to the bond issue. Local road projects: McNeese Street, Lake Street and Enterprise Boulevard, and the Ryan Street Streetscape, a downtown development project, make up the majority of the spending commitment.

The City is working on two different enterprises that will bring commercial development to the lakefront which will include retail shopping, restaurants, and residential property. Preliminary approval has also been given for the development of the National Hurricane Museum and Science Center on the lakefront.

The City recently received approval from the Department of Environmental Quality for a \$21 million loan from the State Revolving Loan Fund for improvements to the City's wastewater system. This loan will be repaid over a 20 year period with sewer user fees generated in the Wastewater Fund

Accumulated 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 city bond and other capital improvement projects:

Bond Projects:

- McNeese Street road extension - \$7.5 million project under construction (includes \$1.7 million city capital funds), currently 93 percent complete
- Lake Street improvements - \$8 million estimate currently under construction with completion expected in summer 2012
- Enterprise Boulevard extension - \$11 million estimate currently under construction with completion expected in 2012
- Lake Street/West Prien Lake Road intersection improvements - \$1.9 million project recently completed
- Water and sewer projects - \$7.7 million completed projects; \$3.8 million under construction to be completed within the year
- Ryan Street Streetscape downtown development project - \$6.8 million currently under contract with completion expected in the spring 2012

Capital Projects:

- Lakefront Promenade - \$4.8 million completed in September 2010
- Creole Street fire station rebuild - \$1.4 million currently substantially complete
- Asphalt overlay of two major streets - \$4 million stimulus funding under contract
- Sale Road reconstruction - \$3.8 million in design phase
- Various smaller road, asphalt overlay, sidewalk and drainage projects under design, recently bid or under construction - \$1.7 million
- Riverside Park development - \$1.6 million currently under contract
- Tuten Park development - \$900,000 recently accepted bids
- Wastewater Treatment Plant A bar screen replacement and aeration basin improvement project - \$4 million currently under contract
- Wastewater Treatment Plant A Phase I improvements - \$4 million DEQ loan contract awarded March 2011
- Transit Facility - \$4.2 million design phase complete, estimated bid date May 2011
- Gateway - Pithon Coulee surge protection \$680,000 currently substantially complete

Additional downtown/lakefront development projects will be funded by bond funds, intergovernmental grants and capital project funds. The list of projects that are currently under design includes:

- Ryan Street coulee bridge rebuild – city portion \$61,000, currently in the bid phase
- Bord du lac Park and Amphitheater redesign and reconstruction
- Millennium Park rebuild
- Gill Street extension
- Highway 385 multi-use trail

Long-term financial planning:

The unreserved, undesignated fund balance in the General Fund is \$20.4 million which represents 34.8 percent of the 2011 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.

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, 2009. The City also received this award for its reports of the preceding twenty-five years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. Such reports must satisfy both GAAP and applicable legal requirements.

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

The preparation of this report could not have been accomplished without the efficient and dedicated efforts of the 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

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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, 2009

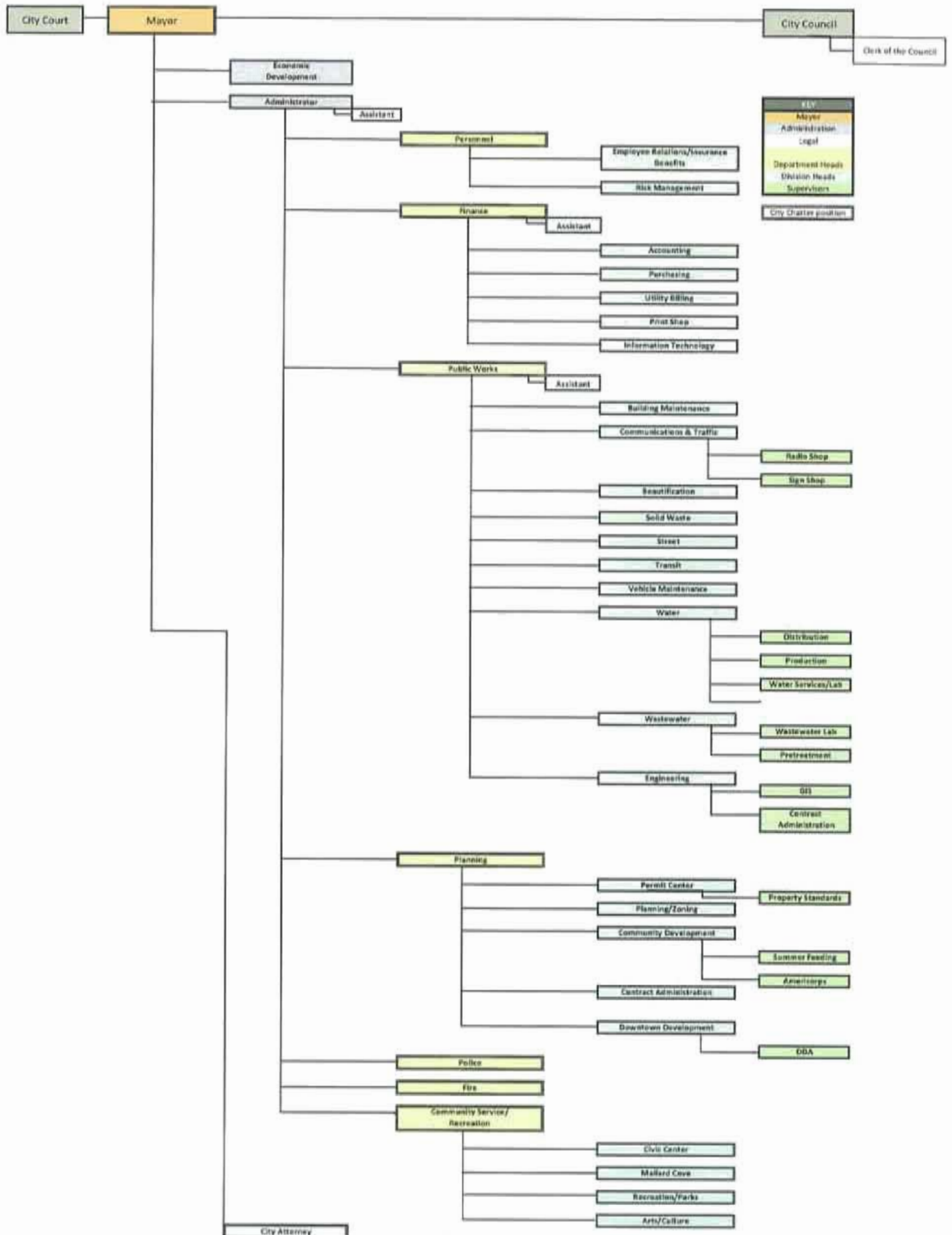
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

ORGANIZATIONAL CHART City of Lake Charles, Louisiana



CITY OF LAKE CHARLES

Lake Charles, Louisiana



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REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lake Charles, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2011, on our consideration of the City of Lake Charles, Louisiana's, internal control over financial reporting and 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* and should be considered in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 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

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the City of Lake Charles, Louisiana's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, schedules of revenues, expenditures, and changes in fund balances – budget and actual, schedules of capital assets used in operation of governmental funds and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, schedules of revenues, expenditures, and changes in fund balances – budget and actual, and schedules of capital assets used in 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken 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 it.



Lake Charles, Louisiana
March 22, 2011

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, 2010, and accompanies the basic financial statements beginning on page 29 of this report. The transmittal letter on pages 1 - 5 of this report provides further information from a broader perspective, and should be consulted in conjunction with this discussion and the financial statements themselves for a more complete understanding of the City's financial condition and economic environment.

Financial Highlights

- The City's net assets increased by \$12.4 million or 3.4 percent during the year to a total of \$379.7 million. Unrestricted financial assets comprise 9 percent of this total. Most of the increase is related to the City's ongoing investment in capital assets.
- Capital assets increased by \$14.7 million, net of depreciation, representing an increase of 4.6 percent from 2009. Increases in completed infrastructure projects include \$7 million for paving projects, the largest being Power Center Parkway, a \$5 million bond fund road project. There was \$7.2 million worth of completed sewer improvement projects that were funded with both city capital improvement funds and bond funds. The City purchased 4 new city buses with FTA funds at a cost of \$1.5 million and a new fire truck for \$548,000. The construction of a new club house at the golf course was completed at a total cost of \$1.9 million, most of which was paid for with disaster recovery funds.
- The greatest shift in capital assets is the completion of a \$44.5 million wastewater treatment plant and transport facility. This plant has been included as construction in progress since fiscal year 2004, with \$42 million included in the prior year's construction in progress. This asset is reflected as an increase to both the building and improvement categories of capital assets.
- The City currently has \$43.3 million in construction in progress, of which \$16 million is for on-going road projects. The McNeese Street Extension, which is included in the local road category of the bond issue at \$7.7 million, is currently under contract and \$4.5 million had been paid at the end of the fiscal year. Enterprise Boulevard extension and Lake Street renovations are two other local roads that were included in the bond issue, and both are currently under contract with construction just beginning. The City has two asphalt overlay projects that are being funded by the American Recovery and Reinvestment Act of which \$1.7 million is included as construction in progress.
- Also included as construction in progress, the City has spent \$4.6 million on 7 various sewer bond projects that are under contract. Over \$9 million has been spent on Downtown Development projects such as the Marina and Lakefront Promenade projects which are being funded by bond funds and Community Development Block Grant Recovery Funds. Major renovations of \$10 million to George West Water Plant are nearing completion with the final phase being the construction of a \$1.3 million ground storage tank at the facility.
- Total revenue from both governmental and business-type activities was \$106.3 million, a decrease of less than 1 percent from the previous year total of \$106.5 million. Although there was an increase of \$3.6 million in program revenues, the sales tax revenues decreased by \$3.5 million or 7.7 percent in 2010 from the prior year. The sales tax collections of \$41.7 million account for over 39 percent of total revenues. Riverboat revenues decreased slightly to \$8.9 million in 2010.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The 2010 governmental fund expenditures of \$95.4 million are a decrease of 2.2 percent from the \$97.5 million spent in 2009. Capital expenditures decreased from \$28 million in 2009 to \$24 million in 2010 as the City completed several projects and continued with the design and bidding phases of Phase 2 projects, primarily on roads, parks, water and sewer projects and downtown development. Departmental expenditures increased by \$2.1 million or 3.4%. Although the departments worked to contain costs at a constant level, increases in the fire and police departments' retirement contribution rates for the fourth quarter contributed to the overall increase.
- Total governmental fund balances were increased by \$30.4 million in 2010 to \$133.7 million. The Capital Project fund balance was increased by \$32.5 million due to the issuing of \$40 million in bonds for Phase 2 of the Public Improvement Project.
- The General Fund incurred an operating deficit for the first time in more than two decades when operating subsidies to other funds are factored in. The ending fund balance of \$25.8 million is a reduction of \$2.4 million from the 2009 ending balance of \$28.2 million.

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 Assets 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 assets." Changes in net assets 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 net assets during the City's 2010 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 all net assets. A comparison of the fund and government-wide statements with respect to governmental functions is useful in gaining a longer-term perspective than that

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 12 individual governmental funds, 6 of which are classified as major and are separately displayed in the Required Supplemental Information section beginning on page 72 of this report. The remaining 6 funds are aggregated into a single display on those statements but are individually presented in the combining statements referred to below.

The proprietary fund financial statements cover business-type activities in which external customers are charged for services, as well as internal service activities funded by charges to other city funds and operating units. The enterprise fund category in these statements corresponds to the business-type activities reported in the government-wide statements. The internal service category consists of two funds which account for risk 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 - 70 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 six 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City-wide Financial Analysis

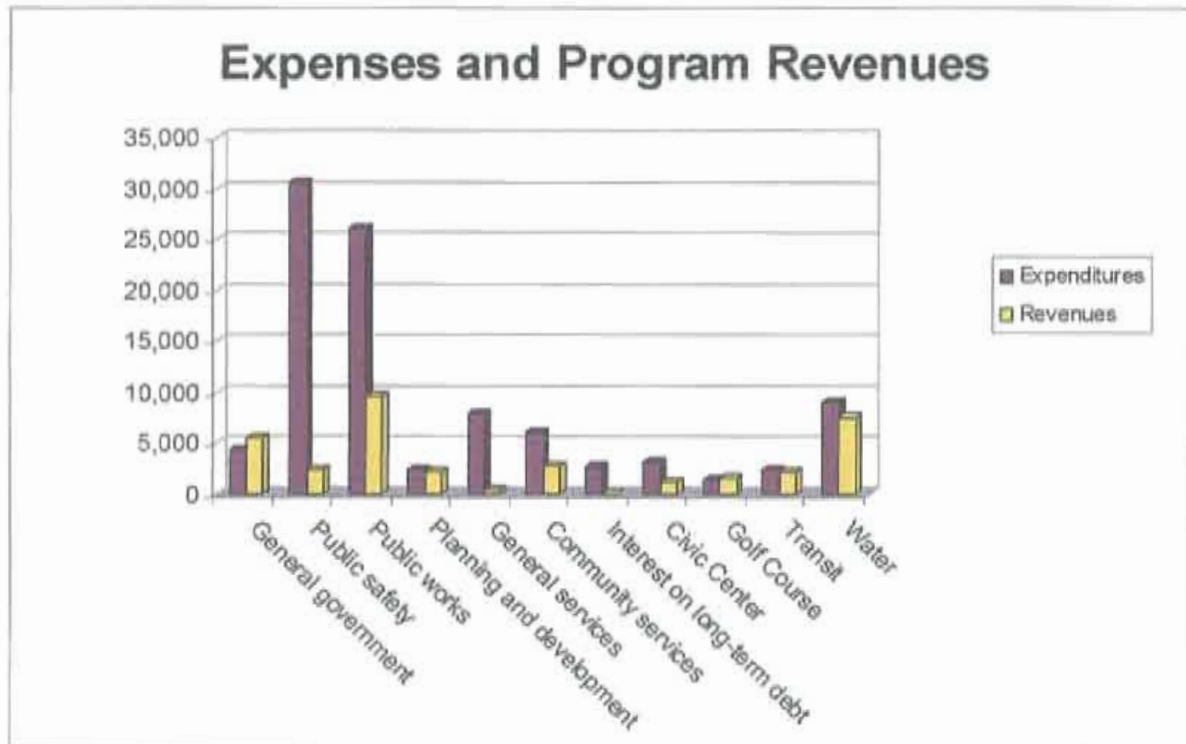
As shown on the government-wide financial statements, the City's net assets at the end of 2010 were \$379,703,029, with 75 percent of this total consisting of capital assets, i.e., physical plant, equipment, and infrastructure, less related outstanding debt. An additional 16 percent of net assets are externally restricted by law or contract, leaving 9 percent as unrestricted net assets which are generally available for use at the City's discretion. Year-end assets, liabilities, and net assets are summarized below. It should be noted that the investment in capital assets is not available as a financial resource for payment of related debt, other liabilities, or future costs, which will require the use of either existing financial resources or future revenues. Also note that capital assets are reported net of accumulated depreciation, and that the infrastructure portion of these reported assets includes only those projects completed since 1975.

NET ASSETS (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$153,580	\$124,156	\$ 6,328	\$ 5,106	\$159,908	\$129,262
Capital assets	268,538	254,661	68,319	67,502	336,857	322,163
Total assets	422,118	378,817	74,647	72,608	496,765	451,425
Long-term liabilities	94,975	61,637	671	622	95,646	62,259
Current and other liabilities	18,610	19,792	2,806	2,121	21,416	21,913
Total liabilities	113,585	81,429	3,477	2,743	117,062	84,172
Net assets:						
Invested in capital assets, net of debt	216,618	204,550	68,319	67,502	284,937	272,052
Restricted	60,553	30,622	-	-	60,553	30,622
Unrestricted	31,362	62,216	2,851	2,363	34,213	64,579
Total net assets	\$308,533	\$297,388	\$71,170	\$69,865	\$379,703	\$367,253

Net assets increased by \$12,450,308 or 3.4 percent for the City as a whole during the 2010 fiscal year. The change in net assets for governmental activities was a 3.7 percent increase, while business-type activities experienced a 1.9 percent increase. Most of the change is related to increases in capital assets.

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 unrestricted sources.



On an overall basis, the City's total costs in 2010 were \$78 million for governmental activities and \$16 million for business-type activities. The portions not covered by program revenues, or net costs funded by taxes and other general revenues, were \$52.8 million for governmental activities and \$2 million for business-type activities. The public safety function (fire and police) historically accounts for the largest share of net cost, with \$26.6 million in excess expenses over program revenues during 2010. Total expenses of \$93.9 million are a 2.9 percent decrease over 2009 expenses of \$96.6 million. The City's administration worked closely with the departments to contain costs during the year in order to minimize the projected deficit, especially in the beginning months of the fiscal year when sales tax revenues were decreased by 10 percent and more. Vacant positions were monitored and filled only when absolutely necessary. Purchases of vehicles and heavy equipment were reduced to minimal levels. The Fire Department entry-level pay was increased in September 2009 by nearly 8 percent with a corresponding increase to all other fire ranks, but otherwise during the 2010 fiscal year, the increase in other employees' pay was limited to the 2 percent longevity pay for eligible employees. Retirement contributions for public safety increased dramatically for the fourth quarter of the fiscal year.

The City's total revenue for 2010 was \$106 million, unchanged from 2009 revenues. Revenues for the Governmental Activities were decreased by only \$1.5 million; although sales tax collections were down by nearly \$3.5 million, increases in other sources helped off-set this loss. Business-type Activities revenues increased by \$1.3 million, mostly in Charges for Services due to increases in utility user fees.

The Statement of Activities for 2010 categorizes the City's revenues as either program revenues, which are service charges or grants and contributions for specific governmental or business-type functions, and general revenues which include most taxes and other revenue sources of a government-wide nature.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Major components of program and general revenues, together with total expenses and the resulting change in net assets, are summarized below for the 2010 fiscal year.

CHANGES IN NET ASSETS

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program revenues:						
Charges for services	\$15,129	\$14,254	\$10,842	\$ 9,823	\$25,971	\$24,077
Operating grants & contributions	4,426	3,801	1,307	1,199	5,733	5,000
Capital grants & contributions	5,685	4,913	1,699	1,510	7,384	6,423
General revenues:						
Property taxes	7,489	7,348	-	-	7,489	7,348
Sales taxes	41,686	45,150	-	-	41,686	45,150
Utility franchise taxes	5,703	5,446	-	-	5,703	5,446
Riverboat gaming taxes	8,959	9,099	-	-	8,959	9,099
Other general revenues	3,133	3,699	246	227	3,379	3,926
Total revenues	92,210	93,710	14,094	12,759	106,304	106,469
Expenses:						
General government	4,565	4,428	-	-	4,565	4,428
Public safety	29,211	30,691	-	-	29,211	30,691
Public works	24,949	26,205	-	-	24,949	26,205
Planning and development	2,855	2,420	-	-	2,855	2,420
General services	7,328	7,820	-	-	7,328	7,820
Community services	5,699	6,102	-	-	5,699	6,102
Interest in long-term debt	3,397	2,704	-	-	3,397	2,704
Civic Center	-	-	3,734	3,265	3,734	3,265
Golf Course	-	-	1,432	1,481	1,432	1,481
Transit	-	-	2,039	2,359	2,039	2,359
Water	-	-	8,645	9,139	8,645	9,139
Total expenses	78,004	80,370	15,850	16,244	93,854	96,614
Excess before transfers	14,206	13,340	(1,756)	(3,485)	12,450	9,855
Transfers	(3,061)	(6,554)	3,061	6,554	-	-
Increase (decrease) net assets	\$11,145	\$ 6,786	\$ 1,305	\$ 3,069	\$12,450	\$ 9,855

As indicated by the above table and the following chart, sales taxes are the City's largest single revenue source, accounting for 39.2 percent of all government-wide revenue in 2010, with a 7.7 percent decrease from 2009. The fiscal year 2011 budget projection is for standstill revenues; the current trend for the past 6 months is a 2 percent increase from the actual 2010 collection.

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. Governmental Activities capital grant funds for improvements to the lakefront in the amount of \$1.3 million were recorded in 2009 and \$2.7 million in 2010. Also included in that same category is \$1.5 million for asphalt overlay projects that are funded by the American Recovery and Reinvestment Act. In the Business-type capital grant and contributions, \$1.6 million was received from the Federal Transit Authority for new buses. The revenue in this category in 2009 was primarily for funds received from FEMA for final repairs to Enterprise Fund facilities that were damaged in prior year hurricanes.

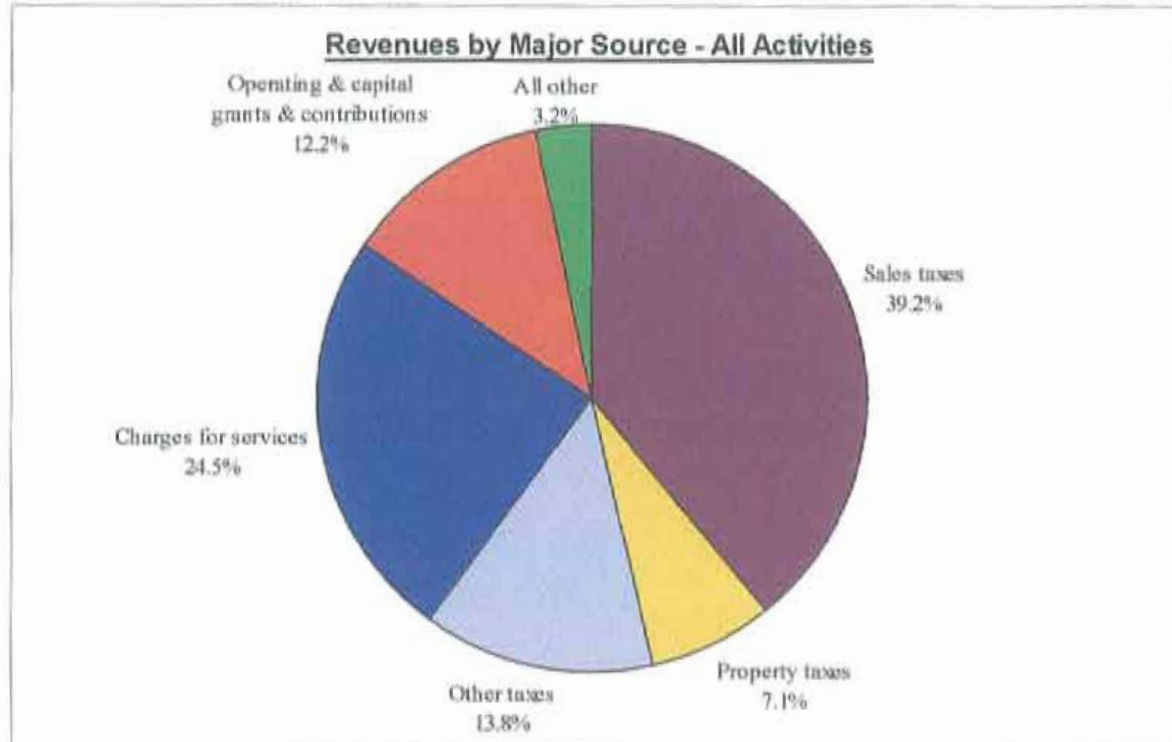
Property taxes account for 7 percent of total revenues and increased by less than 2 percent in 2010. The City of Lake Charles and the Calcasieu Parish Police Jury created the Calcasieu Parish Gaming Revenue District and in April 2007 entered into a cooperative endeavor agreement to pool most gaming revenues received parish-wide. Revenues for fiscal year 2010 were slightly below 2009 collections.

For the third year in a row the decrease in other general revenue is mostly attributable to the reduction in interest earnings. For the entirety of the fiscal year 2007, the Federal Reserve federal funds rate was 5.25 percent. Federal fund rates were drastically reduced during fiscal year 2008 and 2009 and remained low throughout 2010, which results in lower investment income.

Total expenses decreased from \$96.6 million to \$93.8 million or 2.9 percent in 2010. Most of this change is related to the charges that were made, in order to eliminate the effects of the Internal Service Fund Activity, to the various departments in 2009 to offset a \$2.3 million deficit change in net assets. In 2010, the Internal Service Fund has an increase in net assets of \$2.6 million so the result was a decrease of expenses on the Statement Activities rather than the increase in expenses that was recorded in 2009.

The increase in interest on long-term debt is due to the issuance of an additional \$40 million of bond in March 2010.

Transfers from governmental funds to proprietary funds were reduced by more than 50 percent compared to 2009. The General Fund transfers were for operating subsidies only; there were no transfers to fund capital projects in 2010 due to the reduction in revenues. Capital expenditures of bond funds for Civic Center Fund and Water Fund projects were \$459,739 in 2010 compared to the \$1.4 million transfer of capital assets in 2009 from the Capital Project Fund to the proprietary funds. This transfer is displayed as capital contributions 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 \$133,723,439 at the end of fiscal year 2010, an increase of \$30 million from fiscal year 2009. The General Fund's operating expenditures and operating subsidy transfers exceeded revenues in 2010 resulting in an operating deficit in the General Fund for the first time in decades. The Capital Project Fund had a \$32.5 million increase of fund balance due to the issuance of \$40 million in bonds. The proceeds of this issue and the \$35 million 2007 bond issue are being drawn down for completed and ongoing bond projects.

The City's proprietary funds' net assets increased from \$69,865,026 in 2009 to \$71,169,872. The most notable change is the increase in capital assets in the Transit Fund due to the purchase of four new transit buses.

General Fund Summary

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

The City's operating budget was amended at the half-way point during the year, with an 11 percent or \$3.9 million projected reduction in sales tax revenue and a \$1.7 million projected decrease in franchise fee and licenses taxes. Budgeted expenditure reductions of \$2.1 million were made in personnel cost, travel, gasoline and other miscellaneous line items. \$1.2 million was cut from the capital equipment line items, as the departments were asked to defer purchases of vehicles and other equipment. The budget for retirement contributions for the fire and police departments was increased by \$460,000 to cover the increased contribution rate that was effective for the last quarter of the fiscal year.

Actual revenue of \$53,559,803 did exceed the final budgeted amount by \$1.8 million, but was a 4.5 percent decrease compared to 2009 revenues of \$56 million. Sales tax revenues, which account for 59 percent of all General Fund revenues, were reduced by 7 percent or \$2.4 million.

Actual General Fund operating expenditures of \$51,456,270 were \$2.9 million less than the final budgeted amount. This represents a 3 percent increase over prior year expenditures of \$49.8 million. For the year, salaries cost increased by 2 percent, with the Fire Department entry-level pay increasing in September 2009 by nearly 8 percent and a corresponding increase to all other fire ranks, but otherwise during the 2010 fiscal year, increases in employees' pay was limited to the 2 percent longevity pay for eligible employees. Fringe benefit costs increased by \$1.8 million over 2009 with increases in health insurance and retirement contributions for public safety for the fourth quarter of the fiscal year. The City spent \$1.2 million less in 2010 compared to 2009 on vehicles and other small and large equipment purchases.

The General Fund's 2009 transfers to other funds of \$10 million included \$5.4 million for transfer to other funds for capital acquisitions and improvements. The 2010 transfers included transfers necessary to subsidize the grant funds and the proprietary funds, and did not include any capital transfers. The transfer to the Risk Management Fund was \$1 million less than the 2009 transfer, which included \$1.25 million for the first year's payment for the firefighter's supplemental pay lawsuit. \$568,634 was transferred for the payment in 2010 and will be necessary for the next two fiscal years.

A transfer from the Riverboat Gaming Fund was budgeted into the General Fund to pay for contracted life-cycle management of the downtown area and to fund major equipment purchases. The amount actually transferred in reflects only the life-cycle management. Due to the budget reduction, the equipment purchases were deferred.

The total reduction in fund balance was \$2,456,154, as opposed to the final budgeted reduction of \$6.5 million. This favorable variance is attributable to an increase in actual revenue and savings in operating cost due to factors such as

MANAGEMENT'S DISCUSSION AND ANALYSIS

staffing vacancies and further reduction in equipment purchases by the Public Works Department. The City will use a portion of the fund balance in 2011 to offset the shortfall that is projected in revenues over expenditures.

The General Fund's ending balance in 2010 was \$25,781,832, which represents 46 percent of total expenditures and transfers made from the fund that year compared to \$28.2 million or 47 percent at 2009 fiscal year end.

Other Major Fund Summary

The Riverboat Gaming Special Revenue Fund revenues of \$9 million were a 1.5 percent decrease in riverboat taxes compared to 2009. Budgeted operating transfers to other funds were less than budgeted because the transfer to the General Fund was less than anticipated. The fund balance increase of \$475,615 results in a total fund balance of \$1.9 million.

The Community Development Special Revenue Fund revenues of \$1 million are directly related to reimbursement for actual expenditures and were less than budgeted. Community Development expenditures for infrastructure were reduced by 63 percent in fiscal year 2010 compared to fiscal year 2009.

The Waste Water Special Revenue Fund revenues increased by 5 percent fiscal year 2010 compared to the prior year. Rates were increased by 8 percent in January 2010, as they have for the last several years. 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 pay for debt service obligations. Fund balance in the fund increased by \$1.3 million to \$5.5 million.

The Capital Projects Fund accounts for over 24 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 were \$3 million less in 2010 compared to 2009, as large projects were completed and the next phase of developments is just getting underway at the time of this report. The transfers out of the fund reflect capital asset expenditures of bond funds for assets that are recorded in the Enterprise Funds of \$459,739 million, \$866,044 for debt service requirements for the 2007 bond issue and \$350,000 for the 2010 bond issue.

The business-type activities had a \$1.3 million increase in total net assets. Capital grants and contributions in the Transit Fund are for funds received from Federal Transit Authority for the purchase of 4 new transit buses. Charges for Services revenue increased by 10 percent in 2010, in spite of reductions in the civic center and golf course. The largest increase was in the Water Fund, where rates were slightly increased in January 2010 and better collection policies were implemented. The Transit Fund had an increase in net assets of \$1.5 million due to the purchase of the new buses. Net assets of the Water Fund increased by \$662,231 as a result of continued renovations to the George West Water Plant.

Capital Assets

The City's total investment in capital assets at the end of the 2010 fiscal year was \$336.8 million, net of accumulated depreciation. The increase in capital assets during the year was \$14.7 million which includes \$67 million for completed projects and a \$40 million reduction in construction in progress.

The completion of a \$44 million wastewater plant and transportation facility accounted for most of the change. The completion of this project is reflected in the increase to the Building and the Improvement category on the Capital Asset schedule below. It also accounted for the reduction in Construction in Progress. At fiscal year end, the City had several projects under construction such as road projects, sewer plants and water plant renovations, water and sewer line projects as well as the projects on the lakefront, some of which have been completed as of this date.

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 will be used to repay the debt. Proceeds from the loan will be used for improving streets and roads, park and recreation facilities, water and waste water systems, downtown and/or lakefront development infrastructure and economic development facilities 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, 2009 the City had spent \$26 million on bond

MANAGEMENT'S DISCUSSION AND ANALYSIS

projects; fiscal year 2010 spending totaled \$13 million. The first big local road project, Power Center Parkway extension, for \$5 million has been completed. McNeese Street extension road project is under construction and is 65% completed. The City has recently issued the notice to proceed for the Lake Street and Enterprise Boulevard extension road projects, both of which will take at least 18 months to complete. Twenty-five water and sewer projects have been completed valued at \$7.7 million. Five more are currently under contract for \$4.3 million.

The development of the lakefront and downtown area has been on the minds of citizens and much progress has been made with the recent completion of the marina and the lakefront promenade. The City just broke ground on a \$6.8 million Ryan Street Streetscape project that will transform the main corridor through downtown into a pedestrian friendly street which will encourage and continue the revitalization of downtown businesses. The rebuild of the Millennium Park on the lakefront, which was recently destroyed by arson, is a very exciting project. The design is in the final phase, and construction should be well underway by fiscal year end. Several other projects are in the design stage and should be under contract by the end of fiscal year 2011.

This influx of bond revenues will allow 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 capital asset events during the current year included the following:

- Completion of \$44 million wastewater treatment facility and transport/trunk system
- Creole Street fire station (\$1.3 million)
- Completed Oak Park Sewer line rehabilitation (\$3.1 million)
- Completed Golf Course clubhouse rebuild (\$1.9 million)
- Hodges Street and West McNeese and Weaver Road asphalt overlay projects (\$1.5 current year ARRA funds)
- Repairs to various city properties, such as city hall and central school (\$500,000 current year)
- Various city park improvements, including Riverside and Tuten Park and includes a donation to Ward 3 Recreation District for the construction of a gymnasium (\$820,000 current year)

Bond project current year expenses are as follows:

- Substantial completion of the Lakefront Promenade (\$260,000 bond funds plus \$2.9 million CDBG Disaster Recovery Funds spent in current year; \$713,000 bond funds plus \$4.1 million CDBG DRU funds spent for total project)
- Local roads – completion of Power Center Parkway extension, construction of McNeese Street extension and design and right-of-way acquisition for Lake Street renovations and Enterprise Boulevard extension (\$5 million)
- State roads – intersection improvements at Lake Street and Prien Lake Street (\$1.4 million)
- Water and sewer projects – 14 water projects and 8 sewer projects but primarily Lisle Peters Road and Henderson Bayou sewer projects (\$2.4 million)
- Continued Lakefront Development projects such as the Bord du lac Park and Amphitheater project, Ryan Street Streetscape, and Gill Street extension (\$1.1 million)
- Completion of Lakefront Marina (\$350,000 current year expenses, \$1.9 million total)

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Economic Development initiatives for construction of three facilities: Calcasieu Parish School Board Technical Facility, Chennault Industrial Airpark Authority Hangar G Annex and the SW Louisiana Entrepreneurial and Economic Development Center (\$500,000 contribution to each facility)

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).

Capital Assets as of September 30, 2010
(net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 12,793	\$ 12,793	\$ 2,105	\$ 2,105	\$ 14,898	\$ 14,898
Buildings	34,006	8,197	3,268	1,964	37,274	10,161
Improvements other than buildings	25,322	7,498	48,642	49,269	73,964	56,767
Equipment	9,340	9,722	3,722	2,533	13,062	12,255
Infrastructure	154,349	144,694	-	-	154,349	144,694
Construction in progress	32,728	71,757	10,582	11,630	43,310	83,387
Total	<u>\$268,538</u>	<u>\$254,661</u>	<u>\$ 68,319</u>	<u>\$ 67,501</u>	<u>\$ 336,857</u>	<u>\$ 322,162</u>

Debt Administration

As of September 30, 2010, the City had \$101.5 million in non-current liabilities compared to \$66 million the previous year. Over 93 percent of the total is bonded debt, all of which is payable from future annual appropriations. Approximately 59 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 for the first time in recent history in early 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". In the fall of 2010, Fitch reaffirmed their rating on these bonds and upgraded to "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 were 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The City of Lake Charles was recently approved from 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. This loan will close within the current fiscal year and will be repaid with sewer user fees of the Wastewater Special Revenue fund over a 20 year period.

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

Economic Outlook and Next Year's Budget

The *Louisiana Economic Outlook: 2011-2012* was released in October 2010 by its authors – Dr. Loren Scott, Dr. James Richardson, and Dr. M. Dek Terrell of Louisiana State University. According to the report, Lake Charles metropolitan area should add 800 jobs in each of the next two years – a growth rate of 0.9 percent each year.

The following information was obtained from *Southwest Louisiana Economic Indicators*, dated December 13, 2010 McNeese State University College of Business, Dr. Mitchell Adrian, Dean; H.C. Drew Center for Economic Development Information Services, Dr. Douglas W. McNiel, Director

- Gaming industry: Riverboat casinos in Calcasieu Parish, calendar year-to-date through October 2010, had a Adjusted Gross Receipts (AGR) of \$388 million, which was down about 5 percent from the same ten month period in 2009. Year-to-date AGR generated through October 2010 from the slots at Delta Downs totaled nearly \$145 million, which was down about 6 percent from the same ten month period in 2009.
- Labor Market trends: At the end of January the Calcasieu Parish unemployment rate was 8 percent; the statewide unemployment rate was 8.6 percent; and the nationwide unemployment rate was 9.8 percent.
- Real Estate: For the first eleven months of 2010, the number of homes sold was down by less than 6% when compared to the same period in 2009. The average price for single family homes sold during the period of 2010 was \$149,065 an increase of 1.7 percent compared to \$146,424 in 2009.

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 2011.

Taxable sales comparisons for the twelve month period ending February 28, 2011 of \$4,064 million compared to the twelve month period ending February 28, 2010 of \$4,031 million shows an increase of \$33 million or 0.8 percent. City of Lake Charles collections for the first four months of the current fiscal year have a cumulative increase of 4.13 percent compared to the same period in the previous fiscal year.

The above items and other economic indicators were considered when preparing the budget for the 2011 fiscal year.

The City adopted a 2011 General Fund budget which is projected to need to draw down \$4,008,619 of its previously accumulated fund balance to cover the difference between projected revenues and operating expenditures and transfers to other funds. An additional \$500,000 of fund balance is budgeted to be transferred to other funds for capital expenditures or other unforeseen emergency, and \$568,634 will be transferred to the Risk Management Internal Service Fund to pay for the third payment of the firefighter's supplemental pay lawsuit settlement. Revenues are budgeted to increase by 3.85 percent over the final amended 2010 revenues.

Operating expenses were projected to increase by 1.3 percent compared to the amended 2010 budget. The adopted budget has 30 full time positions less than the previous year's 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest increase in the 2011 budget is in retirement contributions paid to the state retirement systems due to substantial rate increases in the fire and police departments. Major acquisitions of vehicles and other equipment purchases are very limited in the current year budget.

The City completed 2010 with a General Fund balance of \$25.8 million which exceeds the minimum fund balance target of 30 percent of budgeted expenditures and non-capital transfers.

The City is moving forward with the projects that were approved in the bond proposition for improvements to roads, recreation facilities, water and waste water systems, and downtown development. Phase 1 bonds of \$35 million have been all been spent, and the City has Phase 2 bond funds of \$40 million to spend on Lake Street and Enterprise Boulevard and Ryan Street Streetscape. It will also be used for additional water and sewer projects and lakefront development. The Capital Project budget also includes the spending of funds that were previously accumulated for roads and other projects that were not included in the bond 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.

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BASIC FINANCIAL STATEMENTS



CITY OF LAKE CHARLES, LOUISIANA

Statement of Net Assets

September 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City Court	City Marshal
ASSETS					
Cash and cash equivalents	\$ 33,434,443	\$ 2,948,025	\$ 36,382,468	\$1,125,233	\$ 659,452
Investments	102,283,217	1,917,554	104,200,771	-	-
Receivables (net of allowance for uncollectables)	13,906,752	2,766,195	16,672,947		1,007
Internal balances	2,645,901	(2,645,901)	-	256,625	-
Inventories	238,929	414,100	653,029	-	-
Prepays	1,070,604	15,264	1,085,868	-	-
Restricted assets:					
Cash and cash equivalents	-	912,885	912,885	981,755	-
Capital assets (net of accumulated depreciation)					
Land	12,793,280	2,104,506	14,897,786	-	-
Building	34,006,700	3,268,598	37,275,298	-	-
Improvements other than buildings	25,321,391	48,641,844	73,963,235	-	-
Equipment	9,340,240	3,721,961	13,062,201	36,912	180,841
Infrastructure	154,348,615	-	154,348,615	-	-
Construction in progress	32,727,926	10,582,291	43,310,217	-	-
Total assets	<u>422,117,998</u>	<u>74,647,322</u>	<u>496,765,320</u>	<u>2,400,525</u>	<u>841,300</u>
LIABILITIES					
Accounts payable & other current liabilities	5,169,059	1,895,521	7,064,580	54,527	12,064
Liabilities payable from restricted assets	-	906,195	906,195	-	-
Claims payable within one year	6,519,062	-	6,519,062	-	-
Claims payable in more than one year	1,006,326	-	1,006,326	-	-
Noncurrent liabilities:					
Due within one year	5,914,979	5,000	5,919,979	-	-
Due in more than one year	94,266,445	574,473	94,840,918	-	-
OPEB payable	708,970	96,261	805,231	-	-
Total liabilities	<u>113,584,841</u>	<u>3,477,450</u>	<u>117,062,291</u>	<u>54,527</u>	<u>12,064</u>
NET ASSETS					
Invested in capital assets, net of related debt	216,617,939	68,319,200	284,937,139	36,912	180,841
Restricted for:					
Capital projects	53,879,829	-	53,879,829	-	-
Debt service	1,194,194	-	1,194,194	-	-
Other purpose - Waste Water	5,479,577	-	5,479,577	-	-
Unrestricted	31,361,618	2,850,672	34,212,290	2,309,086	648,395
Total net assets	<u>\$308,533,157</u>	<u>\$ 71,169,872</u>	<u>\$ 379,703,029</u>	<u>\$2,345,998</u>	<u>\$ 829,236</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, 2010

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets					Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions			Governmental Activities	Primary Governmental Activities	Business-Type Activities	Total	City Court	City Marshal
Primary government:												
Governmental activities:												
General government	\$ 4,565,486	\$ 5,091,090	\$ 258,671	\$ -	\$ -	\$ 784,275	\$ -	\$ -	\$ 784,275	\$ -	\$ -	\$ -
Public safety	29,211,079	120,398	2,432,958	-	-	(26,657,723)	-	-	(26,657,723)	-	-	-
Public works	24,948,706	9,006,678	102,626	2,546,278	-	(13,293,124)	-	-	(13,293,124)	-	-	-
Planning and development	2,855,462	572,327	902,458	324,442	-	(1,056,235)	-	-	(1,056,235)	-	-	-
General services	7,327,977	47,337	-	-	-	(7,280,640)	-	-	(7,280,640)	-	-	-
Community services	5,699,264	290,816	729,427	2,814,609	-	(1,864,412)	-	-	(1,864,412)	-	-	-
Interest in long-term debt	3,396,559	-	-	-	-	(3,396,559)	-	-	(3,396,559)	-	-	-
Total governmental activities	78,004,533	15,128,646	4,426,140	5,685,329	-	(52,764,418)	-	-	(52,764,418)	-	-	-
Business-type activities:												
Civic center	3,734,478	930,113	-	9,391	-	-	-	(2,794,974)	(2,794,974)	-	-	-
Golf Course	1,432,343	905,153	-	-	-	-	-	(527,190)	(527,190)	-	-	-
Transit	2,038,547	81,418	1,307,484	1,606,357	-	-	-	956,712	956,712	-	-	-
Water	8,645,421	8,925,396	-	83,000	-	-	-	362,975	362,975	-	-	-
Total business-type activities	15,850,789	10,842,080	1,307,484	1,698,748	-	-	-	(2,002,477)	(2,002,477)	-	-	-
Total primary government	\$ 93,855,322	\$ 25,970,726	\$ 5,733,624	\$ 7,384,077	-	\$ (52,764,418)	\$ (52,764,418)	\$ (2,002,477)	\$ (54,766,895)	\$ -	\$ -	\$ -
Component units:												
City Court	\$ 452,700	\$ 453,212	\$ -	\$ 251,670	-	-	-	-	-	\$ 252,182	\$ -	\$ 61,287
City Marshal	404,953	466,240	-	-	-	-	-	-	-	252,182	61,287	-
Total component units	\$ 857,653	\$ 919,452	\$ -	\$ 251,670	-	-	-	-	-	-	-	-
General revenues:												
Property taxes						7,489,471	-	-	7,489,471	-	-	-
Sales taxes						41,685,781	-	-	41,685,781	-	-	-
Franchise taxes						5,702,863	-	-	5,702,863	-	-	-
Riverboat taxes						8,959,034	-	-	8,959,034	-	-	-
Grants and contributions not restricted to specific programs						198,471	200,000	-	398,471	-	-	-
Interest and investment earnings						1,728,068	46,565	-	1,774,633	954	-	-
Miscellaneous						1,206,950	-	-	1,206,950	170,961	-	-
Transfers						(3,060,758)	3,060,758	-	-	-	-	-
Total general revenues and transfers						63,909,880	3,307,323	-	67,217,203	171,915	-	-
Change in net assets						11,145,462	1,304,846	-	12,450,308	424,097	61,287	-
Net assets - beginning						297,387,695	69,865,026	-	367,252,721	1,921,901	767,949	-
Net assets - ending						\$ 308,533,157	\$ 71,169,872	-	\$ 379,703,029	\$ 2,345,998	\$ 829,236	-

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

CITY OF LAKE CHARLES, LOUISIANA

Balance Sheet Governmental Funds September 30, 2010

	General	Riverboat Gaming Special Revenue	Community Development Special Revenue
ASSETS			
Cash (Note 4-A)	\$ 8,304,224	\$ 226,856	\$ -
Investments (Note 4-A)	15,485,751	577,202	-
Receivable (net of allowance for uncollectable)			
Accounts (Note 4-B)	5,353,997	461,445	18,350
Special Assessments	-	-	-
Accrued interest	51,716	3,829	-
Intergovernmental (Note 4-B)	89,006	-	173,540
Due from other funds (Note 4-F)	402,276	631,194	15,412
Inventory	238,929	-	-
Prepaid items	58,904	-	-
Total assets	<u>\$ 29,984,803</u>	<u>\$ 1,900,526</u>	<u>\$ 207,302</u>
LIABILITIES			
Accounts payable	\$ 2,297,714	\$ -	\$ 142,392
Contracts payable	-	-	-
Escrow	547,669	-	13,358
Due to other funds	1,344,920	-	33
Deferred revenues	-	-	-
Other liabilities	12,668	-	-
Total liabilities	<u>4,202,971</u>	<u>-</u>	<u>155,783</u>
FUND BALANCES			
Reserved for inventory	238,930	-	-
Reserved for prepaid items (Note 1-D)	58,904	-	-
Reserved for encumbrances (Note 3-B)	-	-	-
Reserved for debt service	-	-	-
Unreserved, designated for, reported in:			
Subsequent year's expenditures in General Fund	5,077,253	-	-
Subsequent year's expenditures in Special Revenue	-	9,627	-
Designated in Capital Projects	-	-	-
Unreserved, undesignated reported in:			
General Fund	20,406,745	-	-
Special revenue funds	-	1,890,899	51,519
Total fund balances	<u>25,781,832</u>	<u>1,900,526</u>	<u>51,519</u>
Total liabilities and fund balances	<u>\$ 29,984,803</u>	<u>\$ 1,900,526</u>	<u>\$ 207,302</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
\$ 3,109,346	\$ 3,677,750	\$ 10,570,527	\$ 2,483,025	\$ 28,371,728
1,600,914	1,065,943	75,598,815	3,303,395	97,632,020
1,169,806	-	631,444	202,082	7,837,124
-	544,752	-	-	544,752
11,699	226	318,831	20,766	407,067
-	-	2,723,128	1,612,489	4,598,163
976	23,020	100,000	6,153	1,179,031
-	-	-	-	238,929
34,008	2,000	-	26,630	121,542
<u>\$ 5,926,749</u>	<u>\$ 5,313,691</u>	<u>\$ 89,942,745</u>	<u>\$ 7,654,540</u>	<u>\$ 140,930,356</u>
\$ 274,033	\$ 23,158	\$ 656,296	\$ 298,261	\$ 3,691,854
-	-	835,381	-	835,381
-	22,183	-	370	583,580
173,139	-	-	128,792	1,646,884
-	435,802	748	-	436,550
-	-	-	-	12,668
<u>447,172</u>	<u>481,143</u>	<u>1,492,425</u>	<u>427,423</u>	<u>7,206,917</u>
-	-	-	-	238,930
34,008	-	-	26,630	119,542
-	-	11,129,667	-	11,129,667
-	4,832,548	-	-	4,832,548
-	-	-	-	5,077,253
-	-	-	10,855	20,482
-	-	77,320,653	-	77,320,653
-	-	-	-	20,406,745
5,445,569	-	-	7,189,632	14,577,619
<u>5,479,577</u>	<u>4,832,548</u>	<u>88,450,320</u>	<u>7,227,117</u>	<u>133,723,439</u>
<u>\$ 5,926,749</u>	<u>\$ 5,313,691</u>	<u>\$ 89,942,745</u>	<u>\$ 7,654,540</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	268,527,488
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds.	436,550
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 assets.	6,659,838
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.	(100,814,158)

Net assets of governmental activities	<u>\$ 308,533,157</u>
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CITY OF LAKE CHARLES, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For Fiscal Year Ended September 30, 2010

	<u>General</u>	<u>Riverboat Gaming Special Revenue</u>	<u>Community Development Special Revenue</u>
Revenues:			
Taxes	\$ 41,340,628	\$ 8,959,034	\$ -
Licenses and permits	6,357,695	-	-
Intergovernmental	2,141,856	-	1,034,305
Charges for services	2,339,205	-	-
Fines and forfeitures	338,073	-	-
Miscellaneous	1,042,346	14,202	1,100
Total revenues	<u>53,559,803</u>	<u>8,973,236</u>	<u>1,035,405</u>
Expenditures:			
Current operating:			
General government	2,727,390	-	-
Finance	1,496,010	-	-
Human Resources	352,726	-	-
Fire	12,729,943	-	-
Police	15,414,907	-	-
Public works	13,027,247	-	-
Planning and development	1,644,818	-	758,958
Community services	-	-	-
General services	4,063,229	-	-
Capital projects	-	-	324,442
Debt service:			
Principal retirement	-	-	-
Bond issuance costs	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>51,456,270</u>	<u>-</u>	<u>1,083,400</u>
Excess (deficiency) of revenues over expenditures	<u>2,103,533</u>	<u>8,973,236</u>	<u>(47,995)</u>
Other financing sources (uses):			
Transfers in	233,806	69,368	59,790
Transfers out	(4,793,493)	(8,566,989)	-
Bond refunding	-	-	-
Proceeds of loan	-	-	-
Premium on debt issuance	-	-	-
Total other financing sources (uses)	<u>(4,559,687)</u>	<u>(8,497,621)</u>	<u>59,790</u>
Net change in fund balances	(2,456,154)	475,615	11,795
Fund balance at beginning of year	<u>28,237,986</u>	<u>1,424,911</u>	<u>39,724</u>
Fund balance at end of year	<u>\$ 25,781,832</u>	<u>\$ 1,900,526</u>	<u>\$ 51,519</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
\$ 2,941,189	\$ -	\$ 5,147,087	\$ 2,293,366	\$ 60,681,304
-	-	-	-	6,357,695
-	-	5,833,325	1,821,400	10,830,886
8,961,407	-	-	-	11,300,612
-	-	-	-	338,073
42,500	23,802	1,226,475	358,421	2,708,846
<u>11,945,096</u>	<u>23,802</u>	<u>12,206,887</u>	<u>4,473,187</u>	<u>92,217,416</u>
-	-	-	-	2,727,390
-	-	-	-	1,496,010
-	-	-	-	352,726
-	-	-	-	12,729,943
-	-	-	360,101	15,775,008
7,155,416	-	-	89,977	20,272,640
-	-	-	192,595	2,596,371
-	-	-	4,780,142	4,780,142
-	-	-	33,625	4,096,854
88,681	-	23,550,904	494,477	24,458,504
-	4,062,242	-	-	4,062,242
-	467,321	947,359	-	1,414,680
-	2,109,632	-	-	2,109,632
<u>7,244,097</u>	<u>6,639,195</u>	<u>24,498,263</u>	<u>5,950,917</u>	<u>96,872,142</u>
<u>4,700,999</u>	<u>(6,615,393)</u>	<u>(12,291,376)</u>	<u>(1,477,730)</u>	<u>(4,654,726)</u>
-	7,156,740	5,500,000	1,532,309	14,552,013
(3,406,667)	(69,368)	(1,675,783)	(100,000)	(18,612,300)
-	(20,100,000)	-	-	(20,100,000)
-	17,735,000	39,280,000	-	57,015,000
-	470,437	1,704,449	-	2,174,886
<u>(3,406,667)</u>	<u>5,192,809</u>	<u>44,808,666</u>	<u>1,432,309</u>	<u>35,029,599</u>
1,294,332	(1,422,584)	32,517,290	(45,421)	30,374,873
4,185,245	6,255,132	55,933,030	7,272,538	103,348,566
<u>\$ 5,479,577</u>	<u>\$ 4,832,548</u>	<u>\$ 88,450,320</u>	<u>\$ 7,227,117</u>	<u>\$ 133,723,439</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, 2010

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

Net change in fund balances - total governmental funds	\$ 30,374,873
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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.	13,881,480
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(18,433)
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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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(35,389,492)
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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>2,297,034</u>
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Change in net assets of governmental activities	<u><u>\$ 11,145,462</u></u>
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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 Assets Proprietary Funds September 30, 2010

	Business-type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Civic Center	Golf Course	Public Transit	Water Utility	Totals 2010	
ASSETS						
Current assets:						
Cash	\$ 1,582,658	\$ -	\$ -	\$ 1,365,367	\$ 2,948,025	\$ 5,062,715
Investments	69,910	-	39,239	1,808,405	1,917,554	4,651,197
Restricted cash:						
Customer deposits	-	-	-	912,885	912,885	-
Accounts receivable (net of allowance for uncollectible)	43,006	13	384	742,054	785,457	500,219
Accrued interest receivable	-	-	-	10,628	10,628	19,427
Intergovernmental receivables	29,919	-	1,877,409	62,782	1,970,110	-
Due from other funds	41,450	201,231	-	-	242,681	430,743
Inventories	22,547	72,589	-	318,964	414,100	-
Prepaid items	6,951	1,159	-	7,154	15,264	949,062
Total current assets	<u>1,796,441</u>	<u>274,992</u>	<u>1,917,032</u>	<u>5,228,239</u>	<u>9,216,704</u>	<u>11,613,363</u>
Capital assets:						
Land	-	1,065,697	806,824	231,985	2,104,506	-
Buses	-	-	3,165,831	-	3,165,831	-
Buildings and structures	18,768,595	2,123,406	75,035	459,284	21,426,320	-
Improvements	14,370,228	2,348,585	-	60,376,582	77,095,395	-
Construction in Progress	29,098	-	212,352	10,340,840	10,582,290	-
Equipment, furniture and fixtures	<u>2,743,973</u>	<u>626,412</u>	<u>149,472</u>	<u>1,756,219</u>	<u>5,276,076</u>	<u>36,225</u>
Total capital assets	<u>35,911,894</u>	<u>6,164,100</u>	<u>4,409,514</u>	<u>73,164,910</u>	<u>119,650,418</u>	<u>36,225</u>
Less accumulated depreciation	<u>24,168,383</u>	<u>1,264,041</u>	<u>1,533,408</u>	<u>24,365,385</u>	<u>51,331,217</u>	<u>25,561</u>
Total capital assets (net of accumulated depreciation)	<u>11,743,511</u>	<u>4,900,059</u>	<u>2,876,106</u>	<u>48,799,525</u>	<u>68,319,201</u>	<u>10,664</u>
Total assets	<u>13,539,952</u>	<u>5,175,051</u>	<u>4,793,138</u>	<u>54,027,764</u>	<u>77,535,905</u>	<u>11,624,027</u>

	Business-type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Civic Center	Golf Course	Public Transit	Water Utility	Totals 2010	
LIABILITIES						
Current liabilities :						
Accounts payable	78,210	192,676	1,048,275	436,211	1,755,372	45,576
Contracts payable	-	24,021	396	69,003	93,420	-
Customer deposits payable	-	-	-	906,195	906,195	-
Escrow	29,819	16,910	-	-	46,729	-
Due to other funds	-	871	106,501	96,495	203,867	1,705
Accrued insurance claims	-	-	-	-	-	6,194,061
Incurred-not reported claims	-	-	-	-	-	325,000
Total current liabilities	108,029	234,478	1,155,172	1,507,904	3,005,583	6,566,342
Non-current liabilities:						
Compensated absences	149,541	54,153	51,022	324,757	579,473	65,699
OPEB liability	13,574	15,215	12,572	54,900	96,261	10,537
Accrued insurance claims-noncurrent	-	-	-	-	-	1,006,326
Total non-current liabilities	163,115	69,368	63,594	379,657	675,734	1,082,562
Total liabilities	271,144	303,846	1,218,766	1,887,561	3,681,317	7,648,904
NET ASSETS						
Invested in capital assets	11,743,511	4,900,059	2,876,106	48,799,525	68,319,201	10,664
Unrestricted	1,525,297	(28,854)	698,266	3,340,678	5,535,387	3,964,458
Total net assets	\$ 13,268,808	\$4,871,205	\$3,574,372	\$52,140,203	73,854,588	\$ 3,975,122
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					(2,684,716)	
Change in net assets of business-type activities					\$71,169,872	

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 Assets
Proprietary Funds
For the Fiscal Year Ended September 30, 2010

	Business-type	
	Civic Center	Golf Course
Operating revenues:		
Charges for services	\$ 929,318	\$ 904,319
Other	795	834
Total operating revenues	<u>930,113</u>	<u>905,153</u>
Operating expenses:		
Personal services	1,159,337	582,753
Materials and supplies	239,758	358,559
Maintenance	226,387	19,525
Heat, light and power	358,127	60,146
Transportation	-	-
General and administration	256,911	116,782
Claims and losses paid	-	-
Depreciation	<u>1,425,072</u>	<u>209,177</u>
Total operating expenses	<u>3,665,592</u>	<u>1,346,942</u>
Operating income (loss)	<u>(2,735,479)</u>	<u>(441,789)</u>
Nonoperating revenues (expenses):		
Operating grants-governmental agencies	200,000	-
Interest	3,078	136
Gain (loss) on retirement or transfer of capital assets	(94,244)	(93,132)
Other - governmental disaster recovery	9,391	-
Total nonoperating revenues	<u>118,225</u>	<u>(92,996)</u>
Income (loss) before operating transfers	<u>(2,617,254)</u>	<u>(534,785)</u>
Capital contributions and transfers:		
Capital contributions - governmental agencies	-	-
Capital contributions - governmental funds	29,406	-
Transfers in	<u>1,522,857</u>	<u>396,415</u>
Total capital contributions and transfers	<u>1,552,263</u>	<u>396,415</u>
Change in net assets	<u>(1,064,991)</u>	<u>(138,370)</u>
Net assets at beginning of year	<u>14,333,799</u>	<u>5,009,575</u>
Net assets at end of year	<u>\$ 13,268,808</u>	<u>\$ 4,871,205</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 2010	
\$ 75,339	\$ 8,451,017	\$ 10,359,993	\$ 12,219,455
6,079	474,379	482,087	153,366
81,418	8,925,396	10,842,080	12,372,821
715,659	2,831,183	5,288,932	495,536
27,928	1,451,051	2,077,296	7,292
146,394	391,370	783,676	-
1,704	824,820	1,244,797	-
264,001	-	264,001	-
915,086	1,954,592	3,243,371	2,821,910
-	-	-	7,497,810
98,894	1,364,963	3,098,106	4,056
2,169,666	8,817,979	16,000,179	10,826,604
(2,088,248)	107,417	(5,158,099)	1,546,217
1,307,484	-	1,507,484	-
1,870	41,481	46,565	88,054
-	-	(187,376)	-
-	-	9,391	-
1,309,354	41,481	1,376,064	88,054
(778,894)	148,898	(3,782,035)	1,634,271
1,606,357	83,000	1,689,357	-
-	430,333	459,739	-
681,747	-	2,601,019	999,529
2,288,104	513,333	4,750,115	999,529
1,509,210	662,231	968,080	2,633,800
2,065,162	51,477,972		1,341,322
\$ 3,574,372	\$ 52,140,203		\$ 3,975,122

Adjustments to reflect the consolidation of
internal service fund activities related
to enterprise funds
Change in net assets of business-type activities

336,766
\$ 1,304,846

CITY OF LAKE CHARLES, LOUISIANA

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended September 30, 2010

	<u>Civic Center</u>
Cash flows from operating activities:	
Receipts from customers	\$ 930,062
Payments to employees	(1,126,468)
Payments to suppliers	(1,099,138)
Internal activity - payments to other funds	(347,119)
Net cash provided by operating activities	<u>(1,642,663)</u>
Cash flow from noncapital financing activities:	
Operating subsidies	1,122,857
Shared revenue from governmental agencies	200,000
Net cash provided by noncapital financing activities	<u>1,322,857</u>
Cash flows from capital and related financing activities:	
Purchases/sale of capital assets	(1,978)
Contracts payable	-
Capital subsidies from governmental agencies	266,372
Capital transfers	400,000
Net cash provided (used for) capital and related financing activities	<u>664,394</u>
Cash flow from investing activities:	
Purchase of investment securities	(131)
Proceeds from sale and maturities of investment securities	100,000
Interest on investments	3,079
Net cash provided (used for) investing activities	<u>102,948</u>
Net increase (decrease) in cash and cash equivalents	447,536
Cash and cash equivalents at beginning of year	1,135,122
Cash and cash equivalents at end of year	<u>\$ 1,582,658</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$(2,735,479)</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	1,425,072
(Increase) decrease in accounts receivable	(51)
(Increase) decrease in due from other funds	(41,450)
(Increase) decrease in inventories	1,174
(Increase) decrease in prepaid items	(6,951)
Increase (Decrease) in accounts payables	(12,603)
Increase (Decrease) in miscellaneous payables	6,829
Increase (Decrease) in customer deposit account	-
Increase (Decrease) in compensated absences payable	19,724
Increase (Decrease) in OPEB liability	6,741
Increase (Decrease) in due to other funds	(305,669)
Total adjustments	<u>1,092,816</u>
Net cash provided (used) by operating activities	<u>\$(1,642,663)</u>

Noncash investing and capital activities:

Assets transferred in cost \$43,795 and had accumulated depreciation of \$43,795. Net loss/gain equaled \$0.

Assets retired cost \$726,926 and had accumulated depreciation of \$527,354.

Proceeds of \$12,196 from the sale of net assets were netted against the loss for a total loss equal to \$187,376.

Capital assets expenditures of \$459,739 were paid from governmental funds and are recorded as a capital contribution on the statement of activity in the proprietary funds.

Change in the fair value of investments resulted in an unrealized gain of \$14,277 at year end 2010 and an unrealized gain of \$1,537 at year end 2009.

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

Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
Golf Course	Transit	Water Utility	Totals 2010	
\$ 905,240	\$ 81,861	\$ 8,873,175	\$10,790,338	\$ 10,858,459
(577,772)	(705,591)	(2,812,975)	(5,222,806)	(428,846)
(456,406)	(418,830)	(5,178,581)	(7,152,955)	(12,420,846)
(15,344)	181,214	(86,274)	(267,523)	(249,422)
(144,282)	(861,346)	795,345	(1,852,946)	(2,240,655)
296,415	681,747	-	2,101,019	2,000,000
-	1,240,167	-	1,440,167	-
296,415	1,921,914	-	3,541,186	2,000,000
(400,274)	(1,754,367)	(1,403,752)	(3,560,371)	(13,614)
-	-	36,065	36,065	-
82,743	302,584	-	651,699	-
100,000	-	-	500,000	-
(217,531)	(1,451,783)	(1,367,687)	(2,372,607)	(13,614)
-	(88)	(2,750,132)	(2,750,351)	(1,545,625)
-	275,000	1,575,000	1,950,000	6,374,357
136	1,870	25,308	30,393	93,775
136	276,782	(1,149,824)	(769,958)	4,922,507
(65,262)	(114,433)	(1,722,166)	(1,454,325)	4,668,238
65,262	114,433	4,000,418	5,315,235	1,744,412
\$ -	\$ -	\$ 2,278,252	\$ 3,860,910	\$ 6,412,650
\$ (441,789)	\$ (2,088,248)	\$ 107,417	\$ (5,158,099)	\$ (4,387,322)
209,177	98,894	1,364,963	3,098,106	2,227
87	443	(126,880)	(126,401)	39,462
(16,215)	200,000	-	142,335	(249,535)
(1,254)	-	(82,481)	(82,561)	-
(1,159)	-	(7,154)	(15,264)	(8,661)
151,597	943,056	(454,173)	627,877	(25,556)
(52,123)	-	-	(45,294)	2,376,718
-	-	67,002	67,002	-
219	(2,804)	(12,208)	4,931	6,546
6,307	6,099	25,133	44,280	5,353
871	(18,786)	(86,274)	(409,858)	113
297,507	1,226,902	687,928	3,305,153	2,146,667
\$ (144,282)	\$ (861,346)	\$ 795,345	\$ (1,852,946)	\$ (2,240,655)

NOTES TO FINANCIAL STATEMENTS

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

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 Assets 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, 2009.

Ward Three Marshal - City Court:

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, 2009. Complete financial statements of the individual component units are available from the City of Lake Charles at 326 Pujoe Street, Lake Charles, Louisiana 70601.

B. Government-wide and Fund Financial Statement

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

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 all financial resources except those required to be accounted for 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.

NOTES TO FINANCIAL STATEMENTS

Community Development Special Revenue Fund – 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.

Waste Water Fund – This fund accounts for the receipt and subsequent expenditure of sewer use charges, dedicated taxes, 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.

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.)

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 types:

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private sector guidance.

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 Assets or Equity

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 Waste Water 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 1st of each year. Property taxes are due by December 31st and are delinquent by January 1st. 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 1st. 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 are accounted for under the consumption method where expenditures are recorded when the goods are used. Inventories are also held in the enterprise funds. These consist of concession supplies held for sale to the public and materials held for water system maintenance and improvements. Payments made to vendors for services that will benefit subsequent periods are recorded as prepaid items in both 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives 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.

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. An amount recorded in the governmental fund statements is equal to the amount of unused vacation accruals payable to employees who had terminated as of the end of the fiscal year was \$19,792 on September 30, 2010.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

Sick pay is not vested except at retirement, 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, 2010. Current sick pay benefits recorded in the governmental fund statements is \$5,222 which is the amount of unreimbursed sick leave payable to employees who had terminated their employment as of the end of the fiscal year. The remaining 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. The current portion of compensatory time recorded in the governmental fund statement of \$2,942 is equal to the amount of reimbursable leave payable to employees who had terminated their employment as of September 30, 2010.

At September 30, 2010 the total liability reported on the Statement of Net Assets for accrued vacation, sick and compensatory time was \$3,167,394 for Governmental Activities, which includes \$65,699 from the Internal Service Funds. The amount recorded in Business-Type Activities equaled \$579,473.

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 assets.

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 the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for specific purposes. Designations of fund balance represent tentative management plans that could be subject to change.

The fund financial statements show reservations of fund balance for inventory, prepaid items, encumbrances and debt service. There are also unreserved designations for subsequent years' expenditures and capital projects. All of these items are included as elements of net assets on the government-wide statement.

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 assets.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. 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 \$100,814,158 difference are as follows:

NOTES TO FINANCIAL STATEMENTS

2007 LCDA Bonds payable	\$30,970,000
Premium on 2007 LCDA Bonds payable (to be amortized over the life of the debt)	918,823
2009 Revenue Refunding Bonds payable	16,175,000
Premium on 2009 Refunding Bonds payable (to be amortized over the life of the debt)	431,234
2010 LCDA Bonds payable	39,280,000
Premium on 2010 LCDA Bonds payable (to be amortized over the life of the debt)	1,671,027
Pension refunding bonds	4,035,000
Cooperative endeavor-Sales Tax Dist. No.3	3,414,492
Compensated absences	3,101,695
Other post employee benefits (OPEB) payable	698,433
Police benefits guarantee	<u>118,453</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets -governmental activities	<u>\$100,814,158</u>

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 assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of the \$13,881,480 are as follows:

Capital outlays	\$22,850,316
Depreciation expense	(8,897,897)
Loss on retirement of capital assets	<u>(70,939)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$13,881,480</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 assets." The details of this (\$35,389,492) are as follows:

Principal repayment:	
Pension refunding bonds	\$ 970,000
LCDA demand bonds	20,100,000
2007 LCDA public improvement bonds	1,225,000
2009 Revenue refunding bonds	(16,175,000)
2010 LCDA public improvement bonds	(39,280,000)
Police benefit guarantees	23,307
Compensated absences	(224,016)
Other post employee benefits (OPEB)	(331,651)
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)	(431,234)
Proceeds from premium on 2010 Revenue refunding bonds (to be amortized as interest over life of debt)	<u>(1,671,027)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (35,389,492)</u></u>

NOTES TO FINANCIAL STATEMENTS

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

The proprietary fund statements of net assets include reconciliation between net assets – total enterprise funds and net assets of business-type activities as reported in the governmental-wide statements of net assets. 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 \$(2,684,716) are as follows:

Internal payable representing costs in excess of charges to the business-type activities – prior year	\$(3,021,482)
Internal payable representing costs in excess of charges to the business-type activities – current year	<u>336,766</u>
Net adjustment to decrease net assets – enterprise funds to arrive at net assets – business-type activities	<u>\$(2,684,716)</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.

NOTES TO FINANCIAL STATEMENTS

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 budget was \$61,825,659. Amendments in the amount of \$(2,652,250) resulted in the final General Fund budget of \$59,173,409 as presented in the accompanying statements. Revenue projection numbers were amended to account for the reduction in sales tax and other various revenues. Reductions in salary and fringe benefits projections were made where vacant positions existed. Reductions were made across all departments for travel and gasoline expenses as well as reductions in acquisition of furniture, autos and other large and small equipment purchases. Increases were necessary in the fire and police departments to account for the fourth quarter increase in retirement contributions.

The originally adopted amount of all Special Revenue Funds was \$29,950,202. Amendments in the amount of \$(1,559,063) resulted in the final total Special Revenue Fund budget of \$28,391,139. An annual amendment is necessary in response to grant awards compared to actual expenditures within the fiscal year. Sales tax revenues projections, which are received in the Wastewater and Recreation Special Revenue Funds, were decreased along with corresponding reduction in operational expenditures. Intergovernmental revenues were decreased in the Disaster Recovery Fund as the city nears completion of repairs to city facilities which were damaged in both Hurricanes Rita and Ike.

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 are 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.

C. Excess of Expenditures Over Appropriations and Deficit Fund Equity

There was no excess of expenditures over appropriations or any deficit fund equity in any fund at fiscal year ended September 30, 2010.

D. Unfavorable Revenue Variance

The intergovernmental revenue of the Community Development Special Revenue Fund was \$1,034,305 which was \$33,635 less than the \$1,067,940 budgeted amount. This unfavorable variance is attributable to variances in grant program revenues, which are budgeted on the basis of grant awards but actually received as expenditure reimbursements in that fund. The Grant Special Revenue Fund revenues were \$1,629,902, which was \$35,358 less than the \$1,665,260 budgeted amount. This unfavorable variance is attributable to variances in grant program revenues, which are budgeted on the basis of grant award but revenues are actually received as expenditure reimbursement in that fund. The Special Event Special Revenue Fund revenues were \$21,395 less than the budgeted amount of \$67,500 due to a decrease in anticipated donations and other miscellaneous revenue for various events. The intergovernmental revenues were \$25,889 less than budgeted in the Disaster Recovery Special Revenue Fund due to the uncertainty of allowable reimbursable expenditures for hurricane damaged facilities.

NOTES TO FINANCIAL STATEMENTS

4. Detailed Notes on All Funds

A. Deposits and Investments

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

Demand deposits of the City are maintained under a banking agreement in which account balances are collateralized entirely by U.S. Treasury and government agency securities held by a Federal Reserve Bank in the City's name. The bank balance of such deposits at September 30, 2010 was \$31,215,885 (carrying amount \$27,973,094).

The total includes restricted cash in the amount of \$912,885 from customer deposits in the Water Utility Enterprise Fund. The amounts do not include petty cash of \$24,000 or \$8,014,860 that is on deposit with a third party for bond reserves and the administration of the City's insurance claims. It also does not include a cash overdraft of \$127,995 reported as accounts payable in the Community Development Special Revenue Fund, \$150,395 cash overdraft in Mallard Cove and \$1,005,009 cash overdraft in the Transit Enterprise Funds, both of which are reported as accounts payable in those Enterprise Funds.

The carrying amounts of cash deposits for component units at their respective balance sheet dates were \$1,125,233 for City Court and \$659,452 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, 2010 the City had the following investments and maturities:

Investment type	Maturity	Fair Value
Certificate of Deposit Account Registry Service (CDARS)	Less than 1 year	\$ 2,000,000
Certificate of Deposit Account Registry Service (CDARS)	1 – 5 year	3,000,000
U.S. agencies callable	Less than 1 year	22,524,074
U.S. agencies callable	1 – 5 year	73,466,472
Louisiana Asset Management Pool		<u>3,210,225</u>
		<u>\$104,200,771</u>

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 AAAM 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.

NOTES TO FINANCIAL STATEMENTS

Investments as of September 30, 2010 were concentrated with the following issuers:

Issuer	Fair Value
Federal Home Loan Bank	\$43,939,581
Federal Home Loan Mortgage Corporation	14,183,289
Federal National Mortgage Association	31,113,643
Federal Farm Credit Bank	6,750,680
Certificate of Deposit Account Registry Service (CDARS)	5,000,000

All of the above listed investment instruments have a Standard and Poor's rating of AAA. The City's investment policy does not specifically limit concentration with individual issuers.

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	Community Development	Waste Water
Receivables:				
Accounts	\$1,797,882	\$ 0	\$ 18,350	\$ 1,280,673
Taxes	2,659,983	461,445	0	244,091
Property standards & special assessmnt	1,755,196	0	0	0
Interest	51,716	3,829	0	11,699
Intergovernmental	89,006	0	173,540	0
Gross receivables	6,353,783	465,274	191,890	1,536,463
Less: allowance for uncollectable	(859,064)	0	0	(354,958)
Net total receivables	\$5,494,719	\$ 465,274	\$ 191,890	\$1,181,505

Governmental-type Activities (continued)	Debt Service	Capital Projects	Non-major Funds	Internal Service	Total Governmental Activities
Receivables:					
Accounts	\$ 0	\$ 204,286	\$ 80,037	\$500,219	\$ 3,881,447
Taxes	0	427,158	122,045	0	3,914,722
Property standards & special assessment	1,089,504	0	0	0	2,844,700
Interest	226	318,831	20,766	19,427	426,494
Intergovernmental	0	2,723,128	3,330,645	0	6,316,319
Gross receivables	1,089,730	3,673,403	3,553,493	519,646	17,383,682
Less: allowance for uncollectible	(544,752)	0	(1,718,156)	0	(3,476,930)
Net total receivables	\$544,978	\$3,673,403	\$1,835,337	\$519,646	\$13,906,752

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	\$ 43,006	\$ 13	\$ 384	\$1,094,911	\$1,138,314	\$ 5,019,761
Taxes	0	0	0	0	0	3,914,722
Property standards & special assessment	0	0	0	0	0	2,844,700
Interest	0	0	0	10,628	10,628	437,122
Intergovernmental	29,919	0	1,877,409	62,782	1,970,110	8,286,429
Gross receivables	72,925	13	1,877,793	1,168,321	3,119,052	20,502,734
Less: allowance for uncollectable	0	0	0	(352,857)	(352,857)	(3,829,787)
Net total receivables	\$ 72,925	\$ 13	\$1,877,793	\$ 815,464	\$2,766,195	\$16,672,947

Intergovernmental receivables consisted of the following:

Governmental type activity:	
Calcasieu Parish Police Jury	\$ 89,006
U.S. Department of Justice	31,000
Community Development Grant	43,976
LA Department of Treasury	18,286
LA Department of Transportation	1,502,526
LA Commission on Law Enforcement and Admin. of Criminal Justice Grant	83,608
LA Department of Environmental Quality	204,239
La Department of Culture and Recreation	30,035
Environmental Protection Agency	2,674
LA Department of Military Affairs	1,456,921
Housing & Urban Development Disaster Recovery Grants	1,006,328
Housing & Urban Development Emergency Grants	129,564
Total Governmental-type activities	4,598,163
Business-type activity:	
Mass Transit Operating Assistance Grant	1,877,409
LA Department of Military Affairs	29,919
LA Department of Transportation	62,782
Total Business-type activities	1,970,110
Total primary government	\$6,568,273

NOTES TO FINANCIAL STATEMENTS

C. Capital Assets

Capital asset activity for the fiscal year ended September 30, 2010 was as follows:

Primary Government

Governmental Activities:

Asset	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$12,793,280	\$ 0	\$ 0	\$12,793,280
Construction in progress	71,757,399	15,551,760	(54,581,233)	32,727,926
Total capital assets, not being depreciated	84,550,679	15,551,760	(54,581,233)	45,521,206
Capital assets being depreciated:				
Buildings	20,144,451	26,498,604	(18,600)	46,624,455
Improvements	25,074,204	18,518,910	(11,266)	43,581,848
Machinery & Equipment	28,616,924	2,170,662	(1,636,422)	29,151,164
Infrastructure	226,811,286	14,691,613	0	241,502,899
Total capital assets being depreciated	300,646,865	61,879,789	(1,666,288)	360,860,366
Less accumulated depreciation for:				
Buildings	(11,948,053)	(688,302)	18,600	(12,617,755)
Improvements	(17,576,111)	(691,860)	7,514	(18,260,457)
Machinery & Equipment	(18,895,308)	(2,484,850)	1,569,234	(19,810,924)
Infrastructure	(82,117,343)	(5,036,941)	0	(87,154,284)
Total accumulated depreciation	(130,536,815)	(8,901,953)	1,595,348	(137,843,420)
Total capital assets, being depreciated, net	170,110,050	52,977,836	(70,940)	223,016,946
Governmental activities capital assets, net	\$254,660,729	\$68,529,596	\$(54,652,173)	\$268,538,152

The assets of the Internal Service Funds are included in the table for assets related to governmental-type activities. Total assets are \$36,225 with accumulated depreciation of \$25,561. The remaining value of assets at September 30, 2010 equaled \$10,664, and this total is included in the net asset statement for the governmental-type activities.

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	11,630,315	1,640,601	(2,688,625)	10,582,291
Total capital assets, not being depreciated	13,734,821	1,640,601	(2,688,625)	12,686,797
Capital assets being depreciated:				
Buildings	19,679,534	1,892,067	(145,281)	21,426,320
Improvements	75,650,563	1,491,480	(46,647)	77,095,396
Machinery & Equipment	7,230,430	1,823,580	(612,104)	8,441,906
Total capital assets being depreciated	102,560,527	5,207,127	(804,032)	106,963,622
Less accumulated depreciation for:				
Buildings	(17,715,398)	(482,276)	39,952	(18,157,722)
Improvements	(26,380,781)	(2,105,422)	32,651	(28,453,552)
Machinery & Equipment	(4,697,596)	(510,408)	488,059	(4,719,945)
Total accumulated depreciation	(48,793,775)	(3,098,106)	560,662	(51,331,219)
Total capital assets, being depreciated, net	53,766,572	2,109,021	(243,370)	55,632,403
Business-type activities capital assets, net	\$67,501,573	\$ 3,749,622	\$(2,931,995)	\$68,319,200

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

Governmental activities:	
General government	\$ 17,011
Public safety	1,375,987
Public works	6,316,212
Planning and development	32,413
General services	272,562
Community services	883,712
Capital assets held by the government's internal service funds are charges to the various functions based on their usage of the assets	4,056
Total depreciation expense – governmental activities	\$8,901,953
Business-type activities:	
Civic Center	\$1,425,072
Golf Course	209,177
Transit	98,894
Water	1,364,963
Total depreciation expense – business-type activities	\$3,098,106

NOTES TO FINANCIAL STATEMENTS

D. Discretely presented component units

Capital asset activity for the year ended December 31, 2009 was as follows for City Court:

	Balance 1/01/2009	Additions	Deletions	Balance 12/31/2009
Governmental activities:				
Equipment	\$369,647	\$16,550	\$ 0	\$386,197
Furniture and fixtures	15,073	0	0	15,073
Totals at historical cost	384,720	16,550	0	401,270
Less accumulated depreciation:				
Equipment	(330,398)	(20,738)	0	(351,136)
Furniture and fixtures	(12,827)	(395)	0	(13,222)
Total accumulated depreciation	(343,225)	(21,133)	0	(364,358)
Governmental activities capital assets, net	\$ 41,495	\$(4,583)	\$ 0	\$ 36,912

Capital asset activity for the year ended December 31, 2009 was as follows for City Marshal:

	Balance 1/01/2009	Additions	Deletions	Balance 12/31/2009
Governmental activities:				
Equipment	\$389,556	\$ 59,299	\$(49,392)	\$399,463
Furniture and fixtures	8,476	0	0	8,476
Totals at historical cost	398,032	59,299	(49,392)	407,939
Less accumulated depreciation:				
Equipment	(199,105)	(60,764)	40,913	(218,956)
Furniture and fixtures	(7,958)	(183)	0	(8,141)
Total accumulated depreciation	(207,063)	(60,947)	40,913	(227,097)
Governmental activities capital assets, net	\$190,969	\$ (1,648)	\$ (8,479)	\$ 180,842

E. Construction commitments

The City had total commitments of \$ 8,373,734 with contractors for unfinished construction projects as of September 30, 2010 categorized as follows:

Project type	Expended to Date	Remaining Commitment
Streets and storm drainage	\$5,163,993	\$7,374,727
Sanitary sewer rehabilitation	2,795,782	398,229
Downtown Area Improvements	0	440,497
Fire and Police facilities	1,041,800	160,281
Total	\$9,001,575	\$8,373,734

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, 2009 is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Wastewater Fund	\$ 173,139
	Non-major Governmental Funds	26,108
	Water Fund	96,495
	Community Development Fund	33
	Transit Fund	106,501
Community Development Fund	General Fund	15,412
Debt Service Fund	General Fund	23,020
Waste Water Fund	Internal Service Fund	976
Riverboat Fund	General Fund	631,195
Capital Project Fund	Non-Major Governmental Funds	100,000
Non-major Governmental Funds	General Fund	3,469
	Non-Major Governmental Funds	2,683
Civic Center Fund	General Fund	40,579
	Golf Course Fund	871
Golf Course Fund	General Fund	200,502
	Internal Service Fund	729
Risk Management Internal Service Fund	General Fund	430,743
Total		\$1,852,455

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	Debt Service	Capital Project Fund	Capital Projects
Transfer out:						
Transfer in:						
General Fund	\$ 0	\$ 233,806	\$ 0	\$ 0	\$ 0	\$ 0
Riverboat Gaming	0	0	0	69,368	0	0
Community Development	59,790	0	0	0	0	0
Debt Service	283,936	3,150,093	2,506,667	0	1,216,044	0
Capital Projects	0	4,500,000	900,000	0	0	100,000
Non-major Governmental	1,249,219	283,090	0	0	0	0
Civic Center	1,122,857	400,000	0	0	29,406	0
Golf Course	396,415	0	0	0	0	0
Transit	681,747	0	0	0	0	0
Water	0	0	0	0	430,333	0
Internal Service	999,529	0	0		0	0
Total	\$ 4,793,493	\$8,566,989	\$3,406,667	\$ 69,368	\$1,675,783	\$100,000

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

NOTES TO FINANCIAL STATEMENTS

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.

Amounts recorded in the Capital Project Fund to the Civic Center and 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.

G. Long-Term Debt

Bonds payable as of September 30, 2010 are comprised of the following individual issues and are entirely related to governmental activities:

<u>\$3,600,000</u> Series 1998A Tax-exempt Pension Refunding Bonds due in annual amounts of \$370,000 in 2010 and \$1,030,000 to \$1,125,000 from 2011 through 2013; interest rates at 4.55% to 4.70%	\$ 3,230,000
<u>\$9,055,000</u> Series 1998B Taxable Pension Refunding Bonds due in annual amounts of \$540,000 to \$910,000 through 2010 and \$805,000 in 2014; interest rates of 7.77% to 6.55%	805,000
<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%	30,970,000
<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%	16,175,000
<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>39,280,000</u>
Total bonds payable	<u>\$90,460,000</u>

The Revenue Bonds are subject to arbitrage rules. The arbitrage calculation will be done in the future as required.

NOTES TO FINANCIAL STATEMENTS

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

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2011	\$ 5,150,000	\$ 3,917,277	\$ 9,067,277
2012	5,440,000	3,622,759	9,062,759
2013	5,615,000	3,441,521	9,056,521
2014	5,445,000	3,240,196	8,685,196
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	\$ 90,460,000	\$ 36,313,473	\$ 126,773,473

Current refunding:

The City of Lake Charles issued \$17,735,000 of revenue bonds for a current refunding of \$25,000,000 of variable rate demand bonds for sewer improvements. The refunding was undertaken to move from a variable interest rate to a fixed rate. The reacquisition price was less than the net carrying amount of the old debt by \$2,365,000; however, the City had a debt service reserve fund of \$2.5 million that was applied toward the refunded debt. The new debt will be paid off in 2021 rather than 2023. The transaction resulted in an gross economic gain of \$5,823,020 less the \$2.5 million debt reserve fund netted a net present value benefit of \$3,323,665. There was a reduction of \$8,795,000 in future debt service payments.

NOTES TO FINANCIAL STATEMENTS

Changes in long-term liabilities:

Long-term liability activity for the year ended September 30, 2010 was as follows:

	Balance 10/01/2009	Additions	Reductions	Balance 9/30/2010	Due within one year
Governmental activities:					
Bonds payable:					
Variable rate demand bonds- LCDA	\$20,100,000	\$ 0	\$(20,100,000)	\$ 0	\$ 0
Pension refunding bonds payable	5,005,000	0	(970,000)	4,035,000	1,030,000
Revenue Bonds LC Public Imp 2007	32,195,000	0	(1,225,000)	30,970,000	1,275,000
Deferred amount of revenue bonds	973,952	0	(55,129)	918,823	55,129
Revenue Refunding Bonds	0	17,735,000	(1,560,000)	16,175,000	1,270,000
Deferred amount of revenue bonds	0	470,437	(39,203)	431,234	39,203
Revenue Bonds LC Public Imp 2010	0	39,280,000	0	39,280,000	1,575,000
Deferred amount of revenue bonds	0	1,704,448	(33,421)	1,671,027	100,262
Total bonds payable	58,273,952	59,189,885	(23,982,753)	93,481,084	5,344,594
Compensated absences	2,938,394	591,615	(362,615)	3,167,394	200,000
Other post employment benefits	372,135	336,835	0	708,970	0
Police Benefit Guarantee	141,760	0	(23,307)	118,453	20,385
Cooperative endeavor-Sales Tax Dist 3	3,764,492	0	(350,000)	3,414,492	350,000
Long-term liabilities	\$65,490,733	\$60,118,335	\$(24,718,675)	\$100,890,393	\$5,914,979
Business-type activities:					
Compensated absences	574,542	44,823	(39,892)	579,473	5,000
Other post employment benefits	51,981	44,280	0	96,261	0
Long-term liabilities	\$ 626,523	\$ 89,103	\$ (39,892)	\$ 675,734	\$ 5,000

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.

NOTES TO FINANCIAL STATEMENTS

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.

A lawsuit over a supplemental pay issue was recently settled between the City of Lake Charles and the Lake Charles firefighters for approximately \$3,000,000. The first installment of \$1,250,000 was paid in fiscal year 2009 and a corresponding amount was transferred into the Risk Management Fund from general fund reserves. The total liability of this settlement will be paid out in increments of \$568,634 in fiscal year 2010, 2011 and 2012. The entire liability was accrued in this fund in fiscal year 2009. Transfers from the General Fund will be made in each fiscal year, which will result in a positive net asset at the end of this period.

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 \$475,000 for fire and police department employees and \$350,000 for all others.

Total net assets at September 30, 2010 were \$691,498. 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 assets of that fund at September 30, 2010 were \$3,283,624. The amount of risk retained by the fund during 2010 was limited to \$125,000 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 2009:	\$5,308,013	\$1,415,000	\$6,723,013
Incurred and adjusted claims	8,500,367	5,840,373	14,340,740
Claim payment	(6,258,649)	(5,705,373)	(11,964,022)
Unpaid claims, beginning of fiscal year 2010:	7,549,731	1,550,000	9,099,731
Incurred and adjusted claims	833,356	5,090,110	5,923,466
Claim payments	(2,307,700)	(5,190,110)	(7,497,810)
Total unpaid claims September 30, 2010:			
Current claims due within one year	5,069,061	1,450,000	6,519,061
Long-term claims due one year or more	1,006,326	0	1,006,326
Total unpaid claims September 30, 2010	\$6,075,387	\$1,450,000	\$7,525,387

NOTES TO FINANCIAL STATEMENTS

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 2010 and 2009:

Tax	Fiscal year 2010	Fiscal year 2009
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 outstanding a number of 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, 2010, 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, 2007, regarding operational responsibility for a consolidated animal services and shelter program. The term of the agreement would be for the calendar year 2007 through 2009, 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 2010 payment was \$329,677.

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 \$229,214 in 2010 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 2010, the Parish remitted \$ 1,321,754 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 will be responsible for collecting fees and assessments related to gaming activity conducted within the boundaries of the Parish and

NOTES TO FINANCIAL STATEMENTS

the City of Lake Charles and then distributing those collections to participating entities. The entities eligible for participation in this distribution are currently the Parish, the City of Lake Charles, the City of Sulphur, the City of Dequincy, the Town of Vinton 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 \$8,959,034 during fiscal year 2010 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 assets. 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, 2009. Since GASB Statement No. 45 requires biennially valuations only for plans memberships exceeding 200, the actuarial valuation prepared for the 2009 financial statements was utilized again for the 2010 financial statements with the inclusion of the appropriate current year adjustments. The Valuation Reports for the City of Lake Charles – GASB 45 Actuarial Valuation – is available at City of Lake Charles, 326 Pujot 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 \$5.90 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 the 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 2010 was \$261,000. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which for 2010 consisted of \$556

NOTES TO FINANCIAL STATEMENTS

per month for retiree only and \$1,112 for retiree and dependent coverage. Retirees over age 65 pay a range between \$173 and \$241 per month, depending on their age, for Medicare Supplements Part A and B.

Actuarial Methods and Assumptions: 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 used for determining the benefit obligation is the Projected Unit Credit Cost Method for the October 1, 2008 actuarial valuation. Because the City currently finances OPEB using a pay-as-you-go approach, the discount rate would be the expected return on the investments in the City's general funds. The actuarial assumptions included a 4 percent investment rate of return, compounded annually. Health cost trends without Medicare is non-applicable because participants over 65 are covered under a retiree-pay-all Medicare Advantage plan. Mortality rates for actives were based on the RP2000 Healthy with Projection Scale AA for Males and Females. Mortality – Disabled rates were based on the RP2000 Disabled with Projection Scale AA for Males and Females.

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.

The City provided a lag report of paid claims net of reinsurance for January 2008 through April 2009. The data included medical and pharmacy claims combined for active employees and retirees enrolled in the self-funded plan. For projections the claims trend rates were based on the trends from the actuaries "Health Cost Guidelines." The plan assumed a medical inflation rate of 8.5 percent in the first year, 7.9 percent in the second year, 7.1 percent in the third, 6.3 percent in the fourth year, and ultimately grade down to 4.5 percent per year after the sixty-eighth year. Health cost trends without Medicare is non-applicable because participants over 65 are covered under a retiree-pay-all Medicare Advantage plan. The actuarial valuation assumes that (1) 25 percent of employees are assumed to elect continued coverage at retirement; (2) 25 percent of employees are assumed to have a covered spouse at retirement; (3) no dependent children are assumed; (4) husbands are assumed to be three years older than wives, and (5) 100 percent of employees will elect Medicare coverage when they are first eligible.

In determining the Annual Required Contribution, the Unfunded Actuarial Accrued Liability (AAL) is amortized as a level dollar over 30 years on an open basis.

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. Since 2009 was the initial year of implementation for GASB No. 45, there was no net OPEB obligation at the beginning of the fiscal year, and only one year of trend information is available. The ARC was calculated as part of the October 1, 2008 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)	\$ 563,765	\$ 78,350	\$ 642,115
Interest on prior year Net OPEB Obligation	0	0	0
Adjustment to ARC	0	0	0
Annual OPEB Cost	563,765	78,350	642,115
City contributions made	226,930	34,070	261,000
Increase in Net OPEB Obligation	336,835	44,280	381,115
Net OPEB Obligation – beginning of year	372,135	51,981	424,116
Net OPEB Obligation – end of year	\$ 708,970	\$ 96,261	\$ 805,231

NOTES TO FINANCIAL STATEMENTS

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%	\$381,115

Funding Status and Funding Progress: The following is a Schedule of Funding Status and Funding Progress for the OPEB Plan based on the first 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%	n/a	n/a

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, 2010, the City was paying post-employment benefits to one participant who will be eligible to receive benefits from MPERS at age 55 so the maximum liability is known and reported below. Total payments during the year then ended were \$23,307; the maximum liability for subsequent payments was established at \$118,453 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, 2010 was \$133,704, 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.

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

NOTES TO FINANCIAL STATEMENTS

subject to federal social security coverage. A member of Plan B may 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 are generally equal to two percent of the member's final three-year average salary times the number of years of creditable service. 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 has been at 6.75 percent of covered payroll since the end of fiscal year 2007.

The City of Lake Charles and their employees contributed to Plan B of Municipal Employees Retirement System a total of \$1,641,494; \$1,616,990; and \$1,667,672 for the years ended September 30, 2010, 2009 and 2008 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 are required to contribute 7.5 percent of covered earnings, and the City is required to contribute an actuarially determined rate, which was 25 percent of covered payroll at fiscal year end 2010; 11 percent at fiscal year end 2009; and 9.5 percent at fiscal year end 2008.

The City of Lake Charles and their employees contributed a total of \$1,645,802; \$1,212,015; and \$1,342,644 to the Municipal Police Employees' Retirement System for fiscal years ended September 30, 2010, 2009 and 2008 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.

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 are required to contribute 8 percent of covered earnings, and the City is required to contribute an actuarially determined rate, which was 21.5 percent at fiscal year end. The City was contributing 14 percent of covered payroll at fiscal year end 2009 and 12.5 percent of covered payroll at fiscal year end 2008.

The City of Lake Charles' employee and employer contributions to this plan were \$1,742,374; \$1,426,875; and \$1,432,375 for the years ended September 30, 2010, 2009 and 2008 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 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, 2010 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 programs, and other activities beneficial to the City. These funds, primarily in the form of grants, are recorded in the General, Special Revenue, and Enterprise Funds. A grant receivable is recorded

NOTES TO FINANCIAL STATEMENTS

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 2010 the following amounts were recorded in the accompanying financial statements under various federal and state pass-through entitlements:

Fund	Fiscal year 2010
Community Development	\$ 1,034,305
Disaster Recovery Fund	191,110
Grant Fund	1,616,241
Capital Projects Fund	4,307,242
Civic Center Fund	9,391
Transit Enterprise Fund	2,789,958

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 (2010 collections \$18,382,454; 2009 collections \$19,767,417; 2008 collections \$20,048,716;) are collected by the General Fund and may be used for virtually any capital or operating needs of the City of Lake Charles. This tax levy was originally authorized in 1965 and has been re-authorized for an additional 25 years from March 1, 1990.

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 (2010 collections \$18,382,454; 2009 collections \$19,767,417; 2008 collections \$20,048,779) 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%
Waste Water Special Revenue Fund	
Waste water or sanitary sewerage services or facilities	16%
Recreation Special Revenue Fund	
Recreation	8%
Capital Project Fund	
Certain types of capital improvements	28%

NOTES TO FINANCIAL STATEMENTS

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 increasing the pay and starting salaries 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 2015. Prior to fiscal year 2003, the sales tax was recorded directly into the funds where the payroll costs are incurred: General Fund, Waste Water and Recreation Special Revenue Funds, Civic Center, Golf Course, Transit and Water Enterprise Funds. Beginning in fiscal year 2003 the revenue was recorded exclusively in the General Fund. Collections for September 30, 2010 totaled \$4,595,619; \$4,932,015 in fiscal year 2009 and \$5,012,194 in 2008.

K. Schedule of Compensation Paid to Governing Board

	Salary	Per Diem	Mileage Reimbursement	Total
Mayor:				
Randy Roach	\$112,920	\$ 54	\$ 0	\$112,974
Councilmen:				
Luvertha August	12,000	0	0	12,000
Rodney Geyen	12,000	128	0	12,128
Dana Jackson	12,000	224	206	12,430
Marshall Simien	12,000	0	0	12,000
Stuart Weatherford	12,000	0	0	12,000
John Icyoub	12,000	96	206	12,302
Mark Eckard	12,000	224	206	12,430
Total	\$196,920	\$ 726	\$618	\$198,264

L. Subsequent Events

Various current and former fire and police employees have filed suit against the City seeking additional supplemental pay. The City has settled with the fire employees; and although the police litigation involves some similar issues and a similar number of potential claimants, there has been neither a determination of liability nor a firm assessment of the dollar value of the claims in that lawsuit. Moreover, there are issues in the police litigation regarding the propriety of class certification which did not exist in the firefighter litigation. Therefore a specific amount of liability cannot be reported at this time.

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, 2010**

	Budgeted Amounts		2010	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ 45,092,742	\$ 40,819,852	\$ 41,340,628	\$ 520,776
Licenses and permits	7,037,000	5,737,000	6,357,695	620,695
Intergovernmental	2,003,684	2,003,684	2,141,856	138,172
Charges for services	1,948,568	1,948,568	2,339,205	390,637
Fines and forfeitures	330,200	330,200	338,073	7,873
Miscellaneous	1,316,550	916,550	1,042,346	125,796
Total revenues	<u>57,728,744</u>	<u>51,755,854</u>	<u>53,559,803</u>	<u>1,803,949</u>
Expenditures:				
Current:				
General government	2,971,208	2,817,708	2,727,390	90,318
Finance	1,615,368	1,548,868	1,496,010	52,858
Human Resources	351,512	400,012	352,726	47,286
Fire	14,151,439	13,676,439	12,729,943	946,496
Police	15,516,432	15,489,932	15,414,907	75,025
Public works	15,615,658	14,073,658	13,027,247	1,046,411
Planning	2,040,885	1,859,885	1,644,818	215,067
General services	4,722,413	4,498,413	4,063,229	435,184
Total expenditures	<u>56,984,915</u>	<u>54,364,915</u>	<u>51,456,270</u>	<u>2,908,645</u>
Excess (deficiency) of rev over exp	<u>743,829</u>	<u>(2,609,061)</u>	<u>2,103,533</u>	<u>4,712,594</u>
Other financing sources (uses):				
Transfers in	615,000	865,000	233,806	(631,194)
Transfers out	(4,840,744)	(4,808,494)	(4,793,493)	15,001
Total other financing sources (uses)	<u>(4,225,744)</u>	<u>(3,943,494)</u>	<u>(4,559,687)</u>	<u>(616,193)</u>
Net change in fund balances	<u>(3,481,915)</u>	<u>(6,552,555)</u>	<u>(2,456,154)</u>	<u>4,096,401</u>
Fund balance at beginning of year	<u>28,237,986</u>	<u>28,237,986</u>	<u>28,237,986</u>	<u>-</u>
Fund balance at end of year	<u>\$ 24,756,071</u>	<u>\$ 21,685,431</u>	<u>\$ 25,781,832</u>	<u>\$ 4,096,401</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, 2010

	<u>Budgeted Amounts</u>		<u>2010</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Taxes	\$8,800,000	\$8,800,000	\$8,959,034	\$ 159,034
Miscellaneous	8,000	8,000	14,202	6,202
Total revenues	<u>8,808,000</u>	<u>8,808,000</u>	<u>8,973,236</u>	<u>165,236</u>
Expenditures:				
Other services and charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>8,808,000</u>	<u>8,808,000</u>	<u>8,973,236</u>	<u>165,236</u>
Other financing sources (uses):				
Transfers in	-	-	69,368	69,368
Transfers out	<u>(9,198,184)</u>	<u>(9,198,184)</u>	<u>(8,566,989)</u>	<u>631,195</u>
Total other financing sources (uses)	<u>(9,198,184)</u>	<u>(9,198,184)</u>	<u>(8,497,621)</u>	<u>700,563</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>(390,184)</u>	<u>(390,184)</u>	<u>475,615</u>	<u>865,799</u>
Fund balance at beginning of year	<u>1,424,911</u>	<u>1,424,911</u>	<u>1,424,911</u>	<u>-</u>
Fund balance at end of year	<u><u>\$1,034,727</u></u>	<u><u>\$1,034,727</u></u>	<u><u>\$1,900,526</u></u>	<u><u>\$ 865,799</u></u>

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

CITY OF LAKE CHARLES, LOUISIANA

Community Development Special Revenue Fund

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

For Fiscal Year Ended September 30, 2010

	Budgeted Amounts		2010	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	\$ 1,416,028	\$ 1,067,940	\$ 1,034,305	\$ (33,635)
Miscellaneous	-	1,000	1,100	100
Total revenues	<u>1,416,028</u>	<u>1,068,940</u>	<u>1,035,405</u>	<u>(33,535)</u>
Expenditures:				
Current:				
Personal services	171,107	161,822	156,446	5,376
Contract and operational	576,844	560,321	538,158	22,163
Material and supplies	5,000	3,084	3,082	2
Special current	63,953	70,722	61,271	9,451
Capital outlay	<u>650,576</u>	<u>324,443</u>	<u>324,443</u>	<u>-</u>
Total expenditures	<u>1,467,480</u>	<u>1,120,392</u>	<u>1,083,400</u>	<u>36,992</u>
Excess (deficiency) of revenues over expenditures	(51,452)	(51,452)	(47,995)	3,457
Other financing sources:				
Transfers in	<u>51,452</u>	<u>51,452</u>	<u>59,790</u>	<u>8,338</u>
Total other financing sources	<u>51,452</u>	<u>51,452</u>	<u>59,790</u>	<u>8,338</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	-	11,795	11,795
Fund balance at beginning of year	<u>39,724</u>	<u>39,724</u>	<u>39,724</u>	<u>-</u>
Fund balance at end of year	<u>\$ 39,724</u>	<u>\$ 39,724</u>	<u>\$ 51,519</u>	<u>\$ 11,795</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, 2010

	Budgeted Amounts		2010	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Sales tax revenue	\$ 3,256,240	\$ 2,898,054	\$ 2,941,189	\$ 43,135
Charges for services	8,380,700	8,380,700	8,961,407	580,707
Miscellaneous	22,000	22,000	42,500	20,500
Total revenues	11,658,940	11,300,754	11,945,096	644,342
Expenditures:				
Personal services	2,572,628	2,669,698	2,649,984	19,714
Contractual and operational services	3,232,246	3,116,315	2,572,990	543,325
Materials & supplies	1,180,525	1,134,600	964,465	170,135
Special Current Charges	923,424	990,481	967,977	22,504
Capital outlay	816,200	520,929	88,681	432,248
Total expenditures	8,725,023	8,432,023	7,244,097	1,187,926
Excess (deficiency) of rev over exp	2,933,917	2,868,731	4,700,999	1,832,268
Other financing sources (uses):				
Transfers out	(3,240,000)	(3,406,667)	(3,406,667)	-
Total other financing sources (uses)	(3,240,000)	(3,406,667)	(3,406,667)	-
Excess (deficiency) of rev and other sources over exp and other uses	(306,083)	(537,936)	1,294,332	1,832,268
Fund balance at beginning of year	4,185,245	4,185,245	4,185,245	-
Fund balance at end of year	\$ 3,879,162	\$ 3,647,309	\$ 5,479,577	\$ 1,832,268

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

City of Lake Charles
Other Postemployment Benefits –
Schedule of Funding Progress
For Fiscal Year Ended September 30, 2010

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%	n/a	n/a

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 Pensions," and actuarial valuations are only required every two years, only one year or trend information is available for presentation.

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.

Waste Water Fund– Accounts for the receipt and subsequent expenditure of sewer use charges, dedicated taxes, and other current charges dedicated to operation, maintenance, and improvement of the City's sanitary sewerage system.

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.

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.

CITY OF LAKE CHARLES, LOUISIANA

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2010

ASSETS	Grants	Recreation	Central School	Special Events	Facility Renewal	Disaster Recovery	Total Nonmajor Governmental Funds
Cash (Note 1-G)	\$ 42,696	\$ 421,177	\$ 214,460	\$ 27,782	\$ 1,188,254	\$ 588,656	\$ 2,483,025
Investments (Note 1-G)	58,265	77,255	53,897	-	3,113,978	-	3,303,395
Receivable (net of allowance for uncollectable)							
Accounts (Note 1-I)	49,995	122,045	29,953	89	-	-	202,082
Accrued interest	-	-	-	-	20,766	-	20,766
Intergovernmental (Note 7-C)	135,568	-	-	-	-	1,476,921	1,612,489
Due from other funds (Note 7-B)	6,153	-	-	-	-	-	6,153
Prepaid items	-	10,620	-	16,010	-	-	26,630
Total assets	\$ 292,677	\$ 631,097	\$ 298,310	\$ 43,881	\$ 4,322,998	\$ 2,065,577	\$ 7,654,540
LIABILITIES							
Accounts payable	\$ 5,208	\$ 124,178	\$ 9,277	\$ 368	\$ -	\$ 159,230	\$ 298,261
Escrow	-	-	370	-	-	-	370
Due to other funds	25,599	3,105	-	88	100,000	-	128,792
Total liabilities	30,807	127,283	9,647	456	100,000	159,230	427,423
FUND BALANCES							
Reserved for prepaid items	-	10,620	-	16,010	-	-	26,630
Unreserved:							
Designated for subsequent year's exp	-	-	10,855	-	-	-	10,855
Undesignated	261,870	493,194	277,808	27,415	4,222,998	1,906,347	7,189,632
Total fund balances	261,870	503,814	288,663	43,425	4,222,998	1,906,347	7,227,117
Total liabilities and fund balances	\$ 292,677	\$ 631,097	\$ 298,310	\$ 43,881	\$ 4,322,998	\$ 2,065,577	\$ 7,654,540

CITY OF LAKE CHARLES, LOUISIANA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds For Fiscal Year Ended September 30, 2010

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Grants	Recreation	Central School	Special Events	Facility Renewal	Disaster Recovery	
Revenues:							
Taxes	\$ -	\$ 2,293,366	\$ -	\$ -	\$ -	\$ -	\$ 2,293,366
Intergovernmental	1,629,589	700	-	-	-	191,111	1,821,400
Charges for services	-	127,483	-	-	-	-	127,483
Miscellaneous	313	1,355	117,869	46,105	65,296	-	230,938
Total revenues	1,629,902	2,422,904	117,869	46,105	65,296	191,111	4,473,187
Expenditures:							
Current operating:							
Police	360,101	-	-	-	-	-	360,101
Public works	-	-	-	-	-	89,977	89,977
Planning and development	49,995	-	-	-	-	142,600	192,595
Community services	761,907	3,627,192	103,786	287,257	-	-	4,780,142
General services	-	-	-	-	-	33,625	33,625
Capital projects	494,477	-	-	-	-	-	494,477
Total expenditures	1,666,480	3,627,192	103,786	287,257	-	266,202	5,950,917
Excess (deficiency) of revenues over expenditures	(36,578)	(1,204,288)	14,083	(241,152)	65,296	(75,091)	(1,477,730)
Other financing sources (uses):							
Transfers in	53,115	1,196,104	-	283,090	-	-	1,532,309
Transfers out	-	-	-	-	(100,000)	-	(100,000)
Total other financing sources (uses)	53,115	1,196,104	-	283,090	(100,000)	-	1,432,309
Net change in fund balances	16,537	(8,184)	14,083	41,938	(34,704)	(75,091)	(45,421)
Fund balance at beginning of year	245,333	511,998	274,580	1,487	4,257,702	1,981,438	7,272,538
Fund balance at end of year	\$ 261,870	\$ 503,814	\$ 288,663	\$ 43,425	\$ 4,222,998	\$ 1,906,347	\$ 7,227,117

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, 2010

	Budgeted Amounts		2010 Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,036,549	\$ 1,605,642	\$ 1,569,956	\$ (35,686)
Miscellaneous	53,400	59,618	59,946	328
Total revenues	<u>2,089,949</u>	<u>1,665,260</u>	<u>1,629,902</u>	<u>(35,358)</u>
Expenditures:				
Current:				
Public safety	488,212	364,822	360,101	4,721
Planning and development	50,000	50,000	49,995	5
Community services	1,106,799	805,500	761,907	43,593
Capital outlay	494,600	494,600	494,477	123
Total expenditures	<u>2,139,611</u>	<u>1,714,922</u>	<u>1,666,480</u>	<u>48,442</u>
Excess of revenues over expenditures	<u>(49,662)</u>	<u>(49,662)</u>	<u>(36,578)</u>	<u>13,084</u>
Other financing source(uses):				
Transfers in	49,662	49,662	53,115	3,453
Total other financing sources (uses)	<u>49,662</u>	<u>49,662</u>	<u>53,115</u>	<u>3,453</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	-	16,537	16,537
Fund balance at beginning of year	<u>245,333</u>	<u>245,333</u>	<u>245,333</u>	<u>-</u>
Fund balance at end of year	<u>\$ 245,333</u>	<u>\$ 245,333</u>	<u>\$ 261,870</u>	<u>\$ 16,537</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, 2010

	Budgeted Amounts		2010	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ 2,465,192	\$ 2,286,099	\$ 2,293,366	\$ 7,267
Intergovernmental	500	700	700	-
Charges for services	104,200	123,200	127,483	4,283
Miscellaneous	5,200	1,500	1,355	(145)
Total revenues	<u>2,575,092</u>	<u>2,411,499</u>	<u>2,422,904</u>	<u>11,405</u>
Expenditures:				
Personal services	2,112,137	2,186,574	2,182,579	3,995
Contractual and operational	1,280,299	950,130	943,806	6,324
Materials and supplies	458,260	441,689	426,971	14,718
Special charges	10,800	16,960	16,636	324
Capital outlay	159,700	57,200	57,200	-
Total expenditures	<u>4,021,196</u>	<u>3,652,553</u>	<u>3,627,192</u>	<u>25,361</u>
Excess (deficiency) of rev over exp	<u>(1,446,104)</u>	<u>(1,241,054)</u>	<u>(1,204,288)</u>	<u>36,766</u>
Other financing sources (uses):				
Transfers in	<u>1,446,104</u>	<u>1,241,054</u>	<u>1,196,104</u>	<u>(44,950)</u>
Total other financing sources (uses)	<u>1,446,104</u>	<u>1,241,054</u>	<u>1,196,104</u>	<u>(44,950)</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	-	(8,184)	(8,184)
Fund balance at beginning of year	<u>511,998</u>	<u>511,998</u>	<u>511,998</u>	<u>-</u>
Fund balance at end of year	<u>\$ 511,998</u>	<u>\$ 511,998</u>	<u>\$ 503,814</u>	<u>\$ (8,184)</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, 2010**

	<u>Budgeted Amounts</u>		<u>2010</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Miscellaneous	\$ 79,400	\$ 79,400	\$ 117,869	\$ 38,469
Total revenues	<u>79,400</u>	<u>79,400</u>	<u>117,869</u>	<u>38,469</u>
Expenditures:				
Materials and supplies	10,800	14,017	12,146	1,871
Other services and charges	135,008	131,791	91,640	40,151
Total expenditures	<u>145,808</u>	<u>145,808</u>	<u>103,786</u>	<u>42,022</u>
Excess of revenue over expenditures	(66,408)	(66,408)	14,083	80,491
Fund balance at beginning of year	<u>274,580</u>	<u>274,580</u>	<u>274,580</u>	<u>-</u>
Fund balance at end of year	<u>\$ 208,172</u>	<u>\$ 208,172</u>	<u>\$ 288,663</u>	<u>\$ 80,491</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, 2010

	Budgeted Amounts		2010	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Miscellaneous	\$ 67,500	\$ 67,500	\$ 46,105	\$ (21,395)
Total revenues	<u>67,500</u>	<u>67,500</u>	<u>46,105</u>	<u>(21,395)</u>
Expenditures:				
Materials and supplies	7,400	11,675	9,223	2,452
Other services and charges	<u>343,190</u>	<u>338,915</u>	<u>278,034</u>	<u>60,881</u>
Total expenditures	<u>350,590</u>	<u>350,590</u>	<u>287,257</u>	<u>63,333</u>
Excess of revenue over expenditures	(283,090)	(283,090)	(241,152)	41,938
Other financing sources:				
Transfers in	<u>283,090</u>	<u>283,090</u>	<u>283,090</u>	<u>-</u>
Total other financing sources	<u>283,090</u>	<u>283,090</u>	<u>283,090</u>	<u>-</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	-	41,938	41,938
Fund balance at beginning of year	<u>1,487</u>	<u>1,487</u>	<u>1,487</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,487</u>	<u>\$ 1,487</u>	<u>\$ 43,425</u>	<u>\$ 41,938</u>

CITY OF LAKE CHARLES, LOUISIANA
Facility Renewal Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2010

	<u>Budgeted Amounts</u>		<u>2010</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Interest on investments	\$ 50,000	\$ 40,000	\$ 65,296	\$ 25,296
Total revenues	<u>50,000</u>	<u>40,000</u>	<u>65,296</u>	<u>25,296</u>
Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>50,000</u>	<u>40,000</u>	<u>65,296</u>	<u>25,296</u>
Other financing sources:				
Transfers out	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>50,000</u>	<u>(60,000)</u>	<u>(34,704)</u>	<u>25,296</u>
Fund balance at beginning of year	<u>4,257,702</u>	<u>4,257,702</u>	<u>4,257,702</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,307,702</u>	<u>\$ 4,197,702</u>	<u>\$ 4,222,998</u>	<u>\$ 25,296</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, 2010

	<u>Budgeted Amounts</u>		<u>2010</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)	<u>\$ 609,310</u>	<u>\$ 217,000</u>	<u>\$ 191,111</u>	<u>\$ (25,889)</u>
Total revenues	<u>609,310</u>	<u>217,000</u>	<u>191,111</u>	<u>(25,889)</u>
Expenditures:				
Current:				
Public works	484,710	92,400	89,977	2,423
Planning and development	142,600	142,600	142,600	-
Community services	<u>35,000</u>	<u>35,000</u>	<u>33,625</u>	<u>1,375</u>
Total expenditures	<u>662,310</u>	<u>270,000</u>	<u>266,202</u>	<u>3,798</u>
Excess (deficiency) of rev over exp	(53,000)	(53,000)	(75,091)	(22,091)
Fund balance at beginning of year	<u>1,981,438</u>	<u>1,981,438</u>	<u>1,981,438</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,928,438</u>	<u>\$ 1,928,438</u>	<u>\$ 1,906,347</u>	<u>\$ (22,091)</u>

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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 Assets September 30, 2010

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2010</u>
ASSETS			
Current assets:			
Cash	\$ 3,432,365	\$ 1,630,350	\$ 5,062,715
Investments	1,537,749	3,113,448	4,651,197
Receivables:			
Accounts	500,219	-	500,219
Accrued interest	12,345	7,082	19,427
Due from other funds	430,743	-	430,743
Prepaid expenses	949,062	-	949,062
Total current assets	<u>6,862,483</u>	<u>4,750,880</u>	<u>11,613,363</u>
Noncurrent assets:			
Capital assets (at cost):			
Machinery & equipment	36,225	-	36,225
Less accumulated depreciation	<u>(25,561)</u>	<u>-</u>	<u>(25,561)</u>
Total capital assets (net of accum. depr.)	<u>10,664</u>	<u>-</u>	<u>10,664</u>
Total assets	<u>6,873,147</u>	<u>4,750,880</u>	<u>11,624,027</u>
LIABILITIES			
Current liabilities:			
Accounts payable	30,025	15,551	45,576
Due to other funds	-	1,705	1,705
Accrued insurance claims	4,894,061	1,300,000	6,194,061
Incurred-not reported claims	<u>175,000</u>	<u>150,000</u>	<u>325,000</u>
Total current liabilities	<u>5,099,086</u>	<u>1,467,256</u>	<u>6,566,342</u>
Long-term liabilities:			
Accrued leave benefits	65,699	-	65,699
OPEB payable	10,537	-	10,537
Accrued insurance claims - noncurrent	<u>1,006,326</u>	<u>-</u>	<u>1,006,326</u>
Total long-term liabilities	<u>1,082,562</u>	<u>-</u>	<u>1,082,562</u>
Total liabilities	<u>6,181,648</u>	<u>1,467,256</u>	<u>7,648,904</u>
NET ASSETS			
Invested in capital assets	10,664	-	10,664
Unrestricted	<u>680,834</u>	<u>3,283,624</u>	<u>3,964,458</u>
Total net assets	<u>\$ 691,498</u>	<u>\$ 3,283,624</u>	<u>\$ 3,975,122</u>

CITY OF LAKE CHARLES, LOUISIANA

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets

For the Fiscal Year Ended September 30, 2010

	Risk Management	Employee Insurance	Totals 2010
Operating revenues:			
Charges for services	\$ 5,226,469	\$ 6,992,986	\$ 12,219,455
Intergovernmental revenue	-	23,224	23,224
Subrogation	2,861	127,281	130,142
Total operating revenues	<u>5,229,330</u>	<u>7,143,491</u>	<u>12,372,821</u>
Operating expenses:			
Personal services	453,297	42,239	495,536
Materials and supplies	7,292	-	7,292
General and administration	1,792,939	1,028,971	2,821,910
Depreciation	4,056	-	4,056
Claims and losses paid	2,307,700	5,190,110	7,497,810
Total operating expenses	<u>4,565,284</u>	<u>6,261,320</u>	<u>10,826,604</u>
Operating income (loss)	<u>664,046</u>	<u>882,171</u>	<u>1,546,217</u>
Nonoperating revenues:			
Interest	37,425	50,629	88,054
Loss on retirement of fixed asset	-	-	-
Total nonoperating revenues	<u>37,425</u>	<u>50,629</u>	<u>88,054</u>
Income (loss) before transfers	<u>701,471</u>	<u>932,800</u>	<u>1,634,271</u>
Transfer in	<u>999,529</u>	<u>-</u>	<u>999,529</u>
Change in net assets	1,701,000	932,800	2,633,800
Net assets - beginning of fiscal year	(1,009,502)	2,350,824	1,341,322
Net assets - ending of fiscal year	<u>\$ 691,498</u>	<u>\$ 3,283,624</u>	<u>\$ 3,975,122</u>

CITY OF LAKE CHARLES, LOUISIANA

Internal Service Fund Combining Statement of Cash Flows For the Fiscal Year Ended September 30, 2010

	Risk Management	Employee Insurance	Totals 2010
Cash flows from operating activities:			
Receipts from customers and users	\$ 5,145,819	\$ 7,143,491	\$ 12,289,310
Payments to employees	(440,796)	-	(440,796)
Payments to suppliers and claimants	(5,662,056)	(6,379,258)	(12,041,314)
Internal activity - payments to other funds	319,178	1,494	320,672
Net cash provided by operating activities	<u>(637,855)</u>	<u>765,727</u>	<u>127,872</u>
Cash flow from noncapital financing activities:			
Operating subsidies	999,529	-	999,529
Net cash provided by noncapital financing activities	<u>999,529</u>	<u>-</u>	<u>999,529</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	(2,449,636)	(6,050,510)	(8,500,146)
Proceeds from sale and maturities of investment securities	1,961,433	3,999,204	5,960,637
Interest on investments	21,343	40,830	62,173
Net cash provided (used for) investing activities	<u>(466,860)</u>	<u>(2,010,476)</u>	<u>(2,477,336)</u>
Net increase (decrease) in cash and cash equivalents	(105,186)	(1,244,749)	(1,349,935)
Cash and cash equivalents at beginning of year	3,537,551	2,875,099	6,412,650
Cash and cash equivalents at end of year	<u>\$ 3,432,365</u>	<u>\$ 1,630,350</u>	<u>\$ 5,062,715</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 664,046	\$ 882,171	\$ 1,546,217
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	4,056	-	4,056
(Increase) decrease in accounts receivable	(83,511)	-	(83,511)
(Increase) decrease in due from other funds	319,178	-	319,178
(Increase) decrease in prepaid items	(99,200)	-	(99,200)
Increase (Decrease) in accounts payables	21,751	(17,938)	3,813
Increase (Decrease) in accrued insurance claims	(1,474,344)	(100,000)	(1,574,344)
Increase (Decrease) in compensated absences payable	4,985	-	4,985
Increase (Decrease) in OPEB liability	5,184	-	5,184
Increase (Decrease) in due to other funds	-	1,494	1,494
Total adjustments	<u>(1,301,901)</u>	<u>(116,444)</u>	<u>(1,418,345)</u>
Net cash provided by operating activities	<u>\$ (637,855)</u>	<u>\$ 765,727</u>	<u>\$ 127,872</u>

Noncash investing, capital and financing activities:

Change in the fair value of investments resulted in an unrealized gain of \$8,732 at year-end 2010 and an unrealized gain of \$1,433 at year-end 2009.

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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Governmental funds capital assets		
Land	\$ 12,793,280	\$ 12,793,280
Buildings	46,624,455	20,144,451
Improvements other than buildings	43,581,848	25,074,204
Machinery and Equipment	29,114,939	28,580,699
Infrastructure	241,502,899	226,811,286
Construction in progress	<u>32,727,926</u>	<u>71,757,399</u>
Total general capital assets	<u>\$ 406,345,347</u>	<u>\$ 385,161,319</u>
Property acquired prior to October 1, 1985, excluding infrastructure	\$ 24,322,019	\$ 24,346,045
Property acquired after September 30, 1985 from:		
Federal grants	548,188	516,988
State grants	370,000	370,000
General fund revenues	101,968,220	56,453,506
Capital projects funds	251,225,814	276,048,674
Donations	<u>27,911,106</u>	<u>27,426,106</u>
Total investments in general capital assets	<u>\$ 406,345,347</u>	<u>\$ 385,161,319</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$36,225 at 9/30/2010 and 9/30/2009 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 assets.

CITY OF LAKE CHARLES, LOUISIANA
Schedule of Capital Assets - Governmental Funds
By Function and Activity
September 30, 2010

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	-	-	-	46,964	-	-	46,964
Judicial	-	-	-	47,797	-	-	47,797
Total general government	-	-	-	165,432	-	-	165,432
STAFF AGENCIES							
Finance	-	-	-	33,042	-	-	33,042
Planning and development	-	-	-	86,537	-	-	86,537
Human Resources	-	-	-	23,487	-	-	23,487
Public works	214,700	928,520	39,968	1,404,566	-	-	2,587,754
Information Services	-	-	-	180,795	-	-	180,795
General government buildings	2,622,248	5,856,483	1,044,359	373,103	-	-	9,896,193
Total staff agencies	2,836,948	6,785,003	1,084,327	2,101,530	-	-	12,807,808
PUBLIC SAFETY							
Police	67,715	600,263	643,786	4,849,058	-	-	6,160,822
Fire	126,300	6,569,802	527,693	9,801,185	-	-	17,024,980
Permit Center	-	-	-	194,111	-	-	194,111
Total public safety	194,015	7,170,065	1,171,479	14,844,354	-	-	23,379,913
Streets	-	-	-	3,520,980	202,622,523	16,701,865	222,845,368
Recreation	8,759,360	3,332,135	12,342,344	1,538,877	-	-	25,972,716
Community service	5,000	2,549,578	45,334	4,060	-	11,431,162	14,035,134
Sanitation and waste	997,957	26,787,674	28,938,364	6,939,706	38,880,376	4,594,899	107,138,976
	9,762,317	32,669,387	41,326,042	12,003,623	241,502,899	32,727,926	369,992,194
Total capital assets allocated to functions	\$ 12,793,280	\$46,624,455	\$43,581,848	\$29,114,939	\$ 241,502,899	\$32,727,926	\$ 406,345,347

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$36,225 9/30/2010 and at 9/30/2009 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 assets.

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, 2010

Function and Activity	General Capital Assets 9/30/2009	Additions	Deletions	General Capital Assets 9/30/2010
GENERAL GOVERNMENT				
Legislative	\$ 70,671	\$ -	\$ -	\$ 70,671
Executive	45,452	1,512	-	46,964
Judicial	69,480	27,351	(49,034)	47,797
Total general government	<u>185,603</u>	<u>28,863</u>	<u>(49,034)</u>	<u>165,432</u>
STAFF AGENCIES				
Finance	34,242	-	(1,200)	33,042
Planning and Development	62,180	24,357	-	86,537
Human Resources	23,487	-	-	23,487
Public Works	2,609,120	113,038	(134,404)	2,587,754
Information Services	191,427	15,800	(26,432)	180,795
General Government	9,903,925	32,200	(39,932)	9,896,193
Total staff agencies	<u>12,824,381</u>	<u>185,395</u>	<u>(201,968)</u>	<u>12,807,808</u>
PUBLIC SAFETY				
Police	5,780,489	1,032,056	(651,723)	6,160,822
Fire	16,603,356	620,846	(199,222)	17,024,980
Permit Center	189,209	49,995	(45,093)	194,111
Total public safety	<u>22,573,054</u>	<u>1,702,897</u>	<u>(896,038)</u>	<u>23,379,913</u>
Streets	212,330,655	16,672,546	(6,157,833)	222,845,368
Recreation	25,446,226	655,367	(128,877)	25,972,716
Community service	9,755,780	4,279,354	-	14,035,134
Sanitation and waste	102,045,620	54,008,349	(48,914,993)	107,138,976
	<u>349,578,281</u>	<u>75,615,616</u>	<u>(55,201,703)</u>	<u>369,992,194</u>
Total capital assets allocated to functions	<u>\$ 385,161,319</u>	<u>\$ 77,532,771</u>	<u>\$ (56,348,743)</u>	<u>\$ 406,345,347</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$36,225 at 9/30/2010 and at 9/30/2009 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 assets.

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 Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 152,255	\$ 168,278	\$ 185,082	\$ 160,853
Restricted	19,721	12,216	10,597	48,485
Unrestricted	57,247	64,114	60,816	64,136
Total governmental activities net assets	<u>\$ 229,223</u>	<u>\$ 244,608</u>	<u>\$ 256,495</u>	<u>\$ 273,474</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 51,800	\$ 50,605	\$ 51,436	\$ 59,165
Unrestricted	4,661	8,442	14,134	5,716
Total governmental activities net assets	<u>\$ 56,461</u>	<u>\$ 59,047</u>	<u>\$ 65,570</u>	<u>\$ 64,881</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 204,055	\$ 218,883	\$ 236,518	\$ 220,018
Restricted	19,721	12,216	10,597	48,485
Unrestricted	61,908	72,556	74,950	69,852
Total governmental activities net assets	<u>\$ 285,684</u>	<u>\$ 303,655</u>	<u>\$ 322,065</u>	<u>\$ 338,355</u>

* Note GASB 34 adopted in 2003.

<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 200,193	\$ 204,550	\$ 216,618
42,220	30,622	60,553
48,188	62,216	31,362
<u>\$ 290,601</u>	<u>\$ 297,388</u>	<u>\$ 308,533</u>
\$ 66,241	\$ 67,502	\$ 68,319
555	2,363	2,851
<u>\$ 66,796</u>	<u>\$ 69,865</u>	<u>\$ 71,170</u>
\$ 266,434	\$ 272,052	\$ 284,937
42,220	30,622	60,553
48,743	64,579	34,213
<u>\$ 357,397</u>	<u>\$ 367,253</u>	<u>\$ 379,703</u>

CITY OF LAKE CHARLES, LOUISIANA

Change in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental activities:							
General government	\$ 4,018,106	\$ 3,812,105	\$ 4,024,194	\$ 4,102,319	\$ 4,158,299	\$ 4,428,106	\$ 4,565,486
Public safety	24,747,219	26,919,170	29,515,842	28,708,138	28,400,481	30,691,441	29,211,079
Public works	21,492,315	20,693,262	28,642,450	24,449,739	26,341,091	26,204,810	24,948,706
Planning and development	2,300,829	2,308,019	2,325,223	2,729,542	3,011,317	2,420,483	2,855,462
General services	3,287,536	3,428,701	6,975,121	5,901,532	5,201,297	7,819,930	7,327,977
Community services	4,564,296	4,928,356	10,314,122	5,814,605	5,658,398	6,101,747	5,699,264
Interest in long-term debt	787,407	1,074,675	1,324,532	1,997,185	2,850,831	2,703,667	3,396,559
Total governmental activities	61,197,708	63,164,288	83,121,484	73,703,060	75,621,714	80,370,184	78,004,533
Business-type activities							
Civic center	2,884,374	2,987,398	2,813,459	3,101,741	3,274,154	3,265,481	3,734,478
Golf course	1,108,015	1,185,076	1,192,880	1,299,432	1,247,986	1,480,511	1,432,343
Transit	1,472,038	1,481,491	1,662,242	1,996,952	2,540,820	2,359,228	2,038,547
Water	6,844,008	7,045,612	7,757,623	8,144,570	8,829,630	9,139,256	8,645,421
Total business-type activities	12,308,435	12,699,577	13,426,204	14,542,695	15,892,590	16,244,476	15,850,789
Total primary government	\$ 73,506,143	\$ 75,863,865	\$ 96,547,688	\$ 88,245,755	\$ 91,514,304	\$ 96,614,660	\$ 93,855,322
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 4,214,680	\$ 4,188,998	\$ 4,431,182	\$ 4,874,140	\$ 4,855,947	\$ 5,126,923	\$ 5,091,090
Public works	4,968,936	5,516,777	5,618,552	5,691,800	8,066,296	8,215,969	9,006,678
Other activities	642,863	804,172	886,296	1,221,578	1,165,914	911,091	1,030,878
Operating grants and contributions	3,866,738	5,168,349	15,728,027	3,968,837	5,920,889	3,801,382	4,426,140
Capital grants and contributions	655,627	802,681	5,076,055	4,472,089	2,917,678	4,913,193	5,685,329
Total govtntl activity prgrm	14,348,844	16,480,977	31,740,112	20,228,444	22,926,724	22,968,558	25,240,115
Business-type activities:							
Charges for services:							
Civic center	911,255	845,555	533,072	932,746	915,970	1,047,163	930,113
Golf course	1,010,247	1,038,192	1,009,908	1,046,555	985,883	1,126,764	905,153
Transit	66,577	73,227	62,086	80,615	83,792	62,810	81,418
Water	6,691,436	6,898,120	6,379,993	6,286,427	6,936,227	7,586,073	8,925,396
Operating grants and contributions	764,235	798,193	1,287,219	1,272,010	1,157,412	1,198,730	1,307,484
Capital grants and contributions	-	-	5,293,304	256,761	1,213,667	1,510,505	1,698,748
Total busnss-type prgrm revens	9,443,750	9,653,287	14,565,582	9,875,114	11,292,951	12,532,045	13,848,312
Total primary govrnment program	\$ 23,792,594	\$ 26,134,264	\$ 46,305,694	\$ 30,103,558	\$ 34,219,675	\$ 35,500,603	\$ 39,088,427

	2004	2005	2006	2007	2008	2009	2010
Net (expense)/revenue							
Governmental activities	\$ (46,848,864)	\$ (46,683,311)	\$ (51,381,372)	\$ (53,474,616)	\$ (52,694,990)	\$ (57,401,626)	\$ (52,764,418)
Business-type activities	(2,864,685)	(3,046,290)	1,139,378	(4,667,581)	(4,599,639)	(3,712,431)	(2,002,477)
Total primary government net expenses	\$ (49,713,549)	\$ (49,729,601)	\$ (50,241,994)	\$ (58,142,197)	\$ (57,294,629)	\$ (61,114,057)	\$ (54,766,895)

General Revenues and Other Changes in Net Assets

Governmental activities							
Taxes							
Property taxes	\$ 5,888,574	\$ 5,895,575	\$ 5,953,207	\$ 6,536,673	\$ 6,612,603	\$ 7,348,241	\$ 7,489,471
Sales taxes	36,119,596	38,271,946	47,667,615	44,710,221	45,584,783	45,149,671	41,685,781
Franchise taxes	4,856,252	5,099,288	6,038,709	5,821,514	6,842,265	5,446,301	5,702,863
Riverboat taxes	6,682,497	7,706,108	3,024,702	6,961,367	8,399,666	9,099,020	8,959,034
Grants and contributions not restricted							
to specific programs	187,044	180,156	205,557	284,017	195,018	201,846	198,471
Interest and investment earnings	1,636,726	1,680,895	3,465,720	5,258,465	4,781,799	2,638,358	1,728,068
Miscellaneous	1,865,920	8,330,043	2,652,685	2,902,648	3,717,359	859,064	1,206,950
Gain (loss) on sales of capital assets	85,290	4,700	28,100	102,703	67,296	-	-
Transfers	(1,315,990)	(5,100,256)	(5,767,780)	(2,124,636)	(6,378,347)	(6,554,391)	(3,060,758)
Total governmental activities	\$6,005,909	\$62,068,455	\$63,268,515	\$70,452,972	\$69,822,442	\$64,188,110	\$63,909,880
Business-type activities:							
Grants and contributions not restricted							
to specific programs	479,765	200,000	190,000	200,000	200,000	200,000	200,000
Interest and investment earnings	122,601	147,277	362,990	589,768	181,262	26,597	46,565
Miscellaneous	28,095	184,062	640,010	1,064,948	252,500	-	-
Gain (loss) on sales of capital assets	1,647	-	(1,577,138)	-	(497,393)	-	-
Transfers	1,315,990	5,100,256	5,767,780	2,124,636	6,378,347	6,554,391	3,060,758
Total business type activities	\$1,948,098	\$5,631,595	\$5,383,642	\$3,979,352	\$6,514,716	\$6,780,988	\$3,307,323
Total primary government	\$ 7,954,007	\$ 67,700,050	\$ 68,652,157	\$ 74,432,324	\$ 76,337,158	\$ 70,969,098	\$ 67,217,203

Change in Net Assets

Governmental activities	\$ 9,157,045	\$ 15,385,144	\$ 11,887,143	\$ 16,978,356	\$ 17,127,452	\$ 6,786,484	\$ 11,145,462
Business-type activities	(916,587)	2,585,305	6,523,020	(688,229)	1,915,077	3,068,557	1,304,846
Total primary government	\$ 8,240,458	\$ 17,970,449	\$ 18,410,163	\$ 16,290,127	\$ 19,042,529	\$ 9,855,041	\$ 12,450,308

* Note GASB 34 adopted in 2003.

CITY OF LAKE CHARLES, LOUISIANA

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>One Percent Sales Tax (1965)</u>	<u>Additional One Percent Sales Tax (1987)</u>	<u>Employee's Pay Quarter cent Sales Tax (1995)</u>
2001	\$ 5,373,976	\$ 13,913,944	\$ 13,913,944	\$ 3,455,464
2002	5,559,910	14,232,232	14,232,232	3,546,611
2003	5,755,614	14,738,034	14,738,034	3,680,714
2004	5,888,574	15,935,923	15,935,923	3,962,435
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

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.

Riverboat Gaming Tax	Electric Utility Franchise	Gas Utility Franchise	Cable Television Franchise
\$ 6,075,000	\$ 3,938,095	\$ 663,156	\$ 459,191
6,110,488	3,233,184	398,356	482,724
6,429,373	3,689,830	540,348	499,422
6,682,497	3,816,930	506,134	533,188
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

CITY OF LAKE CHARLES, LOUISIANA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)
(amounts expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 251,448	\$ 292,332	\$ 624,873	\$ 267,009	\$ 215,028	\$ 864,493	\$ 1,999,645	\$ 3,289,392	\$ 230,186	\$ 297,834
Unreserved	23,010,254	24,264,067	24,036,617	25,481,201	27,722,313	26,835,936	29,486,833	28,820,688	28,007,800	25,483,998
Total General Fund	23,261,702	24,556,399	24,661,490	25,748,210	27,937,341	27,700,429	31,486,478	32,110,080	28,237,986	25,781,832
All other governmental funds										
Reserved	2,548,520	7,496,774	7,485,682	3,876,713	8,525,787	6,437,907	14,060,057	23,285,955	19,013,569	16,022,853
Unreserved, reported in:										
Special revenue funds	10,313,652	8,618,629	10,661,898	9,327,261	9,699,426	10,774,273	10,620,548	8,778,666	12,922,418	14,598,101
Capital projects funds	29,101,826	33,771,557	53,762,855	42,344,021	33,283,507	28,477,469	59,084,997	51,085,939	43,174,593	77,320,653
Total all other governmental funds	41,963,998	49,886,960	71,910,435	55,547,995	51,508,720	45,689,649	83,765,602	83,150,560	75,110,580	107,941,607
Total all governmental funds	\$65,225,700	\$ 74,443,359	\$ 96,571,925	\$81,296,205	\$79,446,061	\$73,390,078	\$115,252,080	\$ 115,260,640	\$103,348,566	\$133,723,439

* The increases in fund balance in fiscal years 2003, 2007, and 2010 are due primarily to unspent bond proceeds from issues during the period for capital projects.

CITY OF LAKE CHARLES, LOUISIANA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues:										
Taxes	\$ 48,870,255	\$ 45,722,277	\$ 47,714,962	\$ 50,815,251	\$ 54,186,267	\$ 58,915,721	\$ 60,340,385	\$ 62,863,828	\$ 63,906,886	\$ 60,681,304
Licenses and permits	5,442,091	4,539,687	5,219,813	5,502,441	5,589,731	6,760,340	6,710,807	7,635,503	6,104,766	6,357,695
Intergovernmental	4,650,805	4,902,427	7,648,860	4,978,600	6,774,038	18,151,628	5,636,828	9,417,429	8,851,035	10,830,886
Charges for services	3,604,664	4,656,723	6,031,983	6,695,931	7,425,881	7,497,818	8,334,042	10,232,457	10,440,834	11,300,612
Fines and forfeitures	405,332	264,816	234,003	253,328	257,762	257,462	276,359	306,694	322,461	338,073
Miscellaneous	6,072,823	3,536,574	4,410,902	3,283,237	8,280,461	8,508,921	9,886,132	6,600,618	4,582,043	2,708,846
Total revenues	69,045,970	63,622,504	71,269,523	71,528,988	82,514,140	100,091,890	91,184,553	97,056,529	94,208,925	92,217,416
Expenditures:										
Current operating:										
General government	1,933,909	1,929,028	2,152,558	2,251,811	2,240,148	2,280,837	2,298,225	2,449,791	2,598,746	2,727,390
Finance	1,144,619	1,099,504	1,306,851	1,377,726	1,352,825	1,383,033	1,392,804	1,352,358	1,389,805	1,496,010
Human Resources	312,725	259,088	274,577	253,787	276,304	308,001	292,767	288,724	317,809	352,726
Fire	7,132,709	7,400,951	8,714,335	9,659,312	11,535,201	12,577,995	12,579,653	12,634,153	13,074,636	12,729,943
Police	8,983,015	9,943,674	11,504,525	12,765,994	14,119,891	15,026,989	14,371,715	14,094,524	14,196,539	15,775,008
Public works	12,940,959	13,686,621	14,721,471	15,407,571	15,766,960	23,015,679	18,974,532	20,648,106	20,039,183	20,272,640
Planning and development	2,087,068	1,946,772	2,050,593	2,257,639	2,264,326	2,095,331	2,515,448	2,805,009	2,305,258	2,596,371
Community services	3,380,106	3,366,639	3,756,893	3,731,237	3,851,337	9,707,729	5,046,085	4,662,889	4,545,957	4,780,142
General services	2,345,577	2,728,344	2,630,205	2,698,309	2,880,492	6,254,807	3,901,466	5,554,769	4,254,079	4,096,854
Capital projects	9,867,954	9,913,457	23,028,578	31,754,246	21,505,295	23,238,997	16,341,943	19,136,059	28,093,724	24,458,504
Debt service:										
Principal retirement	921,909	855,861	945,967	1,910,667	2,038,438	2,566,162	2,500,302	3,637,281	3,991,176	4,062,242
Bond issuance costs	-	-	-	-	-	42,978	621,817	-	-	1,414,680
Interest and fiscal charges	664,164	629,940	698,206	787,407	1,074,675	1,281,554	1,393,744	2,905,960	2,758,796	2,109,632
Total expenditures	51,714,714	53,759,879	71,784,759	84,855,706	78,905,892	99,780,092	83,230,501	90,169,623	97,585,708	96,872,142
Excess (deficiency) of revenues over expenditures	17,331,256	9,862,625	(515,236)	(13,326,718)	3,608,248	311,798	8,954,052	6,886,906	(3,377,683)	(4,654,726)
Other financing sources (uses):										
Transfers in	28,185,969	12,557,690	10,381,689	13,181,610	11,911,644	12,016,568	15,728,775	17,610,913	17,216,245	14,552,013
Transfers out	(30,313,547)	(13,202,657)	(12,737,887)	(15,130,612)	(17,370,037)	(19,084,348)	(18,403,411)	(24,489,260)	(25,770,636)	(18,612,300)
Issuance of debt	-	-	25,000,000	-	-	700,000	34,480,000	-	-	57,015,000
Premium on issuance of debt	-	-	-	-	-	-	1,102,586	-	-	2,174,886
Payment to refunded bonds	-	-	-	-	-	-	-	-	-	(20,100,000)
Total other financing sources(uses)	(2,127,578)	(644,967)	22,643,802	(1,949,002)	(5,458,393)	(6,367,780)	32,907,950	(6,878,347)	(8,554,391)	35,029,599
Net change in fund balances	\$ 15,203,678	\$ 9,217,658	\$ 22,128,566	\$ (15,275,720)	\$ (1,850,145)	\$ (6,055,982)	\$ 41,862,002	\$ 8,559	\$ (11,912,074)	\$ 30,374,873
Debt service as a percentage of noncapital expenditures	3.79%	3.39%	3.36%	5.11%	5.57%	5.16%	7.18%	9.59%	9.37%	10.25%

CITY OF LAKE CHARLES, LOUISIANA

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property Tax	One Percent Sales Tax ('65)	One Percent Sales Tax ('87)	Additional Sales Tax ('95)	Employee's Pay Quarter cent Sales Tax ('95)	Riverboat Gaming Tax	Electric Utility Franchise	Gas Utility Franchise	Cable Television Franchise
2001	\$ 5,373,976	\$ 13,913,944	\$ 13,913,944	\$ 13,913,944	\$ 3,455,464	\$ 6,075,000	\$ 3,938,095	\$ 663,156	\$ 459,191
2002	5,559,910	14,232,232	14,232,232	14,232,232	3,546,611	6,110,488	3,233,184	398,356	482,724
2003	5,755,614	14,738,034	14,738,034	14,738,034	3,680,714	6,429,373	3,689,830	540,348	499,422
2004	5,888,574	15,935,923	15,935,923	15,935,923	3,962,435	6,682,497	3,816,930	506,134	533,188
2005	5,895,575	16,905,803	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	21,069,476	5,267,376	3,024,702	4,854,764	659,837	524,107
2007	6,536,673	19,604,922	19,604,922	19,604,922	4,901,540	6,961,367	4,521,714	671,183	628,617
2008	6,612,603	20,048,716	20,048,716	20,048,716	5,012,194	8,399,666	5,215,659	632,849	993,758
2009	7,348,241	19,767,418	19,767,418	19,767,418	4,932,015	9,099,020	3,964,234	588,931	893,136
2010	7,489,471	18,382,454	18,382,454	18,382,454	4,595,619	8,959,034	4,183,356	590,275	929,232

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
2001	2000	\$ 229,530,010	\$ 2,295,300,100	\$ 83,296,660	\$ 555,311,067
2002	2001	236,891,890	2,368,918,900	84,699,970	564,666,467
2003	2002	243,210,230	2,432,102,300	91,843,990	612,293,267
2004	2003	246,685,030	2,466,850,300	93,673,820	624,492,133
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

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 and 2008.

Source: Calcasieu Parish Tax Assessor

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		
\$ 18,819,110	\$ 75,276,440	\$ 331,645,780	\$ 2,925,887,607	\$16.43	11.33%
19,251,490	77,005,960	340,843,350	3,010,591,327	16.43	11.32%
18,862,920	75,451,680	353,917,140	3,119,847,247	16.43	11.34%
17,451,120	69,804,480	357,809,970	3,161,146,913	16.43	11.32%
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%

CITY OF LAKE CHARLES, LOUISIANA

Property Tax Millage Rates

Direct and Overlapping Governments

Last Ten Fiscal Years

Calendar Year	City of Lake Charles				Calcasieu Parish School Board					Calcasieu Parish					
	General and		Debt		General		Debt		Total	Parish		Recreation		Airport	Parish
	Fiscal Year	Funds	Special Revenue	Service	Funds	Total	Funds	Service		Jury	Road Districts	Gravity Drainage	and Com Centers	Harbor & Terminal	Water & Sewer
2000	2001	16.43		0.00	0.00	16.43	19.56	27.00	46.56	45.40	4.06	5.92	0.00	9.20	20.74
2001	2002	16.43		0.00	0.00	16.43	19.56	25.00	44.56	45.40	4.06	5.92	0.00	9.20	14.74
2002	2003	16.43		0.00	0.00	16.43	19.56	39.50	59.06	45.40	4.06	5.92	0.00	9.20	15.74
2003	2004	16.43		0.00	0.00	16.43	19.56	35.00	54.56	52.84	4.06	5.92	0.00	9.20	15.14
2004	2005	16.09		0.00	0.00	16.09	18.72	36.50	55.22	44.19	3.88	5.77	0.00	8.80	16.25
2005	2006	16.09		0.00	0.00	16.09	18.72	25.00	43.72	44.99	3.88	5.77	7.85	8.80	18.39
2006	2007	16.09		0.00	0.00	16.09	18.72	25.50	44.22	47.21	3.88	5.79	7.40	8.80	20.39
2007	2008	16.09		0.00	0.00	16.09	18.72	27.50	46.22	41.5	3.88	5.79	7.00	8.80	18.14
2008	2009	15.35		0.00	0.00	15.35	18.72	24.00	42.72	39.28	3.67	5.29	7.00	8.34	18.46
2009	2010	15.35		0.00	0.00	15.35	18.72	24.00	42.72	33.02	3.67	5.79	5.65	8.34	15.59
															83.14

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, 2009 and December 31, 2000

for Fiscal Year Ended September 30, 2010 and September 30, 2001

Taxpayer	Type of Business	2010			2000		
		Assessed	Rank	Percentage	Assessed	Rank	Percentage
		Valuation		of Total	Valuation		of Total
		2008		Valuation	1999		Valuation
PNK (Lake Charles) LLC	Hotel and Casino	\$41,786,620	1	8.52 %	-	-	%
Wal-Mart Stores	Retail	10,283,190	2	2.10	4,157,300	4	1.40
Bell South Telecommunications	Telephone	7,824,760	3	1.59	10,068,800	2	3.38
Entergy Gulf States Inc.	Electric utility	7,315,540	4	1.49	4,077,500	5	1.37
Capital One NA * Hibernia in 2001	Bank	4,939,650	5	1.01	6,224,020	3	2.09
Women's & Children's Hospital	Hospital	4,692,850	6	0.96	-	-	-
Cameron State Bank	Bank	3,739,600	7	0.76	-	-	-
JP Morgan Chase Bank NA * Bank One in 2001	Bank	3,017,930	8	0.62	2,616,230	6	0.88
Carboline Company	Wholesale	2,569,570	9	0.52	-	-	-
Simon Debartolo Group *Simon, Melvin & Associates in 2001	Real Estate Agent	2,682,450	10	0.55	2,448,520	7	0.82
Harrah's Entertainment Inc * Players in 1998	Riverboat Casino	-	-	-	12,639,980	1	4.24
Lowe's	Retail	-	-	-	2,321,650	8	0.78
Qwest Communication Corp	Telecommunication	-	-	-	2,098,670	9	0.70
Whitney Bank	Bank	-	-	-	1,975,180	10	0.66
		<u>\$88,852,160</u>		<u>18.11%</u>	<u>\$48,627,850</u>		<u>16.32%</u>

2009 Total city valuation: \$490,681,190

2000 Total city valuation: \$297,881,580

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>
2001	2000	\$ 5,448,959	\$ 331,803	\$ 5,117,156
2002	2001	5,600,075	29,978	5,570,097
2003	2002	5,814,877	36,921	5,777,956
2004	2003	5,878,836	7,942	5,870,894
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

Source: Calcasieu Parish Tax Assessor

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
\$	71,316	\$ 5,045,840	98.61 %	1.39 %
	49,886	5,520,211	99.10	0.90
	83,970	5,693,986	98.55	1.45
	67,052	5,803,842	98.86	1.14
	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

CITY OF LAKE CHARLES, LOUISIANA

Sales Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

City of Lake Charles										Calcasieu Parish			State of Louisiana		
Calendar Year	Fiscal Year	Dedicated 1%						School Board			Law		Tourism		
		General Fund		Waste Water		Capital Project	Employee's Pay	General	Salaries	Enforcement	General	Promotion	Total		
		Public Safety	Public Works	Water	Recreation										
2000	2001	1.00%	0.20%	0.28%	0.16%	0.08%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2001	2002	1.00%	0.20%	0.28%	0.16%	0.08%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2002	2003	1.00%	0.20%	0.28%	0.16%	0.08%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2003	2004	1.00%	0.20%	0.28%	0.16%	0.08%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2004	2005	1.00%	0.20%	0.28%	0.16%	0.08%	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%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2006	2007	1.00%	0.20%	0.28%	0.16%	0.08%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2007	2008	1.00%	0.20%	0.28%	0.16%	0.08%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%		
2008	2009	1.00%	0.20%	0.28%	0.16%	0.08%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%		
2009	2010	1.00%	0.20%	0.28%	0.16%	0.08%	0.25%	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, 2010 and June 30, 2006

for Fiscal Year Ended September 30, 2010 and September 30, 2006

Type of Business	2010			2006		
	Tax Paid	Rank	Percentage of Total Valuation	Tax Paid	Rank	Percentage of Total Valuation
Retail	\$5,324,922	1	12.67% %	\$5,287,093	1	13.77%
Government	1,733,018	2	4.12%	2,541,536	2	6.62%
Hotel and Casino	921,457	3	2.19%	-		-
Grocery	801,036	4	1.91%	719,611	4	1.87%
Building supply	713,680	5	1.70%	744,603	3	1.94%
Retail	670,322	6	1.59%	412,551	9	1.07%
Grocery	551,901	7	1.31%	498,779	7	1.30%
Health Care	474,833	8	1.13%	588,432	5	1.53%
Health Care	416,777	9	0.99%	497,147	8	1.29%
Retail	416,123	10	0.99%	396,821	10	1.03%
Building supply	-		-	513,543	6	1.34%
	<u>\$12,024,069</u>		<u>28.61%</u>	<u>\$12,200,116</u>		<u>31.77%</u>

2010 Total sales tax: \$ 42,031,916

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

Source: Calcasieu Parish Sales and Use Tax Department
Historical data prior to 2005 unavailable.

CITY OF LAKE CHARLES, LOUISIANA

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Pension Refunding Bonds	LCD A Sewer Refunding Bonds	LCDA Sewer Refunding Bonds	Deferred Amount LCDA Sewer Refunding Bonds	2007 LCDA Public Improvement Bonds	Deferred Amount LCDA Public Improvement Bonds 2007	2010 LCDA Public Improvement Bonds	Deferred Amount LCDA Public Improvement Bonds 2010	Total Bonded Debt	Percentage of Personal Income	Per Capita
2001	\$ 10,975,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,975,000	0.72%	\$ 153
2002	10,375,000	-	-	-	-	-	-	-	10,375,000	0.47%	145
2003	9,735,000	25,000,000	-	-	-	-	-	-	34,735,000	1.57%	484
2004	9,060,000	24,285,000	-	-	-	-	-	-	33,345,000	1.51%	465
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	3.94%	1,303

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 100 for personal income and population data.

CITY OF LAKE CHARLES, LOUISIANA

Computation of Direct and Overlapping
General Obligation Bonded Debt
As of September 30, 2010

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Lake Charles</u>	<u>Amount Applicable to Lake Charles</u>
City of Lake Charles	\$ -	100 %	\$ -
Calcasieu Parish School Board	219,690,000	28.884%	63,454,167
Calcasieu Parish Library Bonds	-	28.884%	-
Calcasieu Parish Police Jury	-	28.884%	-
Total Direct and Overlapping General Obligation Bonded Debt	<u>\$ 219,690,000</u>		<u>\$ 63,454,167</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)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 40,000	\$ 42,461	\$ 43,744	\$ 44,362	\$ 46,601	\$ 47,601	\$ 44,185	\$ 51,710	\$ 49,305	\$ 49,305
Total net debt applicable to limit	0	0	0	0	0	0	0	0	0	0
Legal debt margin	<u>\$ 40,000</u>	<u>\$ 42,461</u>	<u>\$ 43,744</u>	<u>\$ 44,362</u>	<u>\$ 46,601</u>	<u>\$ 47,601</u>	<u>\$ 44,185</u>	<u>\$ 51,710</u>	<u>\$ 49,305</u>	<u>\$ 49,305</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 2009

(amounts expressed in thousands)

Assessed value	\$ 490,681
Add back: exempt real property	2,377
Total assessed value	<u>\$ 493,058</u>
Debt limit (10% of total assessed value)	\$ 49,305
Total outstanding General Obligation Bonds of City of Lake Charles	<u>-</u>
Legal capacity of City of Lake Charles for General Obligation Bonds	<u>\$ 49,305</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 \$93,481,084 outstanding bonded debt at September 30, 2010. 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		Personal	Per		Public	Private	Total	Unemployment
Year	Population	Income	Capita	Median	City School	City School	City School	Percentage
		(amts in	Personal	Age	Enrollment	Enrollment	Enrollment	Rate
		thousands)	Income (1)		(K-12 Grades)	(K-12 Grades)	(K-12 Grades)	
2000	71,757	\$ 1,523,042	21,225	35.3	14,335	3,078	17,413	5.3 %
2001	71,757	2,208,250	30,774	35.3	13,830	2,907	16,737	5.4
2002	71,757	2,208,250	30,774	35.3	14,281	2,907	17,188	5.1
2003	71,757	2,208,250	30,774	35.3	13,668	2,907	16,575	4.7
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

Notes:

- (1) Estimates for population, income age and unemployment provided by Imperial Calcasieu Regional Planning and Development.
- (2) School enrollment includes public and state approved private schools only as provided by the Calcasieu Parish School Board.

CITY OF LAKE CHARLES, LOUISIANA

Principal Employers in the MSA

Calendar Year 2010 and 2001

Employer	2010				2001		
	Type of Business	Number of Employees	Rank	Percentage of Total MSA	Number of Employees	Rank	Percentage of Total MSA
Calcasieu Parish School Board	Education	5,100	1	6.0%	4,000	1	4.7%
L'Auberge Du Lac	Gaming	2,400	2	2.8%	-	-	-
Turner Industries	Fabrication	2,250	3	2.6%	2,000	3	2.3%
Seacore Marine	Marine Services	1,500	4	1.8%	-	-	-
PPG Industries	Basic Chemical	1,280	5	1.5%	1,625	8	1.9%
Lake Charles Memorial Hospital	Health Care	1,238	6	1.4%	1,700	7	2.0%
Citgo Petroleum	Oil Products	1,200	7	1.4%	1,865	5	2.2%
Calcasieu Parish Police Jury	Government	1,167	8	1.4%	-	-	-
Isle of Capri Casino	Gaming	1,155	9	1.4%	2,000	4	2.3%
City of Lake Charles	Government	1,000	10	-	-	-	-
Christus St. Patrick's Hospital	Health Care	-	-	-	2,782	2	3.2%
Player's Casino (closed 2005)	Gaming	-	-	-	2,000	5	2.3%
Northrop Grumman	Aerospace	-	-	-	1,312	9	1.5%
Conoco	Oil Products	-	-	-	1,200	10	1.4%
		<u>18,290</u>		<u>21.4%</u>	<u>20,484</u>		<u>23.8%</u>

Source: Imperial Calcasieu Regional Planning and Development

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

	2010	2001
Total employment: Calcasieu Parish	85,406	85,900

CITY OF LAKE CHARLES, LOUISIANA

Full-time Equivalent City Employees by Function Last Ten Fiscal Years

Functions/Programs	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	40	41	44	45	45	46	46	46	47	47
Finance (includes Water business office)	37	30	30	30	30	30	30	30	30	30
Human Resources	6	5	5	5	5	5	5	5	5	5
Public safety										
Fire	147	147	147	176	190	190	190	190	190	190
Police	176	176	182	192	194	194	194	194	192	192
Public works	166	167	166	166	166	167	166	166	166	167
Waste water	58	59	61	60	61	64	64	64	64	64
Transit	16	17	19	19	19	19	19	19	19	19
Water utility	50	56	56	57	57	57	57	57	57	57
Planning and development	25	25	24	24	24	25	27	24	24	24
General services	31	34	32	31	30	29	30	33	33	33
Community Services	80	79	77	76	76	78	78	78	77	77
Total	832	836	843	881	897	904	906	906	904	905

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>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function										
General government/services										
* Legal: Requests for legal action									239	199
Printing/communications										
* Number of mail pieces metered									67,550	72,701
Risk Management										
* Accident reports/Investigations		428	622	523	452	607	595	626	544	632
* Claims		356	501	414	320	307	302	277	178	289
Finance/includes Water Business										
Checks issued	13,525	13,247	15,126	12,566	14,641	15,235	15,553	15,356	15,543	14,760
* Occupational licenses processed		4,415	4,446	4,473	4,415	4,391	4,177	4,048	4,169	4,268
Purchase orders processed	4,520	4,882	4,357	3,943	3,990	3,589	4,044	3,738	3,290	2,881
Water: number of customers	27,389	27,399	27,760	28,611	27,605	26,889	28,422	28,147	28,124	28,886
Water: Average daily consumption (millions of gallons per day)	9.1	9.95	9.62	11.04	12.87	11.35	9.53	10.79	9.33	8.87
Human Resources										
* Applications received		989	1,103	1,189	1,108	926	725	711	961	1,000
* New hires		332	284	328	368	374	436	483	462	425
* Employee Health Fair Participation			50	NA	295	250	238	268	285	300
Public safety										
* Fire: Calls for service								2,561	2,588	2,790
* Fire: Code inspections						2,775	3,194	4,671	3,594	4,465
Police: Calls for service	118,650	122,091	126,670	105,858	111,788	108,232	96,659	93,886	90,995	96,732
Public works										
Solid Waste										
* Tons garbage collected							29,320	26,324	26,320	25,814
* Tons incinerated							2,146	3,338	2,322	2,905
* Tons trash collected							18,869	10,682	9,583	7,930
* Streets: Work orders							960	647	1,289	1,863
* Transit: Bus riders							188,175	178,889	175,875	190,834
* Vehicle Maintenance: Work orders							5,815	3,530	4,291	5,867
* Waste water: Work orders							4,584	3,337	9,508	11,100
Planning and development										
Building permits issued	5,577	5,075	5,229	5,152	6,384	9,438	6,287	4,053	4,162	6,375
Community Development										
* Down Payment Assistance						9	21	22	17	22
* Rehab/Reconstruction						7	15	8	8	9
* Street Projects						2	6	6	3	0
Community Services										
Recreation and parks										
* Athletic teams									279	292
* Summer camp attendance							460	470	219	153
* Civic Center: Events							309	356	377	358
* Golf Course: Rounds of golf					40,019	39,498	34,221	32,969	36,464	23,852
Art Center/museum										
* Art exhibits								13	9	11
** Concerts/Events								43	35	359

Source: Various city departments

* Prior year statistics not available.

** Includes all rentals beginning 2010

CITY OF LAKE CHARLES, LOUISIANA

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety										
Fire Stations in City limits	7	7	7	8	8	8	8	8	8	8
Fire Stations outside City limits										2
Police:										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Units	82	82	85	90	90	90	90	92	92	92
Public works										
Solid Waste/Recycling										
Collection trucks	17	16	16	24	24	22	33	32	30	34
Streets										
Streets (miles)	400	483	483	483	483	483	460	460	460	460
* Streetlights						9229	9285	9285	9285	9285
* Traffic Signals						64	64	66	66	66
Transit										
* Public Buses	8	8	8	8	8	8	7	7	7	11
* Para-transit buses	2	2	2	2	2	2	2	2	4	4
Trolley	0	0	0	0	0	0	0	0	0	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
Water utility										
* Water mains (miles)						410	450	455	458	458
* Fire hydrants						2500	2800	2820	2850	2850
* Maximum daily capacity (millions of gallons per day)						23	22	22	22	22
Community Services										
Recreation and parks										
Park acreage	561	453	453	453	256	256	256	256	256	256
Parks	29	34	34	34	34	34	34	34	34	34
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Spray parks	1	1	1	1	1	1	1	1	3	2
Tennis courts	6	6	6	6	6	6	6	17	17	17
Community Centers	13	13	13	13	12	12	12	12	12	12
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	1	1	1	1	2	2	2	2	2	2

Source: Various city departments

* Prior year statistics not available.

**Total acreage changed from 456 to 256 when the City gave the Multi-sports complex to Ward 3 Recreation district

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

CITY OF LAKE CHARLES, LOUISIANA

**OMB CIRCULAR A-133
SUPPLEMENTARY REPORTS**

YEAR ENDED SEPTEMBER 30, 2010

CITY OF LAKE CHARLES
LAKE CHARLES, LOUISIANA

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, the business-type activities, 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, 2010, which collectively comprise the City of Lake Charles, Louisiana's basic financial statements and have issued our report thereon dated March 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

This report is intended solely for the information and use of the City Council, management, and other state and federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Ms Elroy Quirk & Burch

Lake Charles, Louisiana
March 22, 2011

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Lake Charles, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2010. The City of Lake Charles' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Lake Charles' management. Our responsibility is to express an opinion on the City of Lake Charles' compliance based on our audit.

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' 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. Our audit does not provide a legal determination on the City of Lake Charles' compliance with those requirements.

In our opinion, the City of Lake Charles, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2010.

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 requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Lake Charles, Louisiana's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

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, 2010, and have issued our report thereon dated March 22, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Ms Elroy Quirk & Beach

Lake Charles, Louisiana
March 22, 2011

CITY OF LAKE CHARLES, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Period Ending September 30, 2010

<u>Fund</u>	<u>Grant Type</u>	<u>Federal CFDA Number</u>
	Department of Housing & Urban Development:	
110	Community Development Block Grant	14.218
	Louisiana Department of Administration (pass thru agency):	
126	HUD/Emergency Shelter Grant	14.231
126	HUD/Emergency Shelter Grant	14.231
126	HUD/HOME Grant	14.239
126	HUD/CHDOS	14.239
	Federal Emergency Management Agency:	
	Louisiana Department of Military Affairs (pass thru agency)	
109	Public Assistance Grant	97.036
124	Hazard Mitigation Grant	97.039
150	Public Assistance Grant	97.036
410	Public Assistance Grant	97.036
	Department of Transportation:	
401	Federal Transit Administration	20.507
350	Highway Planning & Construction ARRA	20.205
	Energy Management Grant	81.128
	Environmental Protection Agency:	
121	Brownfields Petroleum Assessment	66.818
	Department of Agriculture:	
	Louisiana Department of Education (pass thru agency):	
122	Child Nutrition Summer Food Program	10.559
	Department of Justice:	
134	Justice Assistance Grant	16.804
134	Justice Assistance Grant	16.738
134	Justice Assistance Grant	16.738

<u>Grant Period</u>		<u>Grant</u>	<u>Current</u>
<u>From</u>	<u>To</u>	<u>Receipts</u>	<u>Expenditures</u>
10/1/09	9/30/10	\$ 3,267,436	\$ 3,256,741
10/1/09	9/30/10	30,419	30,419
10/1/09	9/30/10	16,756	16,756
10/1/09	9/30/10	384,357	384,357
10/1/09	9/30/10	110,433	110,433
10/1/09	9/30/10	21,203	13,108
10/1/09	9/30/10	122,600	122,600
10/1/09	9/30/10	27,307	27,307
10/1/09	9/30/10	9,391	-
10/1/09	9/30/10	2,789,958	2,789,958
10/1/09	9/30/10	1,502,526	1,502,526
10/1/09	9/30/10	49,620	49,620
10/1/09	9/30/10	76,240	76,240
10/1/09	9/30/10	574,806	569,621
10/1/09	9/30/10	241,449	241,449
10/1/09	9/30/10	53,482	53,482
10/1/09	9/30/10	2,684	2,684

CITY OF LAKE CHARLES, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For Period Ending September 30, 2010
 (Continued)

<u>Fund</u>	<u>Grant Type</u>	<u>Federal CFDA Number</u>
	Louisiana Commission on Law Enforcement (pass thru agency):	
132	Crime Activity Patrol	16.738
132	Operation Trigger Time	16.738
132	Anti-Gang Initiative	16.738
132	Command Trailer	97.067
132	GOHSEP	97.067
	Louisiana Highway Safety Commission (pass thru agency):	
130	Lake Charles Safe City Project	20.600
	Louisiana Serve Commission/Dept of Treasury:	
123	Americorps 2008-09 Grant	94.006
123	Americorps 2009-10 Grant	94.006
	Total Federal Assistance	

<u>Grant Period</u>		<u>Grant</u>	<u>Current</u>
<u>From</u>	<u>To</u>	<u>Receipts</u>	<u>Expenditures</u>
10/1/09	9/30/10	44,250	44,250
10/1/09	9/30/10	7,351	7,351
10/1/09	9/30/10	14,470	14,470
10/1/09	9/30/10	258,487	258,487
10/1/09	9/30/10	21,469	21,469
10/1/09	9/30/10	71,545	71,545
10/1/09	9/30/10	73,093	73,093
10/1/09	9/30/10	<u>4,589</u>	<u>4,589</u>
		<u>\$ 9,775,921</u>	<u>\$ 9,742,555</u>

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2010

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:
Material weakness identified? ☐ Yes ☒ No
Significant deficiency identified not
Considered to be material weakness? ☐ Yes ☒ None reported
Type of auditor's report issued on compliance
for major programs: Unqualified
Any audit findings disclosed that are required
to be reported in accordance with Circular
A-133, Section .510(a)? ☐ Yes ☒ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
14.239	Home Program
20.507	Federal Transit Administration
20.205	Highway Planning & Construction ARRA
10.559	Summer Feeding

Dollar threshold used to distinguish
between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

(continued on next page)

CITY OF LAKE CHARLES, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2010
(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, 2010
(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, 2010

9-01 Possible Fraud Related to Permit Center and Civic Center

Finding: In August, 2009 we were informed by City management that funds were allegedly misappropriated in the Permit Center and the Civic Center. The estimated total funds misappropriated at the Permit Center was \$500 and the estimated total at the Civic Center was \$1,500. The City of Lake Charles Police Department has investigated both instances and submitted the results of their investigation to the Calcasieu Parish District Attorney's office for prosecution.

Recommendation: Physical safeguards should be installed in the Permit Center to prevent access to funds by unauthorized personnel. Internal controls related to cash receipts need to be improved at the Civic Center specifically related to the cash reconciliation process.

Current status: Management implemented the above recommendations. The individual responsible for the \$1,500 theft has made restitution to the City. The authorities were not able to determine who was responsible for the \$500 theft. No instance of misappropriation was noted during the current fiscal year.