

CITY OF LAKE CHARLES, LOUISIANA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the  
Fiscal Year Ended  
September 30, 2011



Prepared by  
Department of Finance



**CITY OF LAKE CHARLES**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2011**

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# INTRODUCTORY SECTION



## CITY OF LAKE CHARLES

RANDY ROACH  
MAYOR

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

DEPARTMENT OF FINANCE  
KAREN D. HARRELL, DIRECTOR

March 23, 2012

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, 2011. 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 Southwest Louisiana, which is comprised of a five parish area with a population of 292,619 per the 2010 Census, which represents a 5 percent growth from 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

## Transmittal Letter

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

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

### Economic Environment

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 12<sup>th</sup> largest seaport 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 January 1, 2012 issue of the Lake Charles American Press where they identify the TOP TEN stories of the 2011 year:

- The Number 1 top story of the year was identified as "Community rebuilds park after fire". The 10 year old Millennium Park, which sits in the heart of the lakefront, was heavily damaged by arson on January 9, 2011; but after 9 months of planning, "*it rose from the ashes bigger and better than before*". Between October 26 and November 6, 2011 more than 5,000 volunteers came together to rebuild the park, valued at over \$1 million. This spirit of community, hard work and giving of oneself is indicative of the people of Lake Charles and Southwest Louisiana, whether we are rebuilding a park or pulling together to survive a natural disaster.
  - Note: The City recently entered into a \$2.1 million contract to build Phase 2 of the park, which will include a spray park, concession stand and restroom facilities.
- The Number 2 top story headlined "SW La. becoming economic powerhouse". It cited that "*Stephen Moret, secretary of the State Department of Economic Development, saying in a December American Press report that the region 'certainly had the biggest year in terms of capital investment'.*" This article outlined the announcement of the following major development projects:
  - Cheniere Energy - \$6 billion to expand its liquefied natural gas facility in Cameron Parish with 3,000 construction jobs and nearly 150 permanent jobs
  - Sasol - feasibility study of a \$10 billion gas-to-liquid plant, the first in the country, with 5,500 construction and 850 permanent jobs
  - Port of Lake Charles - \$60 million grain export terminal
- The Number 4 top story headlined "Mojito Pointe casino on the way". In February 2011, the Louisiana Gaming Control Board awarded the State's 15<sup>th</sup> and only available riverboat operating license to Creative Casinos, Inc. to build a \$400 million casino resort to be built next to the highly successful L'Auberge Casino Resort.
  - Note: As of the date of this report, Creative Casino is in the final phase of acquiring financing for this facility and will possibly sell the casino to Ameristar Casino of Las Vegas. The City included \$7 million for infrastructure improvements for this project in the 2012 fiscal year budget.

Millennium Park



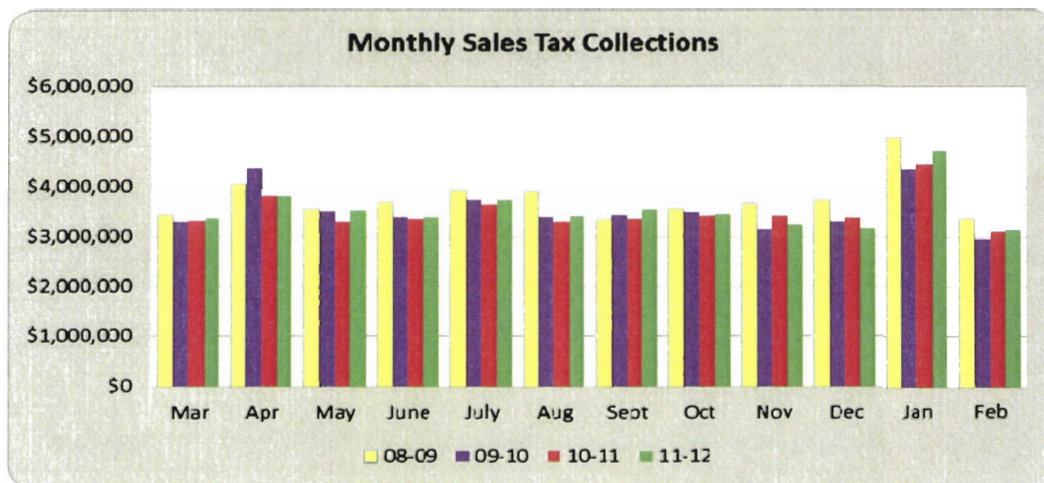
## Transmittal Letter

- The Number 7 top story headlined “Lakefront development push continues”. This article discusses the City administration’s perseverance to develop the lakefront and downtown area with a firm belief in *“improving upon and building infrastructure in the two districts will help spur economic development and improve the quality of life for residents in the city and region.”*
  - Note: The demolition of the old Harrah’s hotel is nearing completion and the City is negotiating with Mardi Gras Boardwalk for development on that property.
  - The City is currently negotiating with HRI Properties and ACCC Development for the Lakefront Downtown Hotel to be built adjacent to the Lake Charles Civic Center.

Other major initiatives in the Lake Charles MSA are listed below:

- Chennault International Airport – construction of new hanger allowing for Northrop Grumman and Aeroframe to grow
- Sasol – construction of \$175 million ethylene tetramerization unit in Westlake
- Army Corps of Engineers - \$6.93 million for dredging projects along the Calcasieu River added to \$15 million already allocated for the Calcasieu Ship Channel which supports the port and local refineries
- Leucadia – construction of \$1.8 billion synthetic natural gas plant, creating 150 jobs paying in the \$65,000 to \$75,000 range
- Southwest Louisiana Entrepreneurial Economic Development (SEED) Center – construction of approximately 50,000 square foot facility on the campus of McNeese State University; will serve as a one-stop center to encourage entrepreneurial and economic development within the 5 parish area; City of Lake Charles contribution \$500,000 and administrative support

Sales tax revenues, which account for the majority of the City’s revenue, serve as an economic indicator. Total collections increased by 4 percent or \$1.7 million for the past 12 month period displayed below. This follows a decline for two consecutive 12 month periods with collections still below 2009 collections.



# Transmittal Letter

## Current and Future Financial Plans

The City administration continues to monitor operating budgets very closely. Employment levels remain the same in the fiscal 2012 budget after thirty-five full time positions were eliminated in the fiscal year 2011 budget. Skyrocketing retirement contributions for all employees, primarily public safety officers, are budgeted at \$4.5 million for fiscal year 2012; however, recent announcements of additional increases that will take effect on July 1, 2012 means this figure will increase even more. 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 2012 General Fund operating budget projects a \$2.9 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 \$51 million of the bond proceeds and has an additional \$11.5 million in outstanding construction commitments related to the bond issue. Lake Street, Enterprise Boulevard, Ryan Street Streetscape and Phase 2 Millennium Park make up the majority of the spending commitment.

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

### Bond Projects:

- McNeese Street road extension - \$6.7 million project substantially completed (includes \$1.7 million city capital funds)
- Lake Street improvements - \$8 million project with expected completion in May 2012
- Enterprise Boulevard extension - \$11 million project currently under construction with completion expected in August 2012



- Ryan Street Streetscape downtown development project - \$6.8 million project currently under contract with completion expected in the summer 2012
- Millennium Park Phase 2 - \$2.1 million project just beginning construction with expected completion in September 2012
- Water and sewer projects - \$12.4 million completed projects; \$1 million currently under construction to be completed within the year
- Sallier Street reconstruction - contingent upon other surrounding infrastructure development

### **Creole Street Fire Station**



### Capital Projects:

#### Recently completed:

- Creole Street fire station rebuild - \$1.2 million
- Asphalt overlay of Hodges Street and McNeese/Weaver Road - \$3.6 million stimulus funds
- Sidewalk construction and repairs – completed \$1 million in fiscal year 2011 with an additional \$900,000 available for 2012



## Transmittal Letter

- Python Coulee surge protection \$619,000
- Ryan Street coulee bridge –DOTD project for gateway enhancement into downtown

Ryan Street Bridge



- Riverside Park development - \$1.4 million – included CDBG, state appropriations, bond and capital funds
- Tuten Park development - \$840,000

Riverside Park



Tuten Park



- Wastewater Treatment Plant A bar screen replacement and aeration basin improvement project - \$4 million project substantially completed

### Under contract or design phase:

- Transit Facility – \$4.2 million under construction with completion expected in September 2012
- City Hall window replacement - \$550,000 project, Department of Energy ARRA funds with expected completion April 2012



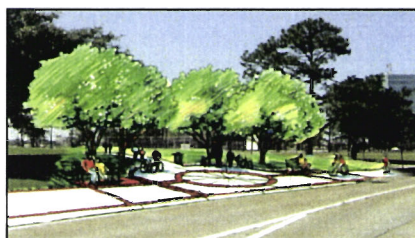
Transit  
Facility

City Hall  
Window  
Replacement



- City Court - \$3 million project currently under construction with expected completion early 2013
- Gill Street extension - \$2.3 million project contract recently signed with expected completion April 2013
- Various road, asphalt overlay, sidewalk and drainage projects under design, recently bid or under construction - \$4.6 million
- Wastewater Treatment Plant A Phase I improvements - \$4 million DEQ loan contract awarded March 2011
- Sale Road reconstruction and bridge replacement- \$3.8 million in design phase, DOTD and City funds
- Highway 385 multi-use trail - \$1 million pedestrian and bike trail in the downtown area under design, DOTD and City funds

Highway 385  
Multi-use  
Trail



## Transmittal Letter

### Long-term financial planning:

The unassigned fund balance in the General Fund is \$21.9 million which represents 36.1 percent of the 2012 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, 2010. The City also received this award for its reports of the preceding twenty-six 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

# 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, 2010

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.



*Linda C. Sandison*

President

*Jeffrey R. Enos*

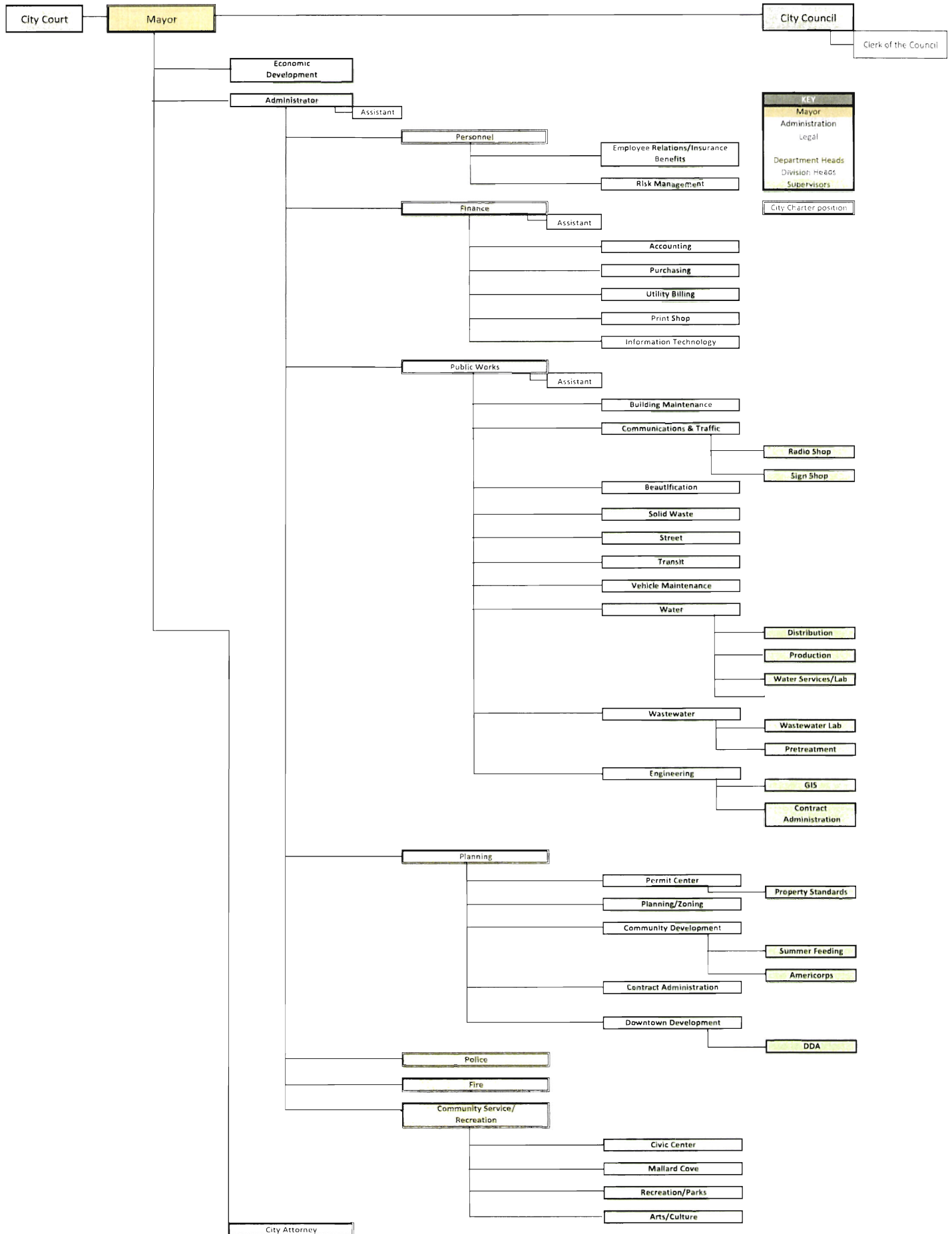
Executive Director



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# ORGANIZATIONAL CHART City of Lake Charles, Louisiana



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## CITY OF LAKE CHARLES

### ELECTED CITY OFFICIALS

|                     | <u>PRESENT TERM<br/>BEGINS</u> | <u>PRESENT TERM<br/>EXPIRES</u> | <u>BEGAN AS<br/>MEMBER</u> |
|---------------------|--------------------------------|---------------------------------|----------------------------|
| <b><u>MAYOR</u></b> |                                |                                 |                            |
| Randy Roach         | July 1, 2009                   | June 30, 2013                   | May 2000                   |

|                             |              |               |              |
|-----------------------------|--------------|---------------|--------------|
| <b><u>CITY COUNCIL</u></b>  |              |               |              |
| John Ieyoub, President      | July 1, 2009 | June 30, 2013 | July 2009    |
| Mark Eckard, Vice President | July 1, 2009 | June 30, 2013 | July 2009    |
| Luvertha August             | July 1, 2009 | June 30, 2013 | January 2008 |
| Rodney Geyen                | July 1, 2009 | June 30, 2013 | July 1997    |
| Dana Carl Jackson           | July 1, 2009 | June 30, 2013 | July 2005    |
| Marshall Simien, Jr.        | July 1, 2009 | June 30, 2013 | July 2005    |
| Stuart Weatherford          | July 1, 2009 | June 30, 2013 | July 2005    |

|                           |                 |                   |                 |
|---------------------------|-----------------|-------------------|-----------------|
| <b><u>CITY JUDGES</u></b> |                 |                   |                 |
| Thomas P. Quirk           | January 1, 2009 | December 31, 2014 | January 1, 1979 |
| John S. Hood              | January 1, 2009 | December 31, 2014 | January 1, 1985 |

|                              |                 |                   |                   |
|------------------------------|-----------------|-------------------|-------------------|
| <b><u>WARD 3 MARSHAL</u></b> |                 |                   |                   |
| Joseph Alcede III            | January 1, 2009 | December 31, 2014 | November 16, 2004 |

## CITY OF LAKE CHARLES

### DEPARTMENT HEADS

| EMPLOYEE          | DEPARTMENT                  |
|-------------------|-----------------------------|
| John Cardone      | City Administrator          |
| Billy Loftin, Jr. | City Attorney               |
| Karen Harrell     | Finance Director            |
| Wendy Goodwin     | Human Resources Director    |
| Keith Murray      | Fire Chief                  |
| Don Dixon         | Police Chief                |
| Mister Edwards    | Public Works Director       |
| Russ Adams        | City Planning Director      |
| Percy Brown       | Community Services Director |

# FINANCIAL SECTION

# McELROY, QUIRK & BURCH

A Professional Corporation • Certified Public Accountants • Since 1925  
800 Kirby Street • P.O. Box 5070 • Lake Charles, LA 70602-5070  
337 433-1063 • Fax 337 436-6618 • Web page: [www.mqbcpa.com](http://www.mqbcpa.com)

05005 000 Audit 9/30/2011 1100 001 2011 auditors report

Robert M. Gani, CPA, MT  
Mollie C. Broussard, CPA  
Jason L. Guillory, CPA  
Greg B. Naquin, CPA, CFP®  
Billy D. Fisher, CPA  
Joe G. Pesheff, II, CPA, CVA  
David M. DesOrmeaux, CPA

Michael N. McGee, CPA  
Paula J. Thompson, CPA  
Robin Anderson Conrad, CPA



Judson J. McGann, Jr., CPA, Retired  
Martin L. Chichorsky, CPA, CFE  
Carl W. Gomeray, CPA, Retired

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

## INDEPENDENT AUDITOR'S REPORT

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, 2011, 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, 2011, 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, 2012, 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 assessing 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.

*Ms Elroy Quirk & Bunch*

Lake Charles, Louisiana  
March 22, 2012



## **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, 2011, and accompanies the basic financial statements beginning on page 27 of this report. The transmittal letter on pages 1 - 6 of this report provides further information from a broader perspective, and should be consulted in conjunction with this discussion and the financial statements themselves for a more complete understanding of the City's financial condition and economic environment.

### Financial Highlights

- The City's net assets increased by \$12.9 million or 3.4 percent during the year to a total of \$392.6 million. Unrestricted financial assets comprise 13 percent of this total. Most of the increase is related to the City's ongoing investment in capital assets.
- Capital assets increased by \$10.6 million, net of depreciation, representing an increase of 3 percent from 2010. The completion of the \$4.9 million Lakefront Promenade and the \$10 million water plant renovations are included as Improvements, both of these projects had been reported as construction in progress in the previous fiscal year. Increases in completed infrastructure projects include \$3.6 million for asphalt overlay projects which were funded by federal stimulus funds and \$1.9 million for intersection improvements to the Lake Street at Prien Lake Road intersection which was funded by bond funds. The City repaired and constructed nearly \$1 million in sidewalks and spent more than \$1 million on drainage improvements during the current fiscal year.
- The City currently has \$41.8 million in construction in progress, of which \$20.2 million is for on-going road projects. The McNeese Street Extension, which is included in the local road category of the bond issue at \$6.8 million, is substantially complete as of this report date. Enterprise Boulevard Extension Phase 1, estimated at \$13 million, is under construction with \$5.4 million in bond funds spent at fiscal year-end. Renovations to Lake Street is another bond project estimated at \$8 million with \$4.6 million spent at the end of the fiscal year. The Ryan Street Streetscape project is being funded by downtown development bond funds. Its estimated cost is \$6.7 million with \$2.4 million spent at the end of the fiscal year.
- Also included as construction in progress, the City has spent \$9.9 million on various sewer bond projects and wastewater plant renovations, which included the \$4 million aeration/bar screen replacement that was partially funded by EPA. Over \$8.5 million has been spent on downtown development and recreation projects such as the Marina, Millennium Park Rebuild, Riverside and Tuten Park projects.
- Total revenue from both governmental and business-type activities was \$111.2 million, an increase of 4.6 percent from the previous year total of \$106.3 million. Program revenues increased by 6.75 percent, most of which is attributable to rate increases for water and sewer services. Sales tax revenues increased by \$1.4 million or 3.5 percent in 2011 from the prior year. The sales tax collections of \$43.1 million account for nearly 39 percent of total revenues.
- The 2011 governmental fund expenditures of \$100.6 million are an increase of 3.9 percent from the \$96.9 million spent in 2010. Departmental expenditures increased by \$1.8 million or 2 percent. Although the departments worked to contain costs at a constant level, increases in retirement contribution rates and fuel costs contributed to the overall increase. Debt service expenses increased to \$9.6 million from \$7.6 million, as the City has issued additional debt for the bond projects.
- Total governmental fund balances were decreased by \$4.4 million in 2011 to \$129.3 million. The Capital Project fund balance was decreased by \$7.8 million as bond proceeds for Phase 2 of the Public Improvement Project were spent down. Riverboat Fund balances increased by \$1.1 million due to greater than anticipated tax revenues and the Wastewater Fund balances increased by \$2.2 million due to increases in charges for services.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- The General Fund incurred an operating deficit in fiscal year 2010 for the first time in more than two decades when operating subsidies to other funds are factored in. In 2011, the General Fund ended the year with a deficit of half a million dollars, which was much better than forecasted and will be discussed in greater detail below. The ending fund balance of \$25.3 million is a 1.8 percent reduction from the 2010 ending balance of \$25.8 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 2011 fiscal year. This statement takes into account all revenues and expenses accrued for that year, regardless of when cash is received or paid.

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

The government-wide statements also include two component units, City Court and the Ward Three Marshal, which are legally separate entities with financial dependency on the City as "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 provided solely by the near-term focus of governmental fund statements, and reconciliation is provided in the governmental fund statements to support such comparison.

The City maintains twelve individual governmental funds, six 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 six 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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 42 - 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.

### City-wide Financial Analysis

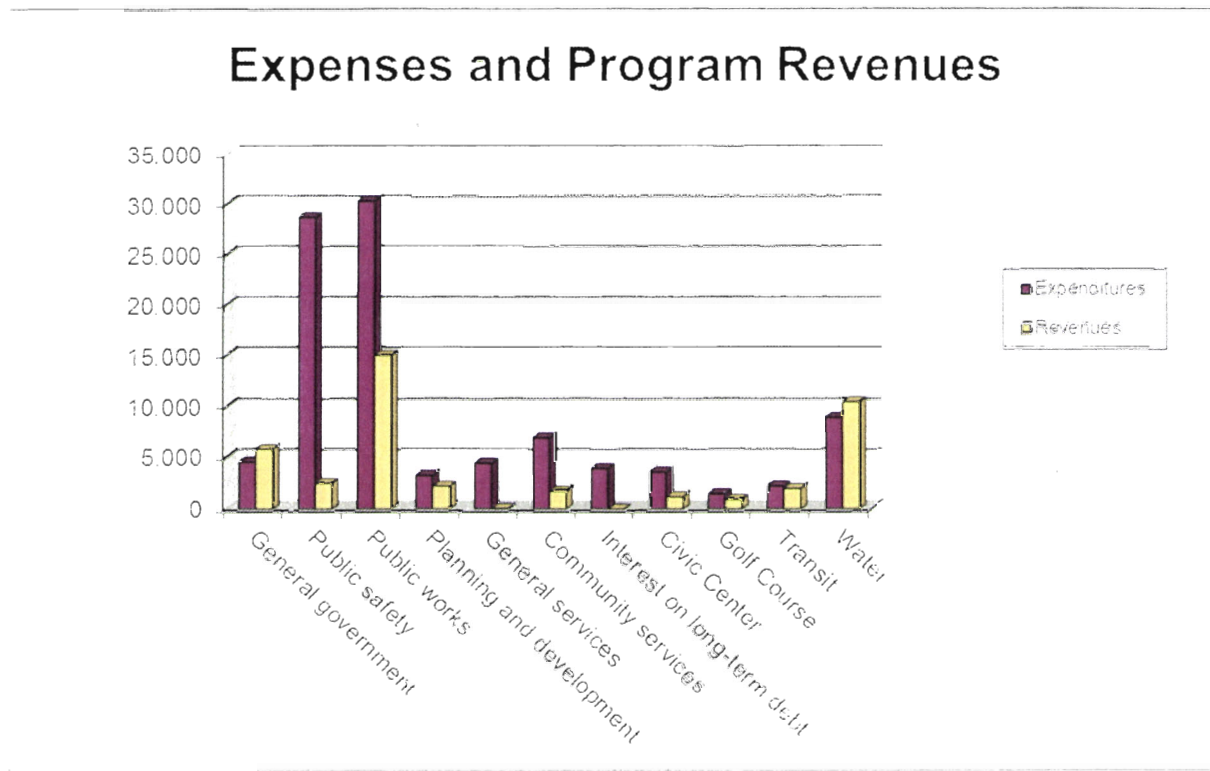
As shown on the government-wide financial statements, the City's net assets at the end of 2011 were \$392,636,310, with 74 percent of this total consisting of capital assets, i.e., physical plant, equipment, and infrastructure, less related outstanding debt. An additional 13 percent of net assets are externally restricted by law or contract, leaving 13 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.

| <b>NET ASSETS</b><br><b>(in thousands)</b> |                            |           |                             |          |           |           |
|--|----------------------------|-----------|-----------------------------|----------|-----------|-----------|
|  | Governmental<br>Activities |           | Business-Type<br>Activities |          | Total     |           |
|  | 2011                       | 2010      | 2011                        | 2010     | 2011      | 2010      |
| Current and other assets                   | \$150,928                  | \$153,580 | \$ 7,817                    | \$ 6,328 | \$158,745 | \$159,908 |
| Capital assets                             | 280,796                    | 268,538   | 66,627                      | 68,319   | 347,423   | 336,857   |
| Total assets                               | 431,724                    | 422,118   | 74,444                      | 74,647   | 506,168   | 496,765   |
| Long-term liabilities                      | 93,788                     | 95,981    | 681                         | 671      | 94,469    | 96,652    |
| Current and other liabilities              | 17,511                     | 17,604    | 1,551                       | 2,806    | 19,062    | 20,410    |
| Total liabilities                          | 111,299                    | 113,585   | 2,232                       | 3,477    | 113,531   | 117,062   |
| Net assets:                                |                            |           |                             |          |           |           |
| Invested in capital assets,                |                            |           |                             |          |           |           |
| net of debt                                | 223,583                    | 216,618   | 66,627                      | 68,319   | 290,210   | 284,937   |
| Restricted                                 | 51,978                     | 60,553    | -                           | -        | 51,978    | 60,553    |
| Unrestricted                               | 44,864                     | 31,362    | 5,584                       | 2,851    | 50,448    | 34,213    |
| Total net assets                           | \$320,425                  | \$308,533 | \$72,211                    | \$71,170 | \$392,636 | \$379,703 |

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Net assets increased by \$12,933,281 or 3.4 percent for the City as a whole during the 2011 fiscal year. The change in net assets for governmental activities was a 3.85 percent increase, while business-type activities experienced a 1.5 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 2011 were \$82 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 \$54.8 million for governmental activities and \$1.7 million for business-type activities. The public safety function (fire and police) historically accounts for the largest share of net cost, with \$26.2 million in excess expenses over program revenues during 2011. Total expenses of \$98.2 million are a 4.7 percent increase over 2010 expenses of \$93.8 million. The largest increase in expenses was \$5.3 million in the public works activity as depreciation expenses for infrastructure and other assets have increased as well as other changes in capital assets that had an increased effect in the statement of activities.

The City's total revenue for 2011 was \$111 million, a 4.6% increase from 2010 revenues of \$106.3 million. Charges for services in the public works activity, which accounts for sewer user fees, increased by \$1.3 million and the water business activity increased by \$1.4 million. These increases are due to utility rate increases and an increase in water usage due to the recent drought. Sales tax revenue for the Governmental Activities increased by \$1.4 million.

The Statement of Activities for 2011 categorizes the City's revenues as either program revenues, which are service charges or grants and contributions for specific governmental or business-type functions, or general revenues which include most taxes and other revenue sources of a government-wide nature.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Major components of program and general revenues, together with total expenses and the resulting change in net assets, are summarized below for the 2011 fiscal year.

| CHANGES IN NET ASSETS            |                         |          |                          |          |          |          |
|----------------------------------|-------------------------|----------|--------------------------|----------|----------|----------|
| (in thousands)                   |                         |          |                          |          |          |          |
|                                  | Governmental Activities |          | Business-Type Activities |          | Total    |          |
|                                  | 2011                    | 2010     | 2011                     | 2010     | 2011     | 2010     |
| Program revenues:                |                         |          |                          |          |          |          |
| Charges for services             | \$16,874                | \$15,129 | \$12,329                 | \$10,842 | \$29,203 | \$25,971 |
| Operating grants & contributions | 4,506                   | 4,426    | 1,412                    | 1,307    | 5,918    | 5,733    |
| Capital grants & contributions   | 5,844                   | 5,685    | 736                      | 1,699    | 6,580    | 7,384    |
| General revenues:                |                         |          |                          |          |          |          |
| Property taxes                   | 7,923                   | 7,489    | -                        | -        | 7,923    | 7,489    |
| Sales taxes                      | 43,128                  | 41,686   | -                        | -        | 43,128   | 41,686   |
| Utility franchise taxes          | 5,787                   | 5,703    | -                        | -        | 5,787    | 5,703    |
| Riverboat gaming taxes           | 9,114                   | 8,959    | -                        | -        | 9,114    | 8,959    |
| Other general revenues           | 3,474                   | 3,133    | 52                       | 246      | 3,526    | 3,379    |
| Total revenues                   | 96,650                  | 92,210   | 14,529                   | 14,094   | 111,179  | 106,304  |
| Expenses:                        |                         |          |                          |          |          |          |
| General government               | 4,585                   | 4,565    | -                        | -        | 4,585    | 4,565    |
| Public safety                    | 28,682                  | 29,211   | -                        | -        | 28,682   | 29,211   |
| Public works                     | 30,294                  | 24,949   | -                        | -        | 30,294   | 24,949   |
| Planning and development         | 3,196                   | 2,855    | -                        | -        | 3,196    | 2,855    |
| General services                 | 4,384                   | 6,645    | -                        | -        | 4,384    | 6,645    |
| Community services               | 6,936                   | 6,382    | -                        | -        | 6,936    | 6,382    |
| Interest in long-term debt       | 3,935                   | 3,397    | -                        | -        | 3,935    | 3,397    |
| Civic Center                     | -                       | -        | 3,575                    | 3,734    | 3,575    | 3,734    |
| Golf Course                      | -                       | -        | 1,496                    | 1,432    | 1,496    | 1,432    |
| Transit                          | -                       | -        | 2,215                    | 2,039    | 2,215    | 2,039    |
| Water                            | -                       | -        | 8,948                    | 8,645    | 8,948    | 8,645    |
| Total expenses                   | 82,012                  | 78,004   | 16,234                   | 15,850   | 98,246   | 93,854   |
| Excess before transfers          | 14,638                  | 14,206   | (1,705)                  | (1,756)  | 12,933   | 12,450   |
| Transfers                        | (2,746)                 | (3,061)  | 2,746                    | 3,061    | -        | -        |
| Increase net assets              | \$11,892                | \$11,145 | \$ 1,041                 | \$ 1,305 | \$12,933 | \$12,450 |

As indicated by the above table and the following chart, sales taxes are the City's largest single revenue source, accounting for 38.8 percent of all government-wide revenue in 2011, with a 3.5 percent increase from 2010. The fiscal year 2012 budget projection is for increased revenues of 1.6 percent, the current trend for the past 6 months is a 5.5 percent increase from the actual 2011 collection. A large portion of the increase is attributable to a large settlement of an outstanding audit collection.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

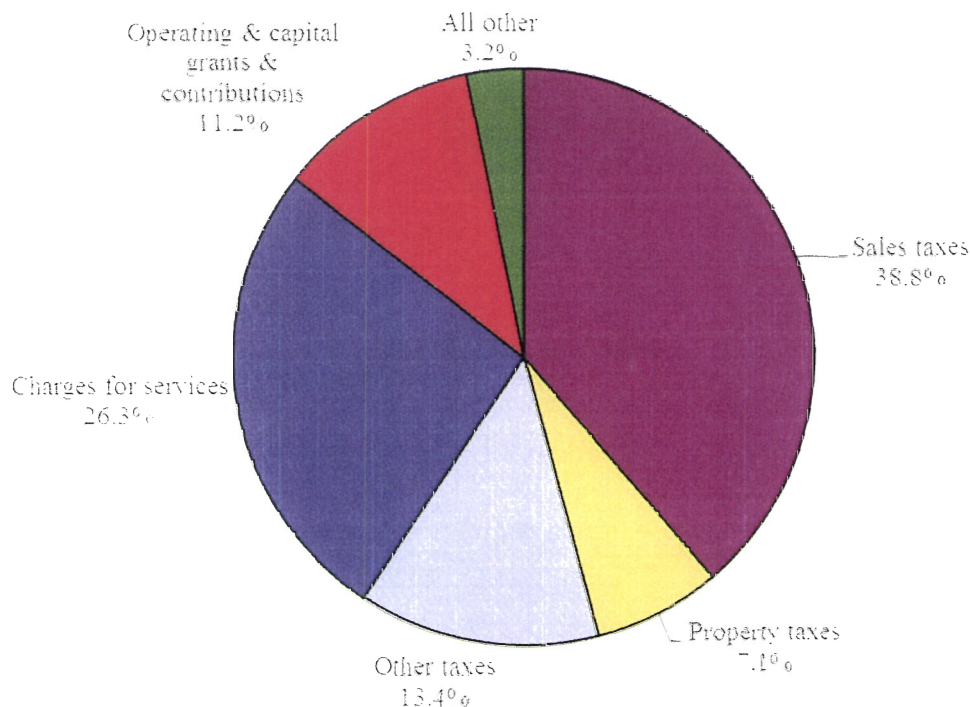
Charges for services are increased due to improved collections and increased rates in utility user fees for the last several years, and the extreme drought conditions increased the water and correlated sewer user fees. Governmental Activities capital grant funds for improvements to wastewater treatment facilities in the amount of \$1.7 million were recorded in 2011 for funds received from EPA. Also included in that same category are \$2 million in 2011 and \$1.7 million in 2010 for asphalt overlay projects that were funded by the American Recovery and Reinvestment Act. In the Business-type capital grant and contributions, \$1.4 million was received in 2010 from the Federal Transit Authority for new buses. The amount recorded in 2011 is from the same source, and the funds were used to pay for a trolley and the new Transit Facility, which is an ongoing project.

Property taxes account for 7 percent of total revenues and increased by less than 5.8 percent in 2011. 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 2011 were increased by 1.7 percent from 2010 collections.

Total expenses increased from \$93.8 million to \$98.2 million or 4.7 percent in 2011. The increase is largely related to the governmental activities for public works which increased by \$5.3 million due to increased depreciation expenses and other changes in fixed assets that effect the statement of activities. Most of the decrease in the governmental activities general services category is due to one-time payments of city bond funds for economic development that were recorded in 2010.

Transfers from governmental funds to proprietary funds were reduced by 11.5 percent compared to 2010, mostly due to a reduced operating subsidy to the Civic Center, which had a slight increase in revenue and decrease in expenses. Capital expenditures of bond funds for Civic Center Fund and Water Fund projects were \$459,739 in 2010 compared to the \$567,891 transfer of capital assets in 2011 from the Capital Project Fund to the proprietary Water Fund. This transfer is displayed as capital contributions in the proprietary funds.

**Revenues by Major Source - All Activities**



## 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 \$129,339,081 at the end of fiscal year 2011, a decrease of \$4.4 million from fiscal year 2010. The General Fund's operating expenditures and operating subsidy transfers exceeded revenues in 2011 resulting in an operating deficit of \$466,969 in the General Fund. This was the second year in a row with a recorded deficit, with last year's deficit being the first deficit in decades. The Capital Project Fund had a \$7.8 million decrease of fund balance due to the spend-down of bond proceeds that were issued in 2010 for capital improvement projects.

The City's proprietary funds' net assets increased from \$71,169,872 in 2010 to \$72,211,430. The largest increase was in the Water Fund, which experienced increased revenues in the fiscal year.

### 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 revenue for all governmental activities.

The City's operating budget was not amended during the 2011 fiscal year. As gasoline prices increased and retirement contribution rates increased, city departments worked with the administration to curtail costs in other areas in order to live within the originally adopted budget.

Actual revenues of \$55,707,755 exceeded the budgeted amount by \$1.9 million or 3.6 percent. This was a 4 percent increase compared to 2010 revenues of \$53.5 million.

Sales tax revenues of \$32.9 million, which account for 59 percent of all General Fund revenues, were increased by 3 percent or \$1.6 million over 2010 collections and exceeded projected revenues by \$1 million. This is still below fiscal year 2009 collections of \$34.2 million.

Actual General Fund operating expenditures of \$52,280,787 were \$2.6 million less than the budgeted amount. Salaries and fringe benefits were \$1.6 million less than budget, as the City refrained from filling vacant positions during the fiscal year. Savings in other areas such as maintenance, materials and supplies of \$1.3 million were offset somewhat by an increase in fuel cost. The \$52.3 million expended represents a 1.6 percent increase over prior year expenditures of \$51.5 million. For the year, salaries, which account for 44 percent of total expenditures, were decreased by 1.8 percent due to vacant positions and pay increases being limited to the 2 percent longevity pay for eligible employees. The largest increase was in retirement contributions for the Fire and Police Departments, which went from \$2.9 million in 2010 to \$4.2 million in the 2011 fiscal year, a \$1.3 million increase or 45 percent. The City continues to limit spending on vehicles and other small and large equipment purchases.

The General Fund's 2010 and 2011 transfers included those necessary to subsidize the grant funds and the proprietary funds and did not include any capital transfers. The transfer to the Risk Management Fund included \$568,634 for the \$3 million firefighter's supplemental pay lawsuit. The final payment will be made in fiscal year 2012.

In fiscal year 2010, 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 cost of \$233,806. Due to the budget reduction, the equipment purchases were deferred. In the current fiscal year, the transfer of \$800,000 from gaming funds was used to cover the cost of vehicles and other equipment.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The total reduction in fund balance was \$466,969, as opposed to the originally budgeted reduction of \$5 million. As part of the fiscal year 2012 budget process in August, 2011, the deficit was projected to be 2.3 million. This favorable variance is attributable to an increase in actual revenue, primarily sales tax and franchise fees, and savings in operating cost due to factors such as staffing vacancies and further reduction in equipment purchases by the Public Works Department. The City has committed to use \$2.9 million of fund balance in fiscal year 2012 to offset the shortfall that is projected in expenditures over revenue.

The General Fund's ending balance in 2011 was \$25,314,863, which represents 44 percent of total expenditures and transfers made from the fund that year compared to \$25.7 million or 46 percent at 2010 fiscal year end.

### Other Major Fund Summary

The Riverboat Gaming Special Revenue Fund revenues of \$9.1 million were a 1.7 percent increase in riverboat taxes compared to 2010 but were \$1.1 million more than budgeted. This unanticipated revenue increased fund balance by \$1.1 million resulting in a total fund balance of \$3 million.

The Community Development Special Revenue Fund revenues of \$1.5 million are directly related to reimbursement for actual expenditures and were less than budgeted. Community Development expenditures increased by 45 percent in fiscal year 2011, as capital funds were spent for Riverside Park.

The Waste Water Special Revenue Fund revenues increased by 12 percent in fiscal year 2011 compared to the prior year. The increase is attributable to a rate increase of 8 percent in January 2011 and increased water usage during the 2011 drought. As has been the practice in the last several years, funds were transferred to the Capital Project Fund for major sewer rehabilitation projects and to debt service funds to pay for debt service obligations. Fund balance in the fund increased by \$2.2 million to \$7.6 million. These funds will be utilized for major improvements to the wastewater treatment facilities and line rehabilitation.

The Debt Service Fund expenditures for 2011 increased from \$6.6 million in 2010 to \$9.4 million in 2011. The City issued \$40 million in public improvement bonds in March 2010 so the first principal and interest payments totaling \$3.6 million were paid in fiscal year 2011. Transfers from other funds are typically near or equal to the amount of the debt service payment. Fund balance reserves from previous years of \$4.9 million were relatively unchanged.

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 have been constant around \$24 million the last couple of years with several large infrastructure projects underway. The transfers out of the fund reflect capital asset expenditures of bond funds for assets that are recorded in the Enterprise Funds of \$567,891; debt service requirements of \$845,336 for the 2007 bond issue and \$1,288,869 for the 2010 bond issue. This is a 61 percent increase from last fiscal year, primarily due to a new bond issuance in 2010. Fund balance was reduced by \$7.8 million to \$80 million as bond proceeds are expended.

The business-type activities had a \$1 million increase in total net assets. Capital grants and contributions in the Transit Fund are for funds received from the Federal Transit Authority for a new trolley and for the construction of a new transit facility that is currently under contract for \$3.7 million. Charges for Services revenue increased by 14 percent in 2011 with increases in all four enterprise funds. The largest increase was in the Water Fund, where rates were increased in January 2011, and water usage increased due to drought conditions. The Water Fund's net assets increased by \$1.9 million. The Civic Center's net assets were reduced by \$1.4 million, an amount equal to their annual depreciation expense.

### Capital Assets

The City's total investment in capital assets at the end of the 2011 fiscal year was \$347.4 million, net of accumulated depreciation. The increase in capital assets during the year was \$10.5 million which includes \$27 million for completed projects.



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The completion of a \$9.7 million renovation to the George West Water Plant reduced the construction in progress in the business type activities and is included as an increase to the Improvement category on the Capital Asset schedule below. Included as additions in the governmental activities are \$16 million which includes the completion of the lakefront promenade and several large road projects, which were in progress last year. At fiscal year end, the City had several projects under construction such as road projects, sewer line extensions and recreation and park projects.

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 bonds are being 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, 2011 the City had spent \$51 million on bond projects of which \$11.7 million was spent in fiscal year 2011. The first big local road project, Power Center Parkway extension for \$5.4 million has been completed. The \$10 million in construction in progress for streets includes the McNeese Street extension road project which is substantially completed at a cost of \$6.7 million. The Lake Street project is nearing completion, and Enterprise Boulevard extension road project is also under construction. There are several water and sewer projects under contract, and they account for \$4.7 million in construction in progress.

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 is halfway through a \$6.7 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 is a very exciting, community minded project. Bids were recently accepted for Phase 2 of the Park rebuild.

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 water plant renovation (\$9.7 million)
- Completion of Hodges Street and West McNeese and Weaver Road asphalt overlay projects (\$3.6 million total project; \$1.9 million fiscal year 2011 expenses ARRA funds)
- Various city park improvements, including Millennium, Riverside and Tuten Park (\$1.7 million current year)
- Wastewater Plant improvement to aeration/bar screen (\$4.1 million construction in progress; \$3.8 million fiscal year 2011 expenses)

Bond project current year expenses are as follows:

- Completion of the Lakefront Promenade (\$713,000 bond funds plus \$4.1 million CDBG DRU funds spent for total project, mostly in prior years)
- Local roads:
  - Substantial completion of McNeese Street extension (\$6.2 million construction in progress; \$1.7 million fiscal year 2011 expenses)
  - Lake Street renovations (\$4.5 million construction in progress; \$3.5 million fiscal year 2011 expenses)
  - Enterprise Boulevard extension (\$5.4 million construction in progress; \$2.8 million fiscal year 2011 expenses)

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- State roads – completed intersection improvements at Lake Street and Prien Lake Street (\$1.9 million: \$363,000 fiscal year 2011 expenses)
- Continued Lakefront and Downtown Development - Ryan Street Streetscape (\$2.4 million construction in progress; \$2 million fiscal year 2011 expenses)

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, 2011<br>(net of depreciation, in thousands) |                            |                  |                             |                  |                   |                   |
|--|----------------------------|------------------|-----------------------------|------------------|-------------------|-------------------|
|  | Governmental<br>Activities |                  | Business-type<br>Activities |                  | Total             |                   |
|  | 2011                       | 2010             | 2011                        | 2010             | 2011              | 2010              |
| Land   | \$ 12,793                  | \$ 12,793        | \$ 2,105                    | \$ 2,105         | \$ 14,898         | \$ 14,898         |
| Construction in progress   | 40,402                     | 32,728           | 1,452                       | 10,582           | 41,854            | 43,310            |
| Buildings  | 31,999                     | 34,006           | 2,740                       | 3,268            | 34,739            | 37,274            |
| Improvements other than buildings  | 28,892                     | 25,322           | 56,697                      | 48,642           | 85,589            | 73,964            |
| Equipment  | 7,945                      | 9,340            | 3,633                       | 3,722            | 11,578            | 13,062            |
| Infrastructure   | 158,765                    | 154,349          | -                           | -                | 158,765           | 154,349           |
| Total  | <u>\$280,796</u>           | <u>\$268,538</u> | <u>\$ 66,627</u>            | <u>\$ 68,319</u> | <u>\$ 347,423</u> | <u>\$ 336,857</u> |

### Debt Administration

As of September 30, 2011, the City had \$99.3 million in non-current liabilities compared to \$101 million the previous year. Over 89 percent of the total is bonded debt, all of which is payable from future annual appropriations. Approximately 69 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

of 60 percent of Riverboat Gaming Funds, 60 percent of sales tax dedicated to capital projects and up to \$500,000 in sewer user fees are dedicated for the debt service. Stand-by revenues of additional property tax and sales tax levies can be implemented if the primary revenues should ever fall below required debt service limits.

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

The City of Lake Charles was recently approved by the Louisiana Department of Environmental Quality for a \$21,000,000 loan from the State Revolving Loan Fund for improvements to the City's wastewater system. As of the end of the fiscal year, the City had received \$918,201 from the loan proceeds. During the first two years, debt service payments will be for interest only and will be based on the principal amount received. Ultimately principal payment will be based on the total amount of funds drawn down and will be repaid with sewer user fees of the Wastewater Special Revenue Fund over a 20 year period.

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

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

### Economic Outlook and Next Year's Budget

- Sales tax: The information on taxable sales was obtained from the Taxable Sales Analysis prepared by the Calcasieu Parish School Board Sales Tax Office for the period February 2012. Parish-wide taxable sales comparisons for the twelve month period ending February 29, 2012 of \$4,260 million compared to the twelve month period ending February 28, 2011 of \$4.064 million shows an increase of \$195 million or 4.8 percent.

City of Lake Charles sales tax collections for the first four months of the current fiscal year have a cumulative increase of 6.3 percent compared to the same period in the previous fiscal year. However, most of the increase is attributable to a one time audit collection in February 2012. Without this audit collection, revenues would be flat for the four month period.

- Gaming industry: Riverboat casinos in Calcasieu Parish, for the period July 2011 through February 2012, had an Adjusted Gross Receipts (AGR) of \$334 million, which was up 6 percent from the same eight month period in 2011. During the same reporting period, the slots at Delta Downs totaled nearly \$119 million, which was an increase of 7.4 percent from the same period in 2011.
- Labor market trends: The March 13, 2012 Louisiana Workforce Commission news release reported that at the end of January 2012 the Lake Charles MSA unemployment rate was 7.1 percent compared to 8 percent in January 2011; the statewide unemployment rate was 7.5 percent; and the nationwide unemployment rate was 8.8 percent.

The Louisiana Economic Development website touts the many top rankings that the State of Louisiana has received in the areas of business climate, workforce training and economic growth. Specifically for 2011, Louisiana was recognized as the number 1 state for U.S. exports and for three years in a row as the number 1 state in the south for job growth. Louisiana was ranked the most improved state for business. Lake Charles received much of the credit and much individual recognition.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The above items and other economic indicators were considered when preparing the budget for the 2012 fiscal year.

The City adopted a 2012 General Fund budget which is projected to draw down \$2,076,969 of its previously accumulated fund balance to cover the difference between projected revenues and operating expenditures and transfers to other funds. An additional \$250,000 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 final payment of the firefighter's supplemental pay lawsuit settlement. Revenues are budgeted to increase by 3.54 percent over the adopted 2011 revenues.

Operating expenses were projected to increase by 2.1 percent compared to the adopted 2011 budget. Pay increases for employees are limited to a 2 percent longevity increase for eligible employees, which are mandated by state statute for public safety employees. The retirement contributions of \$4.5 million to be paid to the state retirement systems have more than doubled since 2009 and are a serious on-going concern for all governments across the state and nation. Increased fuel cost resulted in a 22 percent increase in that line item. Major acquisitions of vehicles and other equipment purchases are budgeted at \$1.5 million, a \$1 million increase over 2011 where there was very limited funding in this category. However, it is not always cost effective to defer capital expenses due to increased maintenance cost on aging equipment.

The City completed 2011 with a General Fund balance of \$25.3 million which exceeds the City's policy of maintaining a minimum fund balance target of 30 percent of budgeted expenditures and non-capital transfers.

The City is moving forward with the projects that were approved in the bond proposition for improvements to roads, recreation facilities, water and wastewater systems, and downtown development. \$51 million had been spent at fiscal year-end. Another \$5 million has been spent to date in the current year on projects such as the Lake Street, Enterprise Boulevard and Ryan Street Streetscape. Remaining bond funds of \$25 million will be spent to complete these projects as well as pay for other projects such as Millennium Park Phase 2 and other lakefront development as well as additional road, water and sewer projects.

The Capital Project budget of \$20 million 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.

# BASIC FINANCIAL STATEMENTS



# CITY OF LAKE CHARLES, LOUISIANA

## Statement of Net Assets

September 30, 2011

|   | Primary Government |               |                | Component Units |              |
|---|--------------------|---------------|----------------|-----------------|--------------|
|   | Governmental       | Business-Type | Total          | City Court      | City Marshal |
| ASSETS  | Activities         | Activities    | Total          |                 |              |
| Cash and cash equivalents                         | \$ 45,162,479      | \$ 3,121,603  | \$ 48,284,082  | \$1,548,435     | \$ 652,238   |
| Investments                                       | 90,782,108         | 4,122,011     | 94,904,119     | -               | -            |
| Receivables (net of allowance for uncollectables) | 1,403,672          | 1,389,655     | 12,793,327     | -               | 28,812       |
| Internal balances                                 | 2,227,040          | (2,227,040)   | -              | 122,912         | -            |
| Inventories                                       | 268,166            | 374,417       | 642,583        | -               | -            |
| Prepays   | 1,084,152          | 11,431        | 1,095,583      | -               | -            |
| Restricted assets:                                |                    |               |                |                 |              |
| Cash and cash equivalents                         | -                  | 1,024,622     | 1,024,622      | 1,214,943       | -            |
| Capital assets not being depreciated:             |                    |               |                |                 |              |
| Land  | 12,793,280         | 2,104,506     | 14,897,786     | -               | -            |
| Construction in progress                          | 40,401,864         | 1,451,906     | 41,853,770     | -               | -            |
| Capital assets net of accumulated depreciation:   |                    |               |                |                 |              |
| Building  | 31,999,606         | 2,739,920     | 34,739,526     | -               | -            |
| Improvements other than buildings                 | 28,891,612         | 56,697,683    | 85,589,295     | -               | -            |
| Equipment   | 7,944,870          | 3,632,914     | 11,577,784     | 32,935          | 200,560      |
| Infrastructure                                    | 158,765,359        | -             | 158,765,359    | -               | -            |
| Total assets                                      | 431,724,208        | 74,443,628    | 506,167,836    | 2,919,225       | 881,610      |
| LIABILITIES                                       |                    |               |                |                 |              |
| Accounts payable & other current liabilities      | 4,209,606          | 522,531       | 4,732,137      | 77,951          | 1,840        |
| Liabilities payable from restricted assets        | -                  | 1,024,400     | 1,024,400      | -               | -            |
| Noncurrent liabilities:                           |                    |               |                |                 |              |
| Claims payable within one year                    | 7,001,154          | -             | 7,001,154      | -               | -            |
| Claims payable in more than one year              | 701,551            | -             | 701,551        | -               | -            |
| Due within one year                               | 6,299,979          | 5,000         | 6,304,979      | -               | -            |
| Due in more than one year                         | 91,992,126         | 531,766       | 92,523,892     | -               | -            |
| OPEB payable                                      | 1,094,912          | 148,501       | 1,243,413      | -               | -            |
| Total liabilities                                 | 111,299,328        | 2,232,198     | 113,531,526    | 77,951          | 1,840        |
| NET ASSETS  |                    |               |                |                 |              |
| Invested in capital assets, net of related debt   | 223,582,938        | 66,626,929    | 290,209,867    | 32,935          | 200,560      |
| Restricted for:                                   |                    |               |                |                 |              |
| Capital projects                                  | 42,729,219         | -             | 42,729,219     | -               | -            |
| Debt service                                      | 1,609,760          | -             | 1,609,760      | -               | -            |
| Other - Wastewater                                | 7,638,898          | -             | 7,638,898      | -               | -            |
| Unrestricted                                      | 44,864,065         | 5,584,501     | 50,448,566     | 2,808,339       | 679,210      |
| Total net assets                                  | \$320,424,880      | \$ 72,211,430 | \$ 392,636,310 | \$2,841,274     | \$ 879,770   |

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, 2011

| Functions/Programs   | Expenses      | Program Revenues        |  |  | Net (Expense) Revenue and<br>Changes in Net Assets |                             |                 | Component Units |                 |
|--|---------------|-------------------------|--|--|--|-----------------------------|-----------------|-----------------|-----------------|
|  |               | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                 |                             |                 | City<br>Court   | City<br>Marshal |
|  |               |                         |  |  | Governmental<br>Activities                         | Business-Type<br>Activities | Total           |                 |                 |
| <b>Primary government:</b>                                   |               |                         |  |  |  |                             |                 |                 |                 |
| Governmental activities:                                     |               |                         |  |  |  |                             |                 |                 |                 |
| General government   | \$ 4,585,082  | \$ 5,432,955            | \$ 229,210                               | \$ 156,666                             | \$ 1,233,749                                       | \$ -                        | \$ 1,233,749    | \$ -            | \$ -            |
| Public safety  | 28,681,562    | 124,423                 | 2,323,374                                | 55,979                                 | (26,177,786)                                       | -                           | (26,177,786)    | -               | -               |
| Public works   | 30,294,422    | 10,317,926              | 102,626                                  | 4,547,719                              | (15,326,151)                                       | -                           | (15,326,151)    | -               | -               |
| Planning and development                                     | 3,195,533     | 619,771                 | 1,100,750                                | 450,575                                | (1,024,437)  | -                           | (1,024,437)     | -               | -               |
| General services   | 4,384,287     | 45,440                  | -  | -                                      | (4,338,847)  | -                           | (4,338,847)     | -               | -               |
| Community services   | 6,936,038     | 333,713                 | 750,000                                  | 632,936                                | (5,219,389)  | -                           | (5,219,389)     | -               | -               |
| Interest in long-term debt                                   | 3,935,479     | -                       | -  | -                                      | (3,935,479)  | -                           | (3,935,479)     | -               | -               |
| Total governmental activities                                | 82,012,403    | 16,874,228              | 4,505,960                                | 5,843,875                              | (54,788,340)                                       | -                           | (54,788,340)    | -               | -               |
| Business-type activities:                                    |               |                         |  |  |  |                             |                 |                 |                 |
| Civic center   | 3,575,028     | 968,296                 | 200,000                                  | -                                      | -  | (2,406,732)                 | (2,406,732)     | -               | -               |
| Golf Course  | 1,495,425     | 928,512                 | 2,057                                    | -                                      | -  | (564,856)                   | (564,856)       | -               | -               |
| Transit  | 2,215,223     | 98,804                  | 1,203,394                                | 656,314                                | -  | (256,711)                   | (256,711)       | -               | -               |
| Water  | 8,948,287     | 10,333,108              | 6,472                                    | 80,000                                 | -  | 1,471,293                   | 1,471,293       | -               | -               |
| Total business-type activities                               | 16,233,963    | 12,328,720              | 1,411,923                                | 736,314                                | -  | (1,757,006)                 | (1,757,006)     | -               | -               |
| Total primary government                                     | \$ 98,246,366 | \$ 29,202,948           | \$ 5,917,883                             | \$ 6,580,189                           | \$ (54,788,340)                                    | \$ (1,757,006)              | \$ (56,545,346) | \$ -            | \$ -            |
| <b>Component units:</b>                                      |               |                         |  |  |  |                             |                 |                 |                 |
| City Court   | \$ 519,535    | \$ 404,593              | \$ -                                     | \$ 336,440                             |  |                             |                 | \$ 221,498      | \$ -            |
| City Marshal   | 465,254       | 515,788                 | -  | -                                      |  |                             |                 | -               | 50,534          |
| Total component units  | \$ 984,789    | \$ 920,381              | \$ -                                     | \$ 336,440                             | -  | -                           | -               | 221,498         | 50,534          |
| General revenues:  |               |                         |  |  |  |                             |                 |                 |                 |
| Property taxes   |               |                         |  |  | 7,923,348  | -                           | 7,923,348       | -               | -               |
| Sales taxes  |               |                         |  |  | 43,127,692   | -                           | 43,127,692      | -               | -               |
| Franchise taxes  |               |                         |  |  | 5,787,057  | -                           | 5,787,057       | -               | -               |
| Riverboat taxes  |               |                         |  |  | 9,113,904  | -                           | 9,113,904       | -               | -               |
| Grants and contributions not restricted to specific programs |               |                         |  |  | 190,806  | -                           | 190,806         | -               | -               |
| Interest and investment earnings                             |               |                         |  |  | 1,089,127  | 52,549                      | 1,141,676       | 1,260           | -               |
| Miscellaneous  |               |                         |  |  | 2,194,144  | -                           | 2,194,144       | 272,518         | -               |
| Transfers  |               |                         |  |  | (2,746,015)  | 2,746,015                   | -               | -               | -               |
| Total general revenues and transfers                         |               |                         |  |  | 66,680,063   | 2,798,564                   | 69,478,627      | 273,778         | -               |
| Change in net assets   |               |                         |  |  | 11,891,723   | 1,041,558                   | 12,933,281      | 495,276         | 50,534          |
| Net assets - beginning                                       |               |                         |  |  | 308,533,157  | 71,169,872                  | 379,703,029     | 2,345,998       | 829,236         |
| Net assets - ending  |               |                         |  |  | \$ 320,424,880                                     | \$ 72,211,430               | \$ 392,636,310  | \$ 2,841,274    | \$ 879,770      |

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

# CITY OF LAKE CHARLES, LOUISIANA

## Balance Sheet Governmental Funds September 30, 2011

|   | General              | Riverboat<br>Gaming<br>Special<br>Revenue | Community<br>Development<br>Special<br>Revenue |
|---|----------------------|---|--|
| <b>ASSETS</b>                                   |                      |   |  |
| Cash (Note 4-A)                                 | \$ 10,511,800        | \$ 741,037                                | \$ -   |
| Investments (Note 4-A)                          | 11,444,277           | 1,771,021                                 | -  |
| Receivable (net of allowance for uncollectable) |                      |   |  |
| Accounts (Note 4-B)                             | 5,446,916            | 512,969                                   | 18,350   |
| Special Assessments                             | -                    | -   | -  |
| Accrued interest                                | 47,109               | 4,107                                     | -  |
| Intergovernmental (Note 4-B)                    | 67,740               | -   | 190,839  |
| Due from other funds (Note 4-F)                 | 141,721              | -   | 9,960  |
| Inventory                                       | 268,166              | -   | -  |
| Prepaid items                                   | 218,415              | -   | -  |
| Total assets                                    | <u>\$ 28,146,144</u> | <u>\$ 3,029,134</u>                       | <u>\$ 219,149</u>                              |
| <b>LIABILITIES</b>                              |                      |   |  |
| Accounts payable                                | \$ 1,547,338         | \$ -                                      | \$ 160,541                                     |
| Contracts payable                               | -                    | -   | 39,332   |
| Escrow  | 335,986              | -   | 6,985  |
| Due to other funds                              | 936,912              | -   | 104  |
| Deferred revenues                               | -                    | -   | -  |
| Other liabilities                               | 11,045               | -   | -  |
| Total liabilities                               | <u>2,831,281</u>     | <u>-</u>                                  | <u>206,962</u>                                 |
| <b>FUND BALANCES</b>                            |                      |   |  |
| Nonspendable                                    | 486,580              |   | -  |
| Restricted                                      | -                    | -   | -  |
| Committed                                       | 2,895,603            | 347,058                                   |  |
| Assigned  | -                    | 2,682,076                                 | 12,187   |
| Unassigned                                      | 21,932,680           | -   | -  |
| Total fund balances                             | <u>25,314,863</u>    | <u>3,029,134</u>                          | <u>12,187</u>                                  |
| Total liabilities and fund balances             | <u>\$ 28,146,144</u> | <u>\$ 3,029,134</u>                       | <u>\$ 219,149</u>                              |

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



| Wastewater<br>Special<br>Revenue | Debt<br>Service     | Capital<br>Projects  | Other<br>Special Revenue<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------------|---------------------|----------------------|---|--------------------------------|
| \$ 3,290,394                     | \$ 3,734,362        | \$ 19,628,544        | \$ 2,485,949                                      | \$ 40,392,086                  |
| 3,257,352                        | 1,068,028           | 60,724,912           | 4,357,245   | 82,622,835                     |
| 1,288,594                        | -                   | 432,773              | 170,545   | 7,870,147                      |
| -                                | 540,478             | 196,865              | -   | 737,343                        |
| 8,836                            | 3,068               | 241,924              | 8,955   | 313,999                        |
| -                                | 56,666              | 921,778              | 915,793   | 2,152,816                      |
| 512                              | 23,086              | -                    | 160,913   | 336,192                        |
| -                                | -                   | -                    | -   | 268,166                        |
| 12,476                           | 2,000               | -                    | 12,985  | 245,876                        |
| <u>\$ 7,858,164</u>              | <u>\$ 5,427,688</u> | <u>\$ 82,146,796</u> | <u>\$ 8,112,385</u>                               | <u>\$ 134,939,460</u>          |
| \$ 198,928                       | \$ 23,225           | \$ 396,454           | \$ 317,112  | \$ 2,643,598                   |
| -                                | -                   | 1,103,005            | -   | 1,142,337                      |
| -                                | 21,823              | -                    | 70  | 364,864                        |
| 7,863                            | -                   | -                    | 61,274  | 1,006,153                      |
| -                                | 432,382             | -                    | -   | 432,382                        |
| -                                | -                   | -                    | -   | 11,045                         |
| <u>206,791</u>                   | <u>477,430</u>      | <u>1,499,459</u>     | <u>378,456</u>                                    | <u>5,600,379</u>               |
| 12,475                           | 2,000               | -                    | 12,985  | 514,040                        |
| -                                | 1,609,760           | 42,729,219           | -   | 44,338,979                     |
| 7,638,898                        | 1,558,541           | 37,613,746           | 4,111,211   | 54,165,057                     |
| -                                | 1,779,957           | 304,372              | 3,609,733   | 8,388,325                      |
| -                                | -                   | -                    | -   | 21,932,680                     |
| <u>7,651,373</u>                 | <u>4,950,258</u>    | <u>80,647,337</u>    | <u>7,733,929</u>                                  | <u>129,339,081</u>             |
| <u>\$ 7,858,164</u>              | <u>\$ 5,427,688</u> | <u>\$ 82,146,796</u> | <u>\$ 8,112,385</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. 280,788,649

Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds. 432,382

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. 9,167,188

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds. (99,302,420)

Net assets of governmental activities \$ 320,424,880

**CITY OF LAKE CHARLES, LOUISIANA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For Fiscal Year Ended September 30, 2011**

|  | <u>General</u>       | <u>Riverboat<br/>Gaming<br/>Special<br/>Revenue</u> | <u>Community<br/>Development<br/>Special<br/>Revenue</u> |
|--|----------------------|---|--|
| <b>Revenues:</b>                                     |                      |   |  |
| Taxes  | \$ 42,804,512        | \$ 9,113,904  | \$ -   |
| Licenses and permits                                 | 6,633,096            | -   | -  |
| Intergovernmental                                    | 2,273,106            | -   | 1,463,468  |
| Charges for services                                 | 2,705,596            | -   | -  |
| Fines and forfeitures                                | 383,267              | -   | -  |
| Miscellaneous  | 908,178              | 27,331  | 1,100  |
| Total revenues                                       | <u>55,707,755</u>    | <u>9,141,235</u>                                    | <u>1,464,568</u>   |
| <b>Expenditures:</b>                                 |                      |   |  |
| Current operating:                                   |                      |   |  |
| General government                                   | 2,857,662            | -   | -  |
| Finance  | 1,488,859            | -   | -  |
| Human Resources                                      | 313,428              | -   | -  |
| Fire   | 12,940,071           | -   | -  |
| Police   | 15,892,440           | -   | -  |
| Public works   | 12,804,985           | -   | -  |
| Planning and development                             | 1,815,147            | -   | 1,125,731  |
| Community services                                   | -                    | -   | -  |
| General services                                     | 4,168,195            | -   | -  |
| Capital projects                                     | -                    | -   | 450,575  |
| Debt service:  |                      |   |  |
| Principal retirement                                 | -                    | -   | -  |
| Bond issuance costs                                  | -                    | -   | -  |
| Interest and fiscal charges                          | -                    | -   | -  |
| Total expenditures                                   | <u>52,280,787</u>    | <u>-</u>  | <u>1,576,306</u>   |
| Excess (deficiency) of revenues<br>over expenditures | <u>3,426,968</u>     | <u>9,141,235</u>                                    | <u>(111,738)</u>   |
| <b>Other financing sources (uses):</b>               |                      |   |  |
| Transfers in   | 800,000              | -   | 72,406   |
| Transfers out  | (4,693,937)          | (8,012,627)   | -  |
| Bond refunding                                       | -                    | -   | -  |
| Proceeds of loan                                     | -                    | -   | -  |
| Premium on debt issuance                             | -                    | -   | -  |
| Total other financing sources (uses)                 | <u>(3,893,937)</u>   | <u>(8,012,627)</u>                                  | <u>72,406</u>  |
| Net change in fund balances                          | (466,969)            | 1,128,608   | (39,332)   |
| Fund balance at beginning of year                    | <u>25,781,832</u>    | <u>1,900,526</u>                                    | <u>51,519</u>  |
| Fund balance at end of year                          | <u>\$ 25,314,863</u> | <u>\$ 3,029,134</u>                                 | <u>\$ 12,187</u>   |

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

| Wastewater<br>Special<br>Revenue | Debt<br>Service     | Capital<br>Projects  | Other<br>Special Revenue<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------------|---------------------|----------------------|---|--------------------------------|
| \$ 3,039,121                     | \$ -                | \$ 5,318,463         | \$ 2,362,371                                      | \$ 62,638,371                  |
| -                                | -                   | -                    | -   | 6,633,096                      |
| -                                | 156,666             | 5,522,626            | 1,343,681   | 10,759,547                     |
| 10,264,334                       | -                   | -                    | 164,176   | 13,134,106                     |
| -                                | -                   | -                    | -   | 383,267                        |
| 51,999                           | 19,066              | 895,010              | 924,309   | 2,826,993                      |
| <u>13,355,454</u>                | <u>175,732</u>      | <u>11,736,099</u>    | <u>4,794,537</u>                                  | <u>96,375,380</u>              |
| -                                | -                   | -                    | -   | 2,857,662                      |
| -                                | -                   | -                    | -   | 1,488,859                      |
| -                                | -                   | -                    | -   | 313,428                        |
| -                                | -                   | -                    | -   | 12,940,071                     |
| -                                | -                   | -                    | 307,701   | 16,200,141                     |
| 7,519,241                        | -                   | -                    | -   | 20,324,226                     |
| -                                | -                   | -                    | 87,857  | 3,028,735                      |
| -                                | -                   | -                    | 4,721,208   | 4,721,208                      |
| -                                | -                   | -                    | -   | 4,168,195                      |
| 290,942                          | -                   | 23,903,820           | 377,193   | 25,022,530                     |
| -                                | 5,449,519           | -                    | -   | 5,449,519                      |
| -                                | -                   | 147,128              | -   | 147,128                        |
| -                                | 3,982,945           | -                    | -   | 3,982,945                      |
| <u>7,810,183</u>                 | <u>9,432,464</u>    | <u>24,050,948</u>    | <u>5,493,959</u>                                  | <u>100,644,647</u>             |
| <u>5,545,271</u>                 | <u>(9,256,732)</u>  | <u>(12,314,849)</u>  | <u>(699,422)</u>                                  | <u>(4,269,267)</u>             |
| -                                | 9,374,442           | 3,500,000            | 1,406,234   | 15,153,082                     |
| (3,373,475)                      | -                   | (2,702,096)          | (200,000)   | (18,982,135)                   |
| -                                | -                   | -                    | -   | -                              |
| -                                | -                   | 3,713,962            | -   | 3,713,962                      |
| -                                | -                   | -                    | -   | -                              |
| <u>(3,373,475)</u>               | <u>9,374,442</u>    | <u>4,511,866</u>     | <u>1,206,234</u>                                  | <u>(115,091)</u>               |
| 2,171,796                        | 117,710             | (7,802,983)          | 506,812   | (4,384,358)                    |
| <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>\$ 7,651,373</u>              | <u>\$ 4,950,258</u> | <u>\$ 80,647,337</u> | <u>\$ 7,733,929</u>                               | <u>\$ 129,339,081</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, 2011**

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

|  |                |
|--|----------------|
| Net change in fund balances - total governmental funds | \$ (4,384,358) |
|--|----------------|

|   |            |
|---|------------|
| 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. | 12,261,161 |
|---|------------|

|   |         |
|---|---------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. | (4,168) |
|---|---------|

|  |           |
|--|-----------|
| 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. | 1,511,738 |
|--|-----------|

|  |                  |
|--|------------------|
| 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>2,507,350</u> |
|--|------------------|

|   |                             |
|---|-----------------------------|
| Change in net assets of governmental activities | <u><u>\$ 11,891,723</u></u> |
|---|-----------------------------|

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

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# CITY OF LAKE CHARLES, LOUISIANA

## Statement of Net Assets

### Proprietary Funds

September 30, 2011

|   | Business-type Activities-Enterprise Funds |                  |                   |                   |                    | Governmental<br>Activities -<br>Internal<br>Service Funds |
|---|---|------------------|-------------------|-------------------|--------------------|---|
|   | Civic<br>Center                           | Golf<br>Course   | Public<br>Transit | Water<br>Utility  | Totals<br>2011     |   |
| <b>ASSETS</b>   |   |                  |                   |                   |                    |   |
| Current assets:   |   |                  |                   |                   |                    |   |
| Cash  | \$ 1,233,667                              | \$ -             | \$ 366,138        | \$ 1,521,798      | \$ 3,121,603       | \$ 4,770,393  |
| Investments   | 70,000                                    | -                | 39,290            | 4,012,721         | 4,122,011          | 8,159,273   |
| Restricted cash:  |   |                  |                   |                   |                    |   |
| Customer deposits   | -   | -                | -                 | 1,024,622         | 1,024,622          | -   |
| Accounts receivable (net of allowance<br>for uncollectible) | 38,908                                    | 50               | -                 | 732,105           | 771,063            | 290,961   |
| Accrued interest receivable                                 | -   | -                | -                 | 13,052            | 13,052             | 38,406  |
| Intergovernmental receivables                               | 7,876                                     | -                | 534,881           | 62,783            | 605,540            | -   |
| Due from other funds  | 197,542                                   | 53,278           | -                 | -                 | 250,820            | 514,176   |
| Inventories   | 27,507                                    | 48,008           | -                 | 298,902           | 374,417            | -   |
| Prepaid items   | 4,212                                     | -                | 250               | 6,969             | 11,431             | 838,276   |
| Total current assets  | <u>1,579,712</u>                          | <u>101,336</u>   | <u>940,559</u>    | <u>7,672,952</u>  | <u>10,294,559</u>  | <u>14,611,485</u>   |
| Capital assets:   |   |                  |                   |                   |                    |   |
| Land  | -   | 1,065,697        | 806,824           | 231,985           | 2,104,506          | -   |
| Buses   | -   | -                | 3,416,336         | -                 | 3,416,336          | -   |
| Buildings and structures                                    | 18,768,595                                | 2,123,406        | 75,035            | 459,284           | 21,426,320         | -   |
| Improvements  | 14,370,228                                | 2,348,585        | -                 | 70,592,515        | 87,311,328         | -   |
| Construction in Progress                                    | 218,458                                   | -                | 460,648           | 772,800           | 1,451,906          | -   |
| Equipment, furniture and fixtures                           | 2,735,461                                 | 611,189          | 149,472           | 1,764,817         | 5,260,939          | 34,758  |
| Total capital assets  | <u>36,092,742</u>                         | <u>6,148,877</u> | <u>4,908,315</u>  | <u>73,821,401</u> | <u>120,971,335</u> | <u>34,758</u>   |
| Less accumulated depreciation                               | <u>25,553,117</u>                         | <u>1,502,904</u> | <u>1,614,510</u>  | <u>25,673,875</u> | <u>54,344,406</u>  | <u>26,816</u>   |
| Total capital assets (net of<br>accumulated depreciation)   | <u>10,539,625</u>                         | <u>4,645,973</u> | <u>3,293,805</u>  | <u>48,147,526</u> | <u>66,626,929</u>  | <u>7,942</u>  |
| Total assets  | <u>12,119,337</u>                         | <u>4,747,309</u> | <u>4,234,364</u>  | <u>55,820,478</u> | <u>76,921,488</u>  | <u>14,619,427</u>   |

|   | Business-type Activities-Enterprise Funds |                |                   |                  |                | Governmental<br>Activities -<br>Internal<br>Service Funds |
|---|---|----------------|-------------------|------------------|----------------|---|
|   | Civic<br>Center                           | Golf<br>Course | Public<br>Transit | Water<br>Utility | Totals<br>2011 |   |
| <b>LIABILITIES</b>  |   |                |                   |                  |                |   |
| Current liabilities :   |   |                |                   |                  |                |   |
| Accounts payable  | 55,012                                    | 65,497         | 20,852            | 334,543          | 475,904        | 47,762  |
| Contracts payable   | 17,210                                    | -              | 7,845             | -                | 25,055         | -   |
| Customer deposits payable   | -   | -              | -                 | 1,024,400        | 1,024,400      | -   |
| Escrow  | 16,308                                    | 5,264          | -                 | -                | 21,572         | -   |
| Due to other funds  | -   | -              | 81,633            | 12,890           | 94,523         | 512   |
| Total current liabilities   | 88,530                                    | 70,761         | 110,330           | 1,371,833        | 1,641,454      | 48,274  |
| Non-current liabilities:  |   |                |                   |                  |                |   |
| Compensated absences  | 136,673                                   | 52,215         | 50,734            | 297,144          | 536,766        | 68,498  |
| OPEB liability  | 21,517                                    | 21,911         | 18,624            | 86,449           | 148,501        | 16,099  |
| Accrued insurance claims  | -   | -              | -                 | -                | -              | 6,676,154   |
| Incurred-not reported claims  | -   | -              | -                 | -                | -              | 325,000   |
| Accrued insurance claims-noncurrent   | -   | -              | -                 | -                | -              | 701,551   |
| Total non-current liabilities   | 158,190                                   | 74,126         | 69,358            | 383,593          | 685,267        | 7,787,302   |
| Total liabilities   | 246,720                                   | 144,887        | 179,688           | 1,755,426        | 2,326,721      | 7,835,576   |
| <b>NET ASSETS</b>   |   |                |                   |                  |                |   |
| Invested in capital assets  | 10,539,625                                | 4,645,973      | 3,293,805         | 48,147,526       | 66,626,929     | 7,942   |
| Unrestricted  | 1,332,992                                 | (43,551)       | 760,871           | 5,917,526        | 7,967,838      | 6,775,909   |
| Total net assets  | \$11,872,617                              | \$4,602,422    | \$ 4,054,676      | \$ 54,065,052    | 74,594,767     | \$ 6,783,851  |
| Adjustments to reflect the consolidation of internal service fund activities<br>related to enterprise funds |   |                |                   |                  | (2,383,337)    |   |
| Change in net assets of business-type activities  |   |                |                   |                  | \$72,211,430   |   |

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, 2011**

|   | <u>Business-type</u>        |                            |
|---|-----------------------------|----------------------------|
|   | <u>Civic<br/>Center</u>     | <u>Golf<br/>Course</u>     |
| Operating revenues:                                     |                             |                            |
| Charges for services                                    | \$ 967,594                  | \$ 927,608                 |
| Other   | 702                         | 904                        |
| Total operating revenues                                | <u>968,296</u>              | <u>928,512</u>             |
| Operating expenses:                                     |                             |                            |
| Personal services                                       | 1,216,828                   | 621,129                    |
| Materials and supplies                                  | 221,285                     | 312,956                    |
| Maintenance   | 129,298                     | 23,827                     |
| Heat, light and power                                   | 366,480                     | 70,566                     |
| Transportation  | -                           | -                          |
| General and administration                              | 280,870                     | 211,388                    |
| Claims and losses paid                                  | -                           | -                          |
| Depreciation  | 1,393,246                   | 268,783                    |
| Total operating expenses                                | <u>3,608,007</u>            | <u>1,508,649</u>           |
| Operating income (loss)                                 | <u>(2,639,711)</u>          | <u>(580,137)</u>           |
| Nonoperating revenues (expenses):                       |                             |                            |
| Operating grants-governmental agencies                  | 200,000                     | -                          |
| Interest  | 3,370                       | -                          |
| Gain (loss) on retirement or transfer of capital assets | -                           | 2,057                      |
| Total nonoperating revenues                             | <u>203,370</u>              | <u>2,057</u>               |
| Income (loss) before operating transfers                | <u>(2,436,341)</u>          | <u>(578,080)</u>           |
| Capital contributions and transfers:                    |                             |                            |
| Capital contributions - governmental agencies           | -                           | -                          |
| Capital contributions - governmental funds              | -                           | -                          |
| Transfers in  | 1,040,150                   | 309,297                    |
| Total capital contributions and transfers               | <u>1,040,150</u>            | <u>309,297</u>             |
| Change in net assets                                    | <u>(1,396,191)</u>          | <u>(268,783)</u>           |
| Net assets at beginning of year                         | 13,268,808                  | 4,871,205                  |
| Net assets at end of year                               | <u><u>\$ 11,872,617</u></u> | <u><u>\$ 4,602,422</u></u> |

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

| Activities-Enterprise Funds |                  |                | Governmental                              |
|-----------------------------|------------------|----------------|---|
| Public<br>Transit           | Water<br>Utility | Totals<br>2011 | Activities -<br>Internal<br>Service Funds |
| \$ 98,804                   | \$ 9,837,781     | \$ 11,831,787  | \$ 13,198,674                             |
| -                           | 495,327          | 496,933        | 335,190                                   |
| 98,804                      | 10,333,108       | 12,328,720     | 13,533,864                                |
| 715,657                     | 2,721,838        | 5,275,452      | 506,534                                   |
| 30,934                      | 1,510,607        | 2,075,782      | 9,151                                     |
| 45,286                      | 355,001          | 553,412        | -   |
| 1,553                       | 861,400          | 1,299,999      | -   |
| 221,420                     | -                | 221,420        | -   |
| 1,024,628                   | 2,287,404        | 3,804,290      | 2,811,653                                 |
| -                           | -                | -              | 8,571,198                                 |
| 268,477                     | 1,374,481        | 3,304,987      | 2,723                                     |
| 2,307,955                   | 9,110,731        | 16,535,342     | 11,901,259                                |
| (2,209,151)                 | 1,222,377        | (4,206,622)    | 1,632,605                                 |
| 1,203,394                   | -                | 1,403,394      | -   |
| 1,070                       | 48,109           | 52,549         | 93,086                                    |
| -                           | 6,472            | 8,529          | -   |
| 1,204,464                   | 54,581           | 1,464,472      | 93,086                                    |
| (1,004,687)                 | 1,276,958        | (2,742,150)    | 1,725,691                                 |
| 656,314                     | 80,000           | 736,314        | -   |
| 100,000                     | 567,891          | 667,891        | -   |
| 728,677                     | -                | 2,078,124      | 1,083,038                                 |
| 1,484,991                   | 647,891          | 3,482,329      | 1,083,038                                 |
| 480,304                     | 1,924,849        | 740,179        | 2,808,729                                 |
| 3,574,372                   | 52,140,203       |                | 3,975,122                                 |
| \$ 4,054,676                | \$ 54,065,052    |                | \$ 6,783,851                              |

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

301,379  
\$ 1,041,558

# CITY OF LAKE CHARLES, LOUISIANA

## Statement of Cash Flows

### Proprietary Funds

Fiscal Year Ended September 30, 2011

|  | <u>Civic<br/>Center</u> |
|--|-------------------------|
| <b>Cash flows from operating activities:</b>   |                         |
| Receipts from customers  | \$ 972,394              |
| Payments to employees  | (1,245,749)             |
| Payments to suppliers  | (995,657)               |
| Internal activity - payments to other funds  | (156,092)               |
| Net cash provided by operating activities  | <u>(1,425,104)</u>      |
| <b>Cash flow from noncapital financing activities:</b>   |                         |
| Operating subsidies  | 1,040,150               |
| Shared revenue from governmental agencies  | 200,000                 |
| Net cash provided by noncapital financing activities   | <u>1,240,150</u>        |
| <b>Cash flows from capital and related financing activities:</b>                               |                         |
| Purchases/sale of capital assets   | -                       |
| Contracts payable  | (189,360)               |
| Capital subsidies from governmental agencies   | 22,043                  |
| Capital transfers  | -                       |
| Net cash provided (used for) capital and related financing activities                          | <u>(167,317)</u>        |
| <b>Cash flow from investing activities:</b>  |                         |
| Purchase of investment securities  | (90)                    |
| Proceeds from sale and maturities of investment securities                                     | -                       |
| Interest on investments  | 3,370                   |
| Net cash provided (used for) investing activities  | <u>3,280</u>            |
| Net increase (decrease) in cash and cash equivalents   | (348,991)               |
| Cash and cash equivalents at beginning of year   | 1,582,658               |
| Cash and cash equivalents at end of year   | <u>\$ 1,233,667</u>     |
| <b>Reconciliation of operating (loss) to net cash provided (used) by operating activities:</b> |                         |
| Operating income (loss)  | <u>\$ (2,639,711)</u>   |
| Adjustments to reconcile operating income to net cash provided by operating activities         |                         |
| Depreciation expense   | 1,393,246               |
| (Increase) decrease in accounts receivable   | 4,098                   |
| (Increase) decrease in due from other funds  | (156,092)               |
| (Increase) decrease in inventories   | (4,960)                 |
| (Increase) decrease in prepaid items   | 2,739                   |
| Increase (Decrease) in accounts payables   | (5,988)                 |
| Increase (Decrease) in miscellaneous payables  | (13,511)                |
| Increase (Decrease) in customer deposit account  | -                       |
| Increase (Decrease) in compensated absences payable  | (12,868)                |
| Increase (Decrease) in OPEB liability  | 7,943                   |
| Increase (Decrease) in due to other funds  | -                       |
| Total adjustments  | <u>1,214,607</u>        |
| Net cash provided (used) by operating activities   | <u>\$ (1,425,104)</u>   |

#### Noncash investing and capital activities:

Assets retired cost \$291,800 and had accumulated depreciation of \$291,800.

Capital assets expenditures of \$567,891 were paid from governmental funds and are recorded as a capital contribution on the statement of activity in the proprietary funds.

Developer/governmental agencies donated capital assets of \$80,000.

Change in the fair value of investments resulted in an unrealized gain of \$9,792 at year end 2011 and an unrealized gain of \$14,277 at year end 2010.

| Business-type Activities - Enterprise Funds |                |                  |                | Governmental<br>Activities<br>Internal<br>Service Funds |
|---|----------------|------------------|----------------|---|
| Golf<br>Course                              | Transit        | Water<br>Utility | Totals<br>2011 |   |
| \$ 928,475                                  | \$ 99,188      | \$ 10,334,437    | \$ 12,334,494  | \$ 13,743,122   |
| (627,699)                                   | (726,454)      | (2,785,314)      | (5,385,216)    | (457,172)   |
| (744,515)                                   | (2,327,484)    | (4,901,597)      | (8,969,253)    | (11,142,713)  |
| 147,082                                     | (24,868)       | (83,605)         | (117,483)      | (84,626)  |
| (296,657)                                   | (2,979,618)    | 2,563,921        | (2,137,458)    | 2,058,611   |
| 309,297                                     | 728,677        | -                | 2,078,124      | 1,083,038   |
| -   | 1,350,384      | -                | 1,550,384      | -   |
| 309,297                                     | 2,079,061      | -                | 3,628,508      | 1,083,038   |
| (12,640)                                    | (429,276)      | (68,120)         | (510,036)      | -   |
| -   | (256,900)      | (69,003)         | (515,263)      | -   |
| -   | 1,851,852      | -                | 1,873,895      | -   |
| -   | 100,000        | -                | 100,000        | -   |
| (12,640)                                    | 1,265,676      | (137,123)        | 948,596        | -   |
| -   | (51)           | (6,050,068)      | (6,050,209)    | (9,498,685)   |
| -   | -              | 3,855,544        | 3,855,544      | 6,008,582   |
| -   | 1,070          | 35,894           | 40,334         | 56,132  |
| -   | 1,019          | (2,158,630)      | (2,154,331)    | (3,433,971)   |
| -   | 366,138        | 268,168          | 285,315        | (292,322)   |
| -   | -              | 2,278,252        | 3,860,910      | 5,062,715   |
| \$ -  | \$ 366,138     | \$ 2,546,420     | \$ 4,146,225   | \$ 4,770,393  |
| \$ (580,137)                                | \$ (2,209,151) | \$ 1,222,377     | \$ (4,206,622) | \$ 1,632,605  |
| 268,783                                     | 268,477        | 1,374,481        | 3,304,987      | 2,723   |
| (37)  | 384            | 9,950            | 14,395         | 209,258   |
| 147,953                                     | -              | -                | (8,139)        | (83,433)  |
| 24,581                                      | -              | 20,062           | 39,683         | -   |
| 1,159                                       | (250)          | 185              | 3,833          | 110,786   |
| (127,179)                                   | (1,019,974)    | (101,670)        | (1,254,811)    | 2,186   |
| (35,667)                                    | -              | -                | (49,178)       | 177,318   |
| -   | -              | 118,205          | 118,205        | -   |
| (1,938)                                     | (288)          | (27,613)         | (42,707)       | 2,799   |
| 6,696                                       | 6,052          | 31,549           | 52,240         | 5,562   |
| (871)                                       | (24,868)       | (83,605)         | (109,344)      | (1,193)   |
| 283,480                                     | (770,467)      | 1,341,544        | 2,069,164      | 426,006   |
| \$ (296,657)                                | \$ (2,979,618) | \$ 2,563,921     | \$ (2,137,458) | \$ 2,058,611  |

## NOTES TO FINANCIAL STATEMENTS

### CITY OF LAKE CHARLES, LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2011

#### 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, 2010.

##### Ward Three Marshal:

The office of Ward Three Marshal, which is governed by an independently elected official, is created in the same statutory manner as City Court and has a corresponding area of jurisdiction. Although legally separate, the office of Ward Three Marshal is fiscally dependent upon the government because of the statutory requirements that the City provide and maintain the physical facilities necessary for its operation. The relationship between the Marshal and the City is such that exclusion would cause the City's financial statements to be incomplete. Financial data reported for this component unit are from its separately audited financial report for the year ended December 31, 2010. 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 and report all financial resources not accounted for and reported in another fund.

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

## 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.

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

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

Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds.) Revenues include 28 percent of 1 percent sales tax dedicated to capital improvements and various intergovernmental revenues

The City of Lake Charles reports the following proprietary funds:

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

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

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

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

The City of Lake Charles reports the following additional fund 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



## NOTES TO FINANCIAL STATEMENTS

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.

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. The City also invests in Certificate of Deposit Account Registry Service (CDARS) which is an investment vehicle providing full FDIC insurance for the purchase of certificates of deposit.

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

#### **2. Receivables and Payables**

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

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

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

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

#### **3. Inventories and Prepaid items**

Inventory is valued at average cost. Inventory in the General Fund consists of materials and supplies held for consumption, and 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

## NOTES TO FINANCIAL STATEMENTS

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.

### 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. There was not any amount recorded in the governmental fund statements as a payable to employees who had terminated as of the end of the fiscal year on September 30, 2011.

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

Sick pay is not vested except at retirement, where accumulated sick pay hours up to six hundred (600) are payable to non-civil service retirees. The termination payment liability was calculated by developing a ratio based on historical data of sick leave paid at termination compared with sick leave accumulated and by applying that ratio to the sick leave accumulated by the current employee population as of September 30, 2011. Because there was no current liability at the end of the fiscal year, all estimated termination payment liability is recorded in the government-wide and proprietary fund financial statements.

City employees may receive compensatory time off with pay in lieu of overtime pay for work in excess of regular scheduled hours. Accumulation of unused compensatory time is limited, and any unused or unpaid portion is payable upon separation from employment. Compensatory time is accrued when incurred in the government-wide and proprietary funds financial statements. There was no current portion of compensatory time recorded in the governmental fund statement at September 30, 2011.

At September 30, 2011 the total liability reported on the Statement of Net Assets for accrued vacation, sick and compensatory time was \$3,074,854 for Governmental Activities, which includes \$68,498 from the Internal Service Funds. The amount recorded in Business-Type Activities equaled \$536,766.

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

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

Restricted – Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors, or amounts constrained or due to constitutional provisions or enabling legislation.

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

Assigned – Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by the Mayor.

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

### 2. Reconciliation of Government-wide Financial Statements

#### A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net 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 \$99,302,420 difference are as follows:

|  |                      |
|--|----------------------|
| 2007 LCDA Bonds payable  | \$29,695,000         |
| Premium on 2007 LCDA Bonds payable<br>(to be amortized over the life of the debt)                                  | 863,694              |
| 2009 Revenue Refunding Bonds payable   | 14,905,000           |
| Premium on 2009 Refunding Bonds payable<br>(to be amortized over the life of the debt)                             | 392,031              |
| 2010 LCDA Bonds payable  | 37,705,000           |
| Premium on 2010 LCDA Bonds payable<br>(to be amortized over the life of the debt)                                  | 1,570,765            |
| Pension refunding bonds  | 3,005,000            |
| Cooperative endeavor-Sales Tax Dist. No.3  | 3,064,492            |
| Compensated absences   | 3,006,356            |
| Other post employee benefits (OPEB) payable  | 1,078,813            |
| Police benefits guarantee  | 98,068               |
| LC City Court building project   | 3,000,000            |
| DEQ loan – sewer plant rehabilitation  | 918,201              |
| Net adjustment to reduce fund balance-total governmental<br>funds to arrive at net assets -governmental activities | <u>\$ 99,302,420</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 \$12,261,161 are as follows:

|   |                     |
|---|---------------------|
| Capital outlays   | \$23,899,090        |
| Depreciation expense  | (11,571,111)        |
| Loss on retirement of capital assets  | <u>( 66,818)</u>    |
| Net adjustment to increase net changes in fund balances – total governmental<br>funds to arrive at changes in net assets of governmental activities | <u>\$12,261,161</u> |

## NOTES TO FINANCIAL STATEMENTS

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however has any effect on net assets.” The details of this \$1,511,738 are as follows:

|   |                              |
|---|------------------------------|
| Principal repayment:  |                              |
| Pension refunding bonds   | \$ 1,030,000                 |
| 2007 LCDA public improvement bonds  | 1,275,000                    |
| 2009 Revenue refunding bonds  | 1,270,000                    |
| 2010 LCDA public improvement bonds  | 1,575,000                    |
| Police benefit guarantees   | 20,385                       |
| Compensated absences  | 95,340                       |
| OPEB liabilities  | (380,380)                    |
| Cooperative endeavor-Sales Tax Dist. No. 3  | 350,000                      |
| Proceeds from premium on 2007 LCDA public improvement bonds<br>(to be amortized as interest over life of debt)                                      | 55,129                       |
| Proceeds from premium on 2009 Revenue refunding bonds<br>(to be amortized as interest over life of debt)  | 39,203                       |
| Proceeds from premium on 2010 Revenue refunding bonds<br>(to be amortized as interest over life of debt)  | 100,262                      |
| Lake Charles City Court building loan   | (3,000,000)                  |
| DEQ loan – sewer plant improvements   | <u>( 918,201)</u>            |
| Net adjustment to decrease net changes in fund balances – total governmental<br>funds to arrive at changes in net assets of governmental activities | <u><u>\$ (1,511,738)</u></u> |

### 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 \$(2,383,337) are as follows:

|  |                              |
|--|------------------------------|
| Internal payable representing costs in excess of charges to the<br>business-type activities – prior year       | \$( 2,684,716)               |
| Internal payable representing costs in excess of charges to the<br>business-type activities – current year     | <u>301,379</u>               |
| Net adjustment to decrease net assets – enterprise funds to<br>arrive at net assets – business-type activities | <u><u>\$ (2,383,337)</u></u> |

## 3. Stewardship, Compliance, and Accountability

### A. Budgetary information

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

1. The Mayor submits the proposed operating budget for the fiscal year commencing October 1 to the City Council no later than August 15. This budget includes proposed expenditures and the means of financing them.

## NOTES TO FINANCIAL STATEMENTS

2. A summary of the proposed budget and notices of public hearing are published in accordance with statutory requirements.
3. The proposed budget is subject to one or more public hearings before the City Council prior to adoption by ordinance, which must occur no later than September 15. The City Charter requires a two-thirds vote of the City Council to amend the proposed budget submitted by the Mayor.
4. Expenditures are legally restricted to budgetary appropriations at the department level within the General Fund and at the fund level for Special Revenue Funds, which are not departmentalized. Revisions, which alter the total expenditures of any such department or fund, must be approved by budget amendment ordinance adopted by the City Council at the request of the Mayor. Transfers of budgeted amounts between expenditure objects or programs within the same department and fund are authorized to be made administratively by the Director of Finance.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Capital Projects Fund, which is budgeted on a project basis. Formal budgetary integration is not employed in the Debt Service Funds because effective budgetary control is alternatively achieved through the respective bond indentures and provisions.
6. Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Comparisons of budgeted and actual results of operation are presented for the General Fund and Special Revenue Funds in the accompanying financial statements. The Capital Projects Fund is not included in this budget, and actual comparison, as the capital budget which encompasses that fund, is presented on the basis of cumulative as opposed to annual budget amounts.
7. All budgetary appropriations except capital project budgets lapse at the end of each fiscal year.
8. Budgeted amounts are as originally adopted, or as amended by the City Council. It was not necessary to amend the General Fund budget in fiscal year 2011.

The originally adopted amount of all Special Revenue Funds was \$30,487,490. Amendments in the amount of \$(3,635,488) resulted in the final total Special Revenue Fund budget of \$26,852,002. An annual amendment is necessary in response to grant awards compared to actual expenditures within the fiscal year. 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 have been received are reclassified to expenditures and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year end and are either canceled or are included as reappropriations of fund balance for the subsequent year. Encumbrances at year end in funds that are budgeted on a project basis, including Enterprise Fund construction projects, are carried forward along with their related appropriations and are not subject to an annual cancellation and reappropriation. Such balances are classified as committed fund balance in the Capital Project Fund.

## NOTES TO FINANCIAL STATEMENTS

### C. Excess of Expenditures Over Appropriations and Deficit Fund Equity

The Grant Special Revenue Fund expenditures of \$1,426,168 exceeded appropriations of \$1,417,665. The unfavorable variance was less than five percent of total expenditures so additional amendment to the budget was not necessary. There was no deficit fund equity in any fund at fiscal year ended September 30, 2011.

### D. Unfavorable Revenue Variance

The intergovernmental revenue of the Community Development Special Revenue Fund was \$1,464,568 which was \$99,492 less than the \$1,564,060 budgeted amount. This unfavorable variance is attributable to variances in grant program revenues, which are budgeted on the basis of grant awards but actual revenues received are equal to annual expenditure reimbursements in that fund. The Special Event Special Revenue Fund revenues were \$2,961 less than the budgeted amount of \$59,525 due to a decrease in anticipated donations and other miscellaneous revenue for various events.

## 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, 2011 was \$44,036,962 (carrying amount \$40,416,407).

The total includes restricted cash in the amount of \$1,024,622 from customer deposits in the Water Utility Enterprise Fund. The amounts do not include petty cash of \$24,200 or \$8,684,005 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 \$144,220 reported as accounts payable in the Community Development Special Revenue Fund and \$40,869 cash overdraft in the Mallard Cove Enterprise Fund, both of which are reported as accounts payable in those funds.

The carrying amounts of cash deposits for component units at their respective balance sheet dates were \$1,548,435 for City Court and \$652,238 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, 2011 the City had the following investments and maturities:

| Investment type   | Maturity         | Fair Value          |
|---|------------------|---------------------|
| Certificate of Deposit Account Registry Service (CDARS) | Less than 1 year | \$ 3,000,000        |
| U.S. agencies callable                                  | Less than 1 year | 19,219,153          |
| U.S. agencies callable                                  | 1 – 5 year       | 69,470,586          |
| Louisiana Asset Management Pool                         |                  | <u>3,214,382</u>    |
|   |                  | <u>\$94,904,121</u> |



## NOTES TO FINANCIAL STATEMENTS

### Credit Risk – Investments

The City's investment program is authorized and limited by state statute and city policy to purchases of securities issued or guaranteed by the U.S. Government and its agencies or instrumentalities and participation in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit local government money-market type (2a-7-like) investment pool sponsored by the State of Louisiana. This pool is rated AAA by Standard & Poor's. Security investments are carried at fair value; investment in LAMP is carried at cost, which approximates market. With the exception of LAMP, all of the City's investments are held in the City's name by its custodial bank. The City's investment policy does not specifically limit investment maturities, except for a general requirement that funds used for operation be invested within a three-year final maturity range. This policy assumes that callable investments will not be called. The City's investment policy states that financial or credit risk, as distinguished from market risk, is not acceptable for any investment in either short or long term investment categories. In 2010, the City began purchasing certificates of deposits through the Certificate of Deposit Account Registry Service (CDARS) which is an investment vehicle providing full FDIC insurance for the purchase of certificates of deposit. For credit risk disclosures, the CDARS investments are considered deposits unless the maturities of the investments exceed one year.

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

Investments as of September 30, 2011 were concentrated with the following issuers:

| <u>Issuer</u>   | <u>Fair Value</u> |
|---|-------------------|
| Federal Home Loan Bank                                  | \$36,457,237      |
| Federal Home Loan Mortgage Corporation                  | 17,624,453        |
| Federal National Mortgage Association                   | 27,261,936        |
| Federal Farm Credit Bank                                | 7,343,759         |
| Certificate of Deposit Account Registry Service (CDARS) | 3,000,000         |

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

### Interest Rate Risk – Investments

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

### Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of the investment. Investments are exposed to custodial credit risk if the securities are (a) uninsured and unregistered and held by the counterparty; or (b) uninsured, unregistered and held by the counterparty's trust department or agent but not in the name of the City.

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

# NOTES TO FINANCIAL STATEMENTS

## 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 | Wastewater  |
|---|-------------|------------------|-----------------------|-------------|
| Receivables:                            |             |                  |                       |             |
| Accounts                                | \$1,773,380 | \$ 0             | \$ 18,350             | \$1,497,729 |
| Taxes                                   | 2,686,186   | 512,969          | 0                     | 247,299     |
| Property standards & special assessment | 1,930,017   | 0                | 0                     | 0           |
| Interest                                | 47,109      | 4,107            | 0                     | 8,836       |
| Intergovernmental                       | 67,740      | 0                | 190,839               | 0           |
| Gross receivables                       | 6,504,432   | 517,076          | 209,189               | 1,753,864   |
| Less: allowance for uncollectable       | (942,667)   | 0                | 0                     | (456,434)   |
| Net total receivables                   | \$5,561,765 | \$ 517,076       | \$ 209,189            | \$1,297,430 |

| Governmental-type Activities (continued) | Debt Service | Capital Projects | Nonmajor Funds | Internal Service | Total Governmental Activities |
|--|--------------|------------------|----------------|------------------|-------------------------------|
| Receivables:                             |              |                  |                |                  |                               |
| Accounts                                 | \$ 0         | \$ 0             | \$ 46,896      | \$290,961        | \$ 3,627,316                  |
| Taxes                                    | 0            | 432,773          | 123,649        | 0                | 4,002,876                     |
| Property standards & special assessment  | 1,080,956    | 196,865          | 0              | 0                | 3,207,838                     |
| Interest                                 | 3,068        | 241,924          | 8,955          | 38,406           | 352,405                       |
| Intergovernmental                        | 56,666       | 921,778          | 1,933,081      | 0                | 3,170,104                     |
| Gross receivables                        | 1,140,690    | 1,793,340        | 2,112,581      | 329,367          | 14,360,539                    |
| Less: allowance for uncollectable        | (540,478)    | 0                | (1,017,288)    | 0                | (2,956,867)                   |
| Net total receivables                    | \$600,212    | \$1,793,340      | \$1,095,293    | \$329,367        | \$11,403,672                  |

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                                | \$ 38,908    | \$ 50       | \$ 0           | \$1,191,101 | \$1,230,059                    | \$ 4,857,375     |
| Taxes                                   | 0            | 0           | 0              | 0           | 0                              | 4,002,876        |
| Property standards & special assessment | 0            | 0           | 0              | 0           | 0                              | 3,207,838        |
| Interest                                | 0            | 0           | 0              | 13,052      | 13,052                         | 365,457          |
| Intergovernmental                       | 7,876        | 0           | 534,881        | 62,783      | 605,540                        | 3,775,644        |
| Gross receivables                       | 46,784       | 50          | 534,881        | 1,266,936   | 1,848,651                      | 16,209,190       |
| Less: allowance for uncollectable       | 0            | 0           | 0              | (458,996)   | (458,996)                      | (3,415,863)      |
| Net total receivables                   | \$ 46,784    | \$ 50       | \$ 534,881     | \$ 870,940  | \$1,389,655                    | \$12,793,327     |

# NOTES TO FINANCIAL STATEMENTS

Intergovernmental receivables consisted of the following, net of uncollectable allowance:

|   |             |
|---|-------------|
| <b>Governmental type activity:</b>                                    |             |
| Calcasieu Parish Police Jury  | \$ 336,211  |
| Lake Charles City Court   | 56,666      |
| U.S. Department of Justice  | 21,826      |
| Community Development Grant   | 100,521     |
| LA Department of Treasury   | 13,222      |
| LA Department of Transportation                                       | 146,132     |
| LA Commission on Law Enforcement and Admin. of Criminal Justice Grant | 44,657      |
| LA Department of Environmental Quality                                | 499,796     |
| Environmental Protection Agency                                       | 34,105      |
| LA Department of Military Affairs                                     | 697,963     |
| Housing & Urban Development Disaster Recovery Grants                  | 103,923     |
| Housing & Urban Development Emergency Grants                          | 97,794      |
| Total Governmental-type activities                                    | 2,152,816   |
| <b>Business-type activity:</b>  |             |
| Mass Transit Operating Assistance Grant                               | 534,881     |
| LA Department of Military Affairs                                     | 7,876       |
| LA Department of Transportation                                       | 62,783      |
| Total Business-type activities  | 605,540     |
| Total primary government  | \$2,758,356 |

# NOTES TO FINANCIAL STATEMENTS

## C. Capital Assets

Capital asset activity for the fiscal year ended September 30, 2011 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                     | 32,727,926        | 19,674,078   | (12,000,140)    | 40,401,864     |
| Total capital assets, not being depreciated  | 45,521,206        | 19,674,078   | (12,000,140)    | 53,195,144     |
| Capital assets being depreciated:            |                   |              |                 |                |
| Buildings                                    | 46,624,455        | 0            | ( 97,100)       | 46,527,355     |
| Improvements                                 | 43,581,848        | 5,405,683    | (250,954)       | 48,736,577     |
| Machinery & Equipment                        | 29,151,164        | 1,039,163    | (1,026,129)     | 29,164,198     |
| Infrastructure                               | 241,502,899       | 9,780,307    | 0               | 251,283,206    |
| Total capital assets being depreciated       | 360,860,366       | 16,225,153   | (1,374,183)     | 375,711,336    |
| Less accumulated depreciation for:           |                   |              |                 |                |
| Buildings                                    | (12,617,755)      | (2,007,094)  | 97,100          | (14,527,749)   |
| Improvements                                 | (18,260,457)      | (1,834,558)  | 250,050         | (19,844,965)   |
| Machinery & Equipment                        | (19,810,924)      | (2,368,619)  | 960,215         | (21,219,328)   |
| Infrastructure                               | (87,154,284)      | (5,363,563)  | 0               | (92,517,847)   |
| Total accumulated depreciation               | (137,843,420)     | (11,573,834) | 1,307,365       | (148,109,889)  |
| Total capital assets, being depreciated, net | 223,016,946       | 4,651,319    | ( 66,818)       | 227,601,447    |
| Governmental activities capital assets, net  | \$268,538,152     | \$24,325,397 | \$ (12,066,958) | \$280,796,591  |

The assets of the Internal Service Funds are included in the table for assets related to governmental-type activities. Total assets are \$34,758 with accumulated depreciation of \$26,816. The remaining value of assets at September 30, 2011 equaled \$7,942, 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                     | 10,582,291        | 759,076      | (9,889,461)   | 1,451,906      |
| Total capital assets, not being depreciated  | 12,686,797        | 759,076      | (9,889,461)   | 3,556,412      |
| Capital assets being depreciated:            |                   |              |               |                |
| Buildings                                    | 21,426,320        | 0            | 0             | 21,426,320     |
| Improvements                                 | 77,095,396        | 10,215,932   | 0             | 87,311,328     |
| Machinery & Equipment                        | 8,441,906         | 527,169      | (291,800)     | 8,677,275      |
| Total capital assets being depreciated       | 106,963,622       | 10,743,101   | (291,800)     | 117,414,923    |
| Less accumulated depreciation for:           |                   |              |               |                |
| Buildings                                    | (18,157,722)      | (528,678)    | 0             | (18,686,400)   |
| Improvements                                 | (28,453,552)      | (2,160,093)  | 0             | (30,613,645)   |
| Machinery & Equipment                        | (4,719,945)       | (616,216)    | 291,800       | (5,044,361)    |
| Total accumulated depreciation               | (51,331,219)      | (3,304,987)  | 291,800       | (54,344,406)   |
| Total capital assets, being depreciated, net | 55,632,403        | 7,438,114    | 0             | 63,070,517     |
| Business-type activities capital assets, net | \$68,319,200      | \$ 8,197,190 | \$(9,889,461) | \$66,626,929   |

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

|  |              |
|--|--------------|
| Governmental activities:   |              |
| General government   | \$ 19,661    |
| Public safety  | 1,321,899    |
| Public works   | 8,802,925    |
| Planning and development   | 30,286       |
| General services   | 283,324      |
| Community services   | 1,113,016    |
| Capital assets held by the government's internal service funds are charges to the various functions based on their usage of the assets | 2,723        |
| Total depreciation expense – governmental activities   | \$11,573,834 |
| Business-type activities:  |              |
| Civic Center   | \$ 1,393,246 |
| Golf Course  | 268,783      |
| Transit  | 268,477      |
| Water  | 1,374,481    |
| Total depreciation expense – business-type activities  | \$ 3,304,987 |

NOTES TO FINANCIAL STATEMENTS

**D. Discretely presented component units**

Capital asset activity for the year ended December 31, 2010 was as follows for City Court:

|   | Balance<br>1/01/2010 | Additions | Deletions | Balance<br>12/31/2010 |
|---|----------------------|-----------|-----------|-----------------------|
| Governmental activities:                    |                      |           |           |                       |
| Equipment                                   | \$386,197            | \$13,741  | \$ 0      | \$399,938             |
| Furniture and fixtures                      | 15,073               | 1,941     | 0         | 17,014                |
| Totals at historical cost                   | 401,270              | 15,682    | 0         | 416,952               |
| Less accumulated depreciation:              |                      |           |           |                       |
| Equipment                                   | (351,136)            | (18,970)  | 0         | (370,106)             |
| Furniture and fixtures                      | (13,222)             | (689)     | 0         | (13,911)              |
| Total accumulated depreciation              | (364,358)            | (19,659)  | 0         | (384,017)             |
| Governmental activities capital assets, net | \$ 36,912            | \$(3,977) | \$ 0      | \$ 32,935             |

Capital asset activity for the year ended December 31, 2010 was as follows for City Marshal:

|   | Balance<br>1/01/2010 | Additions | Deletions  | Balance<br>12/31/2010 |
|---|----------------------|-----------|------------|-----------------------|
| Governmental activities:                    |                      |           |            |                       |
| Automobiles & equipment                     | \$399,463            | \$ 95,110 | \$(20,679) | \$473,894             |
| Furniture and fixtures                      | 8,476                | 0         | 0          | 8,476                 |
| Totals at historical cost                   | 407,939              | 95,110    | (20,679)   | 482,370               |
| Less accumulated depreciation:              |                      |           |            |                       |
| Equipment                                   | ( 218,956)           | (75,081)  | 20,552     | (273,487)             |
| Furniture and fixtures                      | ( 8,141)             | (182)     | 0          | (8,323)               |
| Total accumulated depreciation              | (227,097)            | ( 75,263) | 20,552     | (281,810)             |
| Governmental activities capital assets, net | \$180,842            | \$ 19,847 | \$ (127)   | \$ 200,560            |

**E. Construction commitments**

The City had total commitments of \$18,751,275 with contractors for unfinished construction projects as of September 30, 2011 categorized as follows:

| Project type                  | Expended to Date | Remaining Commitment |
|-------------------------------|------------------|----------------------|
| Streets and storm drainage    | \$13,842,798     | \$13,919,225         |
| Sanitary sewer rehabilitation | 1,500,161        | 415,276              |
| Water system improvements     | 150,778          | 79,537               |
| Wastewater plant improvements | 3,952,064        | 3,592,107            |
| Downtown Area Improvements    | 381,255          | 59,242               |
| Recreational facilities/parks | 1,339,768        | 192,471              |
| Other governmental facilities | 8,000            | 493,417              |
| Total                         | \$21,174,824     | \$18,751,275         |

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, 2011 is as follows:

Due to / from other funds:

| Receivable Fund                       | Payable Fund                 | Amount      |
|---------------------------------------|------------------------------|-------------|
| General Fund                          | Wastewater Fund              | \$ 7,863    |
|                                       | Community Development Fund   | 104         |
|                                       | Non-major Governmental Funds | 39,231      |
|                                       | Transit Fund                 | 81,633      |
|                                       | Water Fund                   | 12,890      |
| Community Development Fund            | General Fund                 | 9,960       |
| Wastewater Fund                       | Internal Service Fund        | 512         |
| Debt Service Fund                     | General Fund                 | 23,086      |
| Non-major Governmental Funds          | General Fund                 | 160,913     |
| Civic Center Fund                     | General Fund                 | 175,499     |
|                                       | Non-Major Governmental Funds | 22,043      |
| Golf Course Fund                      | General Fund                 | 53,278      |
| Risk Management Internal Service Fund | General Fund                 | 514,176     |
| Total                                 |                              | \$1,101,188 |

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:

| Transfer out:          | General Fund | Riverboat Fund | Wastewater Fund | Capital Project Fund | Other Special Revenue Funds |
|------------------------|--------------|----------------|-----------------|----------------------|-----------------------------|
| Transfer in:           |              |                |                 |                      |                             |
| General Fund           | \$ 0         | \$ 800,000     | \$ 0            | \$ 0                 | \$ 0                        |
| Riverboat Gaming       | 0            | 0              | 0               | 0                    | 0                           |
| Community Development  | 72,406       | 0              | 0               | 0                    | 0                           |
| Debt Service           | 279,135      | 4,487,627      | 2,473,475       | 2,134,205            | 0                           |
| Capital Projects       | 0            | 2,400,000      | 900,000         | 0                    | 200,000                     |
| Non-major Governmental | 1,181,234    | 225,000        | 0               | 0                    | 0                           |
| Civic Center           | 1,040,150    | 0              | 0               | 0                    | 0                           |
| Golf Course            | 309,297      | 0              | 0               | 0                    | 0                           |
| Transit                | 728,677      | 100,000        | 0               | 0                    | 0                           |
| Water                  | 0            | 0              | 0               | 567,891              | 0                           |
| Internal Service       | 1,083,038    | 0              | 0               | 0                    | 0                           |
| Total                  | \$ 4,693,937 | \$8,012,627    | \$3,373,475     | \$2,702,096          | \$200,000                   |

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



## NOTES TO FINANCIAL STATEMENTS

Amounts recorded in the Capital Project Fund to the Water Fund are a transfer of capital assets that were paid for with bond proceeds and then transferred to the Proprietary Funds where they are recorded as capital contributions from the governmental funds.

### G. Long-Term Debt

Bonds payable as of September 30, 2011 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 \$1,075,000 in 2012 and \$1,125,000 in 2013; interest rates at 4.55% to 4.70%  | \$ 2,200,000        |
| <u>\$9,055,000</u> Series 1998B Taxable Pension Refunding Bonds due in annual amounts of \$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%.     | 29,695,000          |
| <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%.   | 14,905,000          |
| <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%. | 37,705,000          |
| Total bonds payable  | <u>\$85,310,000</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<br>September 30: | Governmental Activities |               |                |
|------------------------------|-------------------------|---------------|----------------|
|                              | Principal               | Interest      | Total          |
| 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                        | \$ 85,310,000           | \$ 32,396,196 | \$ 117,706,196 |

# NOTES TO FINANCIAL STATEMENTS

## Changes in long-term liabilities:

Long-term liability activity for the year ended September 30, 2011 was as follows:

|                                       | Balance<br>10/01/2010 | Additions   | Reductions    | Balance<br>9/30/2011 | Due within one<br>year |
|---------------------------------------|-----------------------|-------------|---------------|----------------------|------------------------|
| <b>Governmental activities:</b>       |                       |             |               |                      |                        |
| Bonds payable:                        |                       |             |               |                      |                        |
| Pension refunding bonds payable       | \$ 4,035,000          | \$ 0        | \$(1,030,000) | \$ 3,005,000         | \$1,075,000            |
| Revenue Bonds LC Public Imp 2007      | 30,970,000            | 0           | (1,275,000)   | 29,695,000           | 1,325,000              |
| Deferred amount of revenue bonds      | 918,823               | 0           | (55,129)      | 863,694              | 55,129                 |
| Revenue Refunding Bonds               | 16,175,000            | 0           | (1,270,000)   | 14,905,000           | 1,295,000              |
| Deferred amount of revenue bonds      | 431,234               | 0           | (39,203)      | 392,031              | 39,203                 |
| Revenue Bonds LC Public Imp 2010      | 39,280,000            | 0           | (1,575,000)   | 37,705,000           | 1,745,000              |
| Deferred amount of revenue bonds      | 1,671,027             | 0           | (100,262)     | 1,570,765            | 100,262                |
| Total bonds payable                   | 93,481,084            | 0           | (5,344,594)   | 88,136,490           | 5,634,594              |
| Compensated absences                  | 3,167,394             | 244,212     | (336,752)     | 3,074,854            | 200,000                |
| Other post employment benefits        | 708,970               | 652,465     | (266,523)     | 1,094,912            | 0                      |
| Police Benefit Guarantee              | 118,453               | 0           | ( 20,385)     | 98,068               | 20,385                 |
| Lake Charles City Court building loan | 0                     | 3,000,000   | 0             | 3,000,000            | 95,000                 |
| DEQ loan                              | 204,239               | 713,962     | 0             | 918,201              | 0                      |
| Cooperative endeavor-Sales Tax Dist 3 | 3,414,492             | 0           | (350,000)     | 3,064,492            | 350,000                |
| Long-term liabilities                 | \$101,094,632         | \$4,610,639 | \$(6,318,254) | \$99,387,017         | \$6,299,979            |
| <b>Business-type activities:</b>      |                       |             |               |                      |                        |
| Compensated absences                  | 579,473               | 38,900      | (81,607)      | 536,766              | 5,000                  |
| Other post employment benefits        | 96,261                | 93,042      | (40,802)      | 148,501              | 0                      |
| Long-term liabilities                 | \$ 675,734            | \$ 131,942  | \$ (122,409)  | \$ 685,267           | \$ 5,000               |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$68,498 of internal service compensated absences are included in the above statement.

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

|              |                 |                        |                       |
|--------------|-----------------|------------------------|-----------------------|
| General Fund | Wastewater Fund | Non-governmental funds | Internal Service Fund |
| \$263,205    | \$48,430        | \$21,131               | \$3,986               |

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

**5. Other Information**

**A. Risk Management**

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

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

A lawsuit over a supplemental pay issue was settled in 2009 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 zero affect to 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, 2011 were \$1,634,284. 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, 2011 were \$5,149,567. The amount of risk retained by the fund during 2011 was limited to \$135,000 per claimant through use of purchased stop-loss coverage.

## NOTES TO FINANCIAL STATEMENTS

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 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) |
| Unpaid claims, beginning of fiscal year 2011: | 6,075,387       | 1,450,000          | 7,525,387   |
| Incurred and adjusted claims                  | 4,197,970       | 4,550,546          | 8,748,516   |
| Claim payments                                | (3,920,652)     | (4,650,546)        | (8,571,198) |
| Total unpaid claims September 30, 2011:       |                 |                    |             |
| Current claims due within one year            | 5,651,154       | 1,350,000          | 7,001,154   |
| Long-term claims due one year or more         | 701,551         | 0                  | 701,551     |
| Total unpaid claims September 30, 2011        | \$6,352,705     | \$1,350,000        | \$7,702,705 |

### 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 2011 and 2010:

| Tax                        | Fiscal year<br>2011 | Fiscal year<br>2010 |
|----------------------------|---------------------|---------------------|
| General Alimony            | 6.07                | 6.07                |
| Special recreation         | 1.70                | 1.70                |
| Employee salary            | 5.27                | 5.27                |
| Special street improvement | 2.31                | 2.31                |
| Totals                     | 15.35               | 15.35               |

### C. Contingencies and Commitments

The City has a number of outstanding contracts the breach of any of which could result in a liability to the City. The amount of the liability to the City at September 30, 2011, 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 was 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 2011 payment was \$613,205.

## NOTES TO FINANCIAL STATEMENTS

The City of Lake Charles and the Calcasieu Parish Police Jury are statutorily required to fund the operations of the Ward Three Court and Marshal's Office. The Parish paid the City \$229,210 in 2011 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 2011, the Parish remitted \$ 1,463,340 to the City. The activity of this District is presented as a blended component unit of the Parish since the Police Jury's and the District's governing board are the same.

### **E. Gaming Activity and Agreements**

In 2007, the City of Lake Charles and the Calcasieu Parish Police Jury entered into a cooperative endeavor agreement thereby creating the Calcasieu Parish Gaming Revenue District which is responsible for collecting fees and assessments related to gaming activity conducted within the boundaries of the Parish and the City of Lake Charles and then distributing those collections to participating entities. The entities eligible for participation in this distribution are currently the Parish, the City of Lake Charles, the City of Sulphur, the City of Dequincy, the Town of Vinton and the Town of Iowa. Specifically excluded from the definition of gaming revenues to be collected by the new district is the annual cash payment received by the Parish from the Isle of Capri. The City received \$9,113,904 during fiscal year 2011 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, 2011. GASB Statement No. 45 requires biennially valuations for plans with memberships exceeding 200. This was the City's second actuarial valuation, the first being prepared for the 2009 financial statements. The Valuation Reports for the City of Lake Charles – GASB 45 Actuarial Valuation – is available at City of Lake Charles, 326 Pujoe 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



## NOTES TO FINANCIAL STATEMENTS

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 2011 was \$259,000. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which for 2011 consisted of \$556 per month for retiree only and \$1,112 for retiree and dependent coverage. Retirees over age 65 pay a range between \$210 and \$294 per month, depending on their age, for Medicare Supplements Part A and B.

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

Projections of benefits for financial reporting purposes include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members. The actuarial cost method used for determining the benefit obligation is the Projected Unit Credit Cost Method for the October 1, 2010 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 claims trend rates were based on the trends from the actuaries "Health Cost Guidelines." For participants under age 65, the plan assumed health costs (including medical, prescription drugs, administration, and stop loss) will increase 6.8 percent in the first year, 6.7 percent in the second year, 6.3 percent in the third, 6

## NOTES TO FINANCIAL STATEMENTS

percent in the fourth year, and ultimately grade down to 4.2 percent per year after the seventy-second 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 28 years on a closed 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. The ARC was calculated as part of the October 1, 2010 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)         | \$ 624,106              | \$ 89,192                | \$ 713,298  |
| Interest on prior year Net OPEB Obligation | 28,359                  | 3,850                    | 32,209      |
| Adjustment to ARC                          | (41,909)                | (6,416)                  | (48,325)    |
| Annual OPEB Cost                           | 610,556                 | 86,626                   | 697,182     |
| City contributions made                    | (224,614)               | (34,386)                 | (259,000)   |
| Increase in Net OPEB Obligation            | 385,942                 | 52,240                   | 438,182     |
| Net OPEB Obligation – beginning of year    | 708,970                 | 96,261                   | 805,231     |
| Net OPEB Obligation – end of year          | \$ 1,094,912            | \$ 148,501               | \$1,243,413 |

### Trend Information for OPEB Plan:

| Fiscal Year Ended | Annual OPEB Cost | % of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|-----------------------------------|---------------------|
| 9/30/2009         | \$642,116        | 34%                               | \$ 424,116          |
| 9/30/2010         | \$642,116        | 41%                               | \$ 805,231          |
| 9/30/2011         | \$697,183        | 37%                               | \$1,243,413         |

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

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



### **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, 2011, the City was paying post-employment benefits to one participant who will be eligible to receive benefits from MPERS at age 60 so the maximum liability is known and reported below. Total payments during the year then ended were \$20,385; the maximum liability for subsequent payments was established at \$98,068 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, 2011 was \$113,581, 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 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 had been at 6.75 percent of covered payroll since the end of fiscal year 2007, but increased to 8 percent on July 1, 2011.

The City of Lake Charles and their employees contributed to Plan B of Municipal Employees Retirement System a total of \$1,629,516; \$1,641,494; and \$1,616,990 for the years ended September 30, 2011, 2010 and 2009 respectively, which equals the required contribution for each year.

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

#### Municipal Police Employees' Retirement System

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

## NOTES TO FINANCIAL STATEMENTS

contribute an actuarially determined rate, which was 26.5 percent of covered payroll at fiscal year end 2011; 25 percent at fiscal year end 2010; and 11 percent at fiscal year end 2009.

The City of Lake Charles and their employees contributed a total of \$2,610,054; \$1,645,802; and \$1,212,015 to the Municipal Police Employees' Retirement System for fiscal years ended September 30, 2011, 2010 and 2009 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 have historically been required to contribute 8 percent of covered earnings; this rate increased to 10 percent on July 1, 2011 in an effort to reduce the employer required contributions. The City is required to contribute an actuarially determined rate, which was 23.25 percent at fiscal year end. The City was contributing 21.5 percent of covered payroll at fiscal year end 2010, and 14 percent of covered payroll at fiscal year end 2009.

The City of Lake Charles' employee and employer contributions to this plan were \$2,203,433; \$1,742,374; and \$1,426,875 for the years ended September 30, 2011, 2010 and 2009 respectively, which equals the required contributions for each year. The financial report for this system may be obtained from Firefighters' Retirement System, P.O. Box 94095, Capitol Station, Baton Rouge, LA 70804-9095.

### **I. Federally Assisted Grant Programs**

The City participates in a number of federally assisted grant programs, with the principal grantor agencies being the U.S. Department of Transportation, the Department of Housing and Urban Development, Environmental Protection Agency, and the U.S. Department of Military Affairs. These programs are subject to compliance audits by the grantors or their representatives, and the City's compliance with applicable grant requirements for the year ended September 30, 2011 will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Federal and state governmental units represent an important source of supplemental funding used to finance housing, construction and infrastructure programs, and other activities beneficial to the City. These funds, primarily in the form of grants, are recorded in the General, Special Revenue, Capital Project and Enterprise Funds. A grant receivable is recorded when the City has a right to reimbursement under the related grant. The grants normally specify the purpose for which the funds may be used and are subject to audit by the granting agency or its representative using standards established under the Single Audit Act of 1984 and OMB Circular A-133. The compliance audit report is not included within this report but will be issued as a separate supplementary report.

## NOTES TO FINANCIAL STATEMENTS

During fiscal year 2011 the following amounts were recorded in the accompanying financial statements under various federal and state pass-through entitlements:

| Fund                    | Fiscal year 2011 |
|-------------------------|------------------|
| Community Development   | \$ 1,463,468     |
| Disaster Recovery Fund  | 120,773          |
| Grant Fund              | 1,212,640        |
| Capital Projects Fund   | 4,514,838        |
| Transit Enterprise Fund | 1,742,663        |

### **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 (2011 collections \$18,994,509; 2010 collections \$18,382,454; 2009 collections \$19,767,417;) are collected by the General Fund and may be used for virtually any operating or capital needs of the City of Lake Charles. This tax levy was originally authorized in 1965 and 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 (2011 collections \$18,994,510; 2010 collections \$18,382,454; 2009 collections \$19,767,417) were deposited directly to the funds for which they are dedicated on a percentage basis as follows:

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

#### Additional One-Quarter Percent Sales Tax:

The voters approved an additional sales tax levy of one-quarter of one percent in January 1995 for the purpose of 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. The revenues from this tax are recorded exclusively in the General Fund. Collections for September 30, 2011 totaled \$4,750,340; \$4,595,617 in fiscal year 2010 and \$4,932,015 in 2009.

# NOTES TO FINANCIAL STATEMENTS

## K. Schedule of Compensation Paid to Governing Board

|                    | Salary    | Per Diem | Mileage<br>Reimbursement | Total     |
|--------------------|-----------|----------|--------------------------|-----------|
| <b>Mayor:</b>      |           |          |                          |           |
| Randy Roach        | \$112,909 | \$ 0     | \$ 0                     | \$112,909 |
|                    |           |          |                          |           |
| <b>Councilmen:</b> |           |          |                          |           |
| Luvertha August    | 12,000    | 152      | 0                        | 12,152    |
| Rodney Geyen       | 12,000    | 208      | 226                      | 12,434    |
| Dana Jackson       | 12,000    | 56       | 226                      | 12,282    |
| Marshall Simien    | 12,000    | 0        | 0                        | 12,000    |
| Stuart Weatherford | 12,000    | 0        | 0                        | 12,000    |
| John Ieyoub        | 12,000    | 0        | 0                        | 12,000    |
| Mark Eckard        | 12,000    | 208      | 226                      | 12,434    |
| Total              | \$196,909 | \$ 624   | \$678                    | \$198,211 |

## 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, 2011

|  | Budgeted Amounts     |                      | 2011                 | Variance with       |
|--|----------------------|----------------------|----------------------|---------------------|
|  | Original             | Final                | Actual               | Final Budget        |
| <b>Revenues:</b>                       |                      |                      |                      |                     |
| Taxes                                  | \$ 41,701,189        | \$ 41,701,189        | \$ 42,804,512        | \$ 1,103,323        |
| Licenses and permits                   | 6,304,150            | 6,304,150            | 6,633,096            | 328,946             |
| Intergovernmental                      | 2,169,676            | 2,169,676            | 2,273,106            | 103,430             |
| Charges for services                   | 2,262,525            | 2,262,525            | 2,705,596            | 443,071             |
| Fines and forfeitures                  | 316,100              | 316,100              | 383,267              | 67,167              |
| Miscellaneous                          | 995,850              | 995,850              | 908,178              | (87,672)            |
| Total revenues                         | <u>53,749,490</u>    | <u>53,749,490</u>    | <u>55,707,755</u>    | <u>1,958,265</u>    |
| <b>Expenditures:</b>                   |                      |                      |                      |                     |
| Current:                               |                      |                      |                      |                     |
| General government                     | 2,971,204            | 2,971,204            | 2,857,662            | 113,542             |
| Finance                                | 1,578,548            | 1,578,548            | 1,488,859            | 89,689              |
| Human Resources                        | 324,056              | 324,056              | 313,428              | 10,628              |
| Fire                                   | 13,357,433           | 13,357,433           | 12,940,071           | 417,362             |
| Police                                 | 16,429,482           | 16,429,482           | 15,892,440           | 537,042             |
| Public works                           | 14,017,923           | 14,017,923           | 12,804,985           | 1,212,938           |
| Planning                               | 1,947,708            | 1,947,708            | 1,815,147            | 132,561             |
| General services                       | 4,283,264            | 4,283,264            | 4,168,195            | 115,069             |
| Total expenditures                     | <u>54,909,618</u>    | <u>54,909,618</u>    | <u>52,280,787</u>    | <u>2,628,831</u>    |
| Excess (deficiency) of rev over exp    | <u>(1,160,128)</u>   | <u>(1,160,128)</u>   | <u>3,426,968</u>     | <u>4,587,096</u>    |
| <b>Other financing sources (uses):</b> |                      |                      |                      |                     |
| Transfers in                           | 800,000              | 800,000              | 800,000              | -                   |
| Transfers out                          | (4,717,125)          | (4,717,125)          | (4,693,937)          | 23,188              |
| Total other financing sources (uses)   | <u>(3,917,125)</u>   | <u>(3,917,125)</u>   | <u>(3,893,937)</u>   | <u>23,188</u>       |
| Net change in fund balances            | <u>(5,077,253)</u>   | <u>(5,077,253)</u>   | <u>(466,969)</u>     | <u>4,610,284</u>    |
| Fund balance at beginning of year      | <u>25,781,832</u>    | <u>25,781,832</u>    | <u>25,781,832</u>    | <u>-</u>            |
| Fund balance at end of year            | <u>\$ 20,704,579</u> | <u>\$ 20,704,579</u> | <u>\$ 25,314,863</u> | <u>\$ 4,610,284</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, 2011

|  | Budgeted Amounts   |                    | 2011               | Variance with       |
|--|--------------------|--------------------|--------------------|---------------------|
|  | Original           | Final              | Actual             | Final Budget        |
| <b>Revenues:</b>   |                    |                    |                    |                     |
| Taxes  | \$8,000,000        | \$8,000,000        | \$9,113,904        | \$ 1,113,904        |
| Miscellaneous  | 3,000              | 3,000              | 27,331             | 24,331              |
| Total revenues   | <u>8,003,000</u>   | <u>8,003,000</u>   | <u>9,141,235</u>   | <u>1,138,235</u>    |
| <b>Expenditures:</b>   |                    |                    |                    |                     |
| Other services and charges   | -                  | -                  | -                  | -                   |
| Total expenditures   | <u>-</u>           | <u>-</u>           | <u>-</u>           | <u>-</u>            |
| Excess of revenues over expenditures                                 | <u>8,003,000</u>   | <u>8,003,000</u>   | <u>9,141,235</u>   | <u>1,138,235</u>    |
| <b>Other financing sources (uses):</b>                               |                    |                    |                    |                     |
| Transfers in   | -                  | -                  | -                  | -                   |
| Transfers out  | (8,012,627)        | (8,012,627)        | (8,012,627)        | -                   |
| Total other financing sources (uses)                                 | <u>(8,012,627)</u> | <u>(8,012,627)</u> | <u>(8,012,627)</u> | <u>-</u>            |
| Excess (deficiency) of rev and other sources over exp and other uses | (9,627)            | (9,627)            | 1,128,608          | 1,138,235           |
| Fund balance at beginning of year                                    | <u>1,900,526</u>   | <u>1,900,526</u>   | <u>1,900,526</u>   | <u>-</u>            |
| Fund balance at end of year  | <u>\$1,890,899</u> | <u>\$1,890,899</u> | <u>\$3,029,134</u> | <u>\$ 1,138,235</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, 2011

|  | Budgeted Amounts |                  | 2011             | Variance with      |
|--|------------------|------------------|------------------|--------------------|
|  | Original         | Final            | Actual           | Final Budget       |
| <b>Revenues:</b>   |                  |                  |                  |                    |
| Intergovernmental  | \$ 1,484,956     | \$ 1,562,960     | \$ 1,463,468     | \$ (99,492)        |
| Miscellaneous  | -                | 1,100            | 1,100            | 0                  |
| Total revenues   | <u>1,484,956</u> | <u>1,564,060</u> | <u>1,464,568</u> | <u>(99,492)</u>    |
| <b>Expenditures:</b>   |                  |                  |                  |                    |
| Current:   |                  |                  |                  |                    |
| Personal services  | 174,059          | 171,909          | 161,395          | 10,514             |
| Contract and operational   | 605,316          | 701,083          | 655,891          | 45,192             |
| Material and supplies  | 9,500            | 4,838            | 4,837            | 1                  |
| Special current  | 274,398          | 316,712          | 303,608          | 13,104             |
| Capital outlay   | <u>493,000</u>   | <u>450,576</u>   | <u>450,575</u>   | <u>1</u>           |
| Total expenditures   | <u>1,556,273</u> | <u>1,645,118</u> | <u>1,576,306</u> | <u>68,812</u>      |
| Excess (deficiency) of revenues over expenditures                    | (71,317)         | (81,058)         | (111,738)        | (30,680)           |
| <b>Other financing sources:</b>                                      |                  |                  |                  |                    |
| Transfers in   | <u>71,317</u>    | <u>81,058</u>    | <u>72,406</u>    | <u>(8,652)</u>     |
| Total other financing sources  | <u>71,317</u>    | <u>81,058</u>    | <u>72,406</u>    | <u>(8,652)</u>     |
| Excess (deficiency) of rev and other sources over exp and other uses | -                | -                | (39,332)         | (39,332)           |
| Fund balance at beginning of year                                    | <u>51,519</u>    | <u>51,519</u>    | <u>51,519</u>    | <u>-</u>           |
| Fund balance at end of year  | <u>\$ 51,519</u> | <u>\$ 51,519</u> | <u>\$ 12,187</u> | <u>\$ (39,332)</u> |

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



# CITY OF LAKE CHARLES, LOUISIANA

## Wastewater Special Revenue Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For Fiscal Year Ended September 30, 2011

|   | Budgeted Amounts    |                     | 2011                | Variance with       |
|---|---------------------|---------------------|---------------------|---------------------|
|   | Original            | Final               | Actual              | Final Budget        |
| <b>Revenues:</b>  |                     |                     |                     |                     |
| Sales tax revenue   | \$ 2,944,000        | \$ 2,944,000        | \$ 3,039,122        | \$ 95,122           |
| Charges for services  | 9,430,500           | 9,587,245           | 10,264,334          | 677,089             |
| Miscellaneous   | 21,500              | 21,500              | 51,999              | 30,499              |
| Total revenues  | <u>12,396,000</u>   | <u>12,552,745</u>   | <u>13,355,455</u>   | <u>802,710</u>      |
| <b>Expenditures:</b>  |                     |                     |                     |                     |
| Personal services   | 2,810,752           | 2,638,457           | 2,603,088           | 35,369              |
| Contractual and operational services                                    | 2,620,922           | 2,679,742           | 2,612,263           | 67,479              |
| Materials & supplies  | 1,066,925           | 1,054,025           | 964,082             | 89,943              |
| Special Current Charges   | 1,148,200           | 1,351,394           | 1,339,809           | 11,585              |
| Capital outlay  | 225,000             | 304,926             | 290,942             | 13,984              |
| Total expenditures  | <u>7,871,799</u>    | <u>8,028,544</u>    | <u>7,810,184</u>    | <u>218,360</u>      |
| Excess (deficiency) of rev over exp                                     | 4,524,201           | 4,524,201           | 5,545,271           | 1,021,070           |
| <b>Other financing sources (uses):</b>                                  |                     |                     |                     |                     |
| Transfers out   | <u>(3,373,475)</u>  | <u>(3,373,475)</u>  | <u>(3,373,475)</u>  | <u>-</u>            |
| Total other financing sources (uses)                                    | <u>(3,373,475)</u>  | <u>(3,373,475)</u>  | <u>(3,373,475)</u>  | <u>-</u>            |
| Excess (deficiency) of rev and other<br>sources over exp and other uses | 1,150,726           | 1,150,726           | 2,171,796           | 1,021,070           |
| Fund balance at beginning of year                                       | <u>5,479,577</u>    | <u>5,479,577</u>    | <u>5,479,577</u>    | <u>-</u>            |
| Fund balance at end of year   | <u>\$ 6,630,303</u> | <u>\$ 6,630,303</u> | <u>\$ 7,651,373</u> | <u>\$ 1,021,070</u> |

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

# CITY OF LAKE CHARLES, LOUISIANA

## Other Postemployment Benefits – Schedule of Funding Progress For Fiscal Year Ended September 30, 2011

### Schedule of Funding Progress For the OPEB Plan

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets | Actuarial<br>Accrued<br>Liability<br>(AAL) | Unfunded<br>Actuarial<br>Accrued<br>Liability<br>(UAAL) | Funded<br>Ratio | Covered<br>Payroll | UAAL as<br>a<br>% of<br>Covered<br>Payroll |
|--------------------------------|---------------------------------|--|---|-----------------|--------------------|--|
| 10/01/2008                     | \$0                             | \$6,063,254                                | \$6,063,254   | 0%              | \$23,558,095       | 25.74%                                     |
| 10/01/2010                     | \$0                             | \$6,402,679                                | \$6,402,679   | 0%              | \$23,900,000       | 26.79%                                     |

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

## **CITY OF LAKE CHARLES, LOUISIANA**

### **NOTES TO REQUIRED SUPPLEMENTAL INFORMATION For Fiscal Year Ended September 30, 2011**

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

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# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

# CITY OF LAKE CHARLES, LOUISIANA

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2011

|  |                   |                   |                   |                   |                     |                      | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-------------------|-------------------|-------------------|-------------------|---------------------|----------------------|--|
| ASSETS   | Grants            | Recreation        | Central<br>School | Special<br>Events | Facility<br>Renewal | Disaster<br>Recovery |  |
| Cash (Note 1-G)                                    | \$ 77,460         | \$ 217,666        | \$ 200,377        | \$ 59,606         | \$ 1,192,192        | \$ 738,648           | \$ 2,485,949                               |
| Investments (Note 1-G)                             | 58,341            | 77,355            | 53,966            | -                 | 2,864,255           | 1,303,328            | 4,357,245                                  |
| Receivable<br>(net of allowance for uncollectable) |                   |                   |                   |                   |                     |                      |  |
| Accounts (Note 1-I)                                | -                 | 123,649           | 46,718            | 178               | -                   | -                    | 170,545                                    |
| Accrued interest                                   | -                 | -                 | -                 | -                 | 7,509               | 1,446                | 8,955                                      |
| Intergovernmental (Note 7-C)                       | 113,810           | 97                | -                 | -                 | -                   | 801,886              | 915,793                                    |
| Due from other funds (Note 7-B)                    | 10,121            | 150,792           | -                 | -                 | -                   | -                    | 160,913                                    |
| Prepaid items                                      | -                 | 12,001            | -                 | 984               | -                   | -                    | 12,985                                     |
| Total assets                                       | <u>\$ 259,732</u> | <u>\$ 581,560</u> | <u>\$ 301,061</u> | <u>\$ 60,768</u>  | <u>\$ 4,063,956</u> | <u>\$ 2,845,308</u>  | <u>\$ 8,112,385</u>                        |
| <b>LIABILITIES</b>                                 |                   |                   |                   |                   |                     |                      |  |
| Accounts payable                                   | \$ 34,935         | \$ 77,746         | \$ 7,735          | \$ 1,705          | \$ -                | \$ 194,991           | \$ 317,112                                 |
| Escrow   | -                 | -                 | 70                | -                 | -                   | -                    | 70   |
| Due to other funds                                 | 38,781            | -                 | -                 | 450               | -                   | 22,043               | 61,274                                     |
| Total liabilities                                  | <u>73,716</u>     | <u>77,746</u>     | <u>7,805</u>      | <u>2,155</u>      | <u>-</u>            | <u>217,034</u>       | <u>378,456</u>                             |
| <b>FUND BALANCES</b>                               |                   |                   |                   |                   |                     |                      |  |
| Nonspendable                                       | -                 | 12,001            | -                 | 984               | -                   | -                    | 12,985                                     |
| Committed  | -                 | -                 | 17,255            | 30,000            | 4,063,956           | -                    | 4,111,211                                  |
| Assigned   | 186,016           | 491,813           | 276,001           | 27,629            | -                   | 2,628,274            | 3,609,733                                  |
| Total fund balances                                | <u>186,016</u>    | <u>503,814</u>    | <u>293,256</u>    | <u>58,613</u>     | <u>4,063,956</u>    | <u>2,628,274</u>     | <u>7,733,929</u>                           |
| Total liabilities and fund balances                | <u>\$ 259,732</u> | <u>\$ 581,560</u> | <u>\$ 301,061</u> | <u>\$ 60,768</u>  | <u>\$ 4,063,956</u> | <u>\$ 2,845,308</u>  | <u>\$ 8,112,385</u>                        |

**CITY OF LAKE CHARLES, LOUISIANA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For Fiscal Year Ended September 30, 2011

|  | Special Revenue Funds |                    |                   |                   |                     |                      | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------|--------------------|-------------------|-------------------|---------------------|----------------------|--|
|  | Grants                | Recreation         | Central<br>School | Special<br>Events | Facility<br>Renewal | Disaster<br>Recovery |  |
| <b>Revenues:</b>                                     |                       |                    |                   |                   |                     |                      |  |
| Taxes  | \$ -                  | \$ 2,362,371       | \$ -              | \$ -              | \$ -                | \$ -                 | \$ 2,362,371                               |
| Intergovernmental                                    | 1,222,908             | -                  | -                 | -                 | -                   | 120,773              | 1,343,681                                  |
| Charges for services                                 | -                     | 164,176            | -                 | -                 | -                   | -                    | 164,176                                    |
| Miscellaneous  | 244                   | 1,189              | 112,063           | 56,564            | 40,958              | 713,291              | 924,309                                    |
| Total revenues                                       | <u>1,223,152</u>      | <u>2,527,736</u>   | <u>112,063</u>    | <u>56,564</u>     | <u>40,958</u>       | <u>834,064</u>       | <u>4,794,537</u>                           |
| <b>Expenditures:</b>                                 |                       |                    |                   |                   |                     |                      |  |
| Current operating:                                   |                       |                    |                   |                   |                     |                      |  |
| Police   | 307,701               | -                  | -                 | -                 | -                   | -                    | 307,701                                    |
| Planning and development                             | -                     | -                  | -                 | -                 | -                   | 87,857               | 87,857                                     |
| Community services                                   | 765,234               | 3,557,848          | 107,470           | 266,376           | -                   | 24,280               | 4,721,208                                  |
| Capital projects                                     | 353,233               | 23,960             | -                 | -                 | -                   | -                    | 377,193                                    |
| Total expenditures                                   | <u>1,426,168</u>      | <u>3,581,808</u>   | <u>107,470</u>    | <u>266,376</u>    | <u>-</u>            | <u>112,137</u>       | <u>5,493,959</u>                           |
| Excess (deficiency) of revenues<br>over expenditures | <u>(203,016)</u>      | <u>(1,054,072)</u> | <u>4,593</u>      | <u>(209,812)</u>  | <u>40,958</u>       | <u>721,927</u>       | <u>(699,422)</u>                           |
| <b>Other financing sources (uses):</b>               |                       |                    |                   |                   |                     |                      |  |
| Transfers in   | 127,162               | 1,054,072          | -                 | 225,000           | -                   | -                    | 1,406,234                                  |
| Transfers out  | -                     | -                  | -                 | -                 | (200,000)           | -                    | (200,000)                                  |
| Total other financing sources (uses)                 | <u>127,162</u>        | <u>1,054,072</u>   | <u>-</u>          | <u>225,000</u>    | <u>(200,000)</u>    | <u>-</u>             | <u>1,206,234</u>                           |
| Net change in fund balances                          | (75,854)              | -                  | 4,593             | 15,188            | (159,042)           | 721,927              | 506,812                                    |
| Fund balance at beginning of year                    | <u>261,870</u>        | <u>503,814</u>     | <u>288,663</u>    | <u>43,425</u>     | <u>4,222,998</u>    | <u>1,906,347</u>     | <u>7,227,117</u>                           |
| Fund balance at end of year                          | <u>\$ 186,016</u>     | <u>\$ 503,814</u>  | <u>\$ 293,256</u> | <u>\$ 58,613</u>  | <u>\$ 4,063,956</u> | <u>\$ 2,628,274</u>  | <u>\$ 7,733,929</u>                        |

# CITY OF LAKE CHARLES, LOUISIANA

## Grant Special Revenue Fund

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

For Fiscal Year Ended September 30, 2011

|  | Budgeted Amounts  |                   | 2011              | Variance with   |
|--|-------------------|-------------------|-------------------|-----------------|
|  | Original          | Final             | Actual            | Final Budget    |
| <b>Revenues:</b>   |                   |                   |                   |                 |
| Intergovernmental  | \$ 2,471,358      | \$ 1,207,092      | \$ 1,222,908      | \$ 15,816       |
| Miscellaneous  | 1,000             | 255               | 244               | (11)            |
| Total revenues   | <u>2,472,358</u>  | <u>1,207,347</u>  | <u>1,223,152</u>  | <u>15,805</u>   |
| <b>Expenditures:</b>   |                   |                   |                   |                 |
| Current:   |                   |                   |                   |                 |
| Public safety  | 310,814           | 300,302           | 307,701           | (7,399)         |
| Planning and development   | -                 | -                 | -                 | -               |
| Community services   | 1,405,078         | 764,130           | 765,234           | (1,104)         |
| Capital outlay   | 888,606           | 353,233           | 353,233           | -               |
| Total expenditures   | <u>2,604,498</u>  | <u>1,417,665</u>  | <u>1,426,168</u>  | <u>(8,503)</u>  |
| Excess of revenues over expenditures                                 | <u>(132,140)</u>  | <u>(210,318)</u>  | <u>(203,016)</u>  | <u>7,302</u>    |
| <b>Other financing source(uses):</b>                                 |                   |                   |                   |                 |
| Transfers in   | 132,140           | 131,402           | 127,162           | (4,240)         |
| Total other financing sources (uses)                                 | <u>132,140</u>    | <u>131,402</u>    | <u>127,162</u>    | <u>(4,240)</u>  |
| Excess (deficiency) of rev and other sources over exp and other uses | -                 | (78,916)          | (75,854)          | 3,062           |
| Fund balance at beginning of year                                    | <u>261,870</u>    | <u>261,870</u>    | <u>261,870</u>    | <u>-</u>        |
| Fund balance at end of year  | <u>\$ 261,870</u> | <u>\$ 182,954</u> | <u>\$ 186,016</u> | <u>\$ 3,062</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, 2011

|   | Budgeted Amounts   |                    | 2011               | Variance with    |
|---|--------------------|--------------------|--------------------|------------------|
|   | Original           | Final              | Actual             | Final Budget     |
| <b>Revenues:</b>  |                    |                    |                    |                  |
| Taxes   | \$ 2,310,067       | \$ 2,310,067       | \$ 2,362,371       | \$ 52,304        |
| Intergovernmental   | -                  | -                  | -                  | -                |
| Charges for services  | 119,200            | 119,200            | 164,176            | 44,976           |
| Miscellaneous   | 1,300              | 1,300              | 1,189              | (111)            |
| Total revenues  | <u>2,430,567</u>   | <u>2,430,567</u>   | <u>2,527,736</u>   | <u>97,169</u>    |
| <b>Expenditures:</b>  |                    |                    |                    |                  |
| Personal services   | 2,127,138          | 2,223,038          | 2,196,809          | 26,229           |
| Contractual and operational   | 987,183            | 984,141            | 952,906            | 31,235           |
| Materials and supplies  | 450,425            | 420,306            | 401,349            | 18,957           |
| Special charges   | 19,000             | 7,000              | 6,784              | 216              |
| Capital outlay  | 74,700             | 23,961             | 23,960             | 1                |
| Total expenditures  | <u>3,658,446</u>   | <u>3,658,446</u>   | <u>3,581,808</u>   | <u>76,638</u>    |
| Excess (deficiency) of rev over exp                                     | <u>(1,227,879)</u> | <u>(1,227,879)</u> | <u>(1,054,072)</u> | <u>173,807</u>   |
| <b>Other financing sources (uses):</b>                                  |                    |                    |                    |                  |
| Transfers in  | <u>1,227,879</u>   | <u>1,227,879</u>   | <u>1,054,072</u>   | <u>(173,807)</u> |
| Total other financing sources (uses)                                    | <u>1,227,879</u>   | <u>1,227,879</u>   | <u>1,054,072</u>   | <u>(173,807)</u> |
| Excess (deficiency) of rev and other<br>sources over exp and other uses | -                  | -                  | -                  | -                |
| Fund balance at beginning of year                                       | <u>503,814</u>     | <u>503,814</u>     | <u>503,814</u>     | <u>-</u>         |
| Fund balance at end of year   | <u>\$ 503,814</u>  | <u>\$ 503,814</u>  | <u>\$ 503,814</u>  | <u>\$ -</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, 2011**

|                                     | <u>Budgeted Amounts</u> |                   | <u>2011</u>       | <u>Variance with</u> |
|-------------------------------------|-------------------------|-------------------|-------------------|----------------------|
|                                     | <u>Original</u>         | <u>Final</u>      | <u>Actual</u>     | <u>Final Budget</u>  |
| <b>Revenues:</b>                    |                         |                   |                   |                      |
| Miscellaneous                       | \$ 107,450              | \$ 107,450        | \$ 112,063        | \$ 4,613             |
| Total revenues                      | <u>107,450</u>          | <u>107,450</u>    | <u>112,063</u>    | <u>4,613</u>         |
| <b>Expenditures:</b>                |                         |                   |                   |                      |
| Materials and supplies              | 11,500                  | 11,500            | 8,086             | 3,414                |
| Other services and charges          | <u>106,805</u>          | <u>106,805</u>    | <u>99,384</u>     | <u>7,421</u>         |
| Total expenditures                  | <u>118,305</u>          | <u>118,305</u>    | <u>107,470</u>    | <u>10,835</u>        |
| Excess of revenue over expenditures | (10,855)                | (10,855)          | 4,593             | 15,448               |
| Fund balance at beginning of year   | <u>288,663</u>          | <u>288,663</u>    | <u>288,663</u>    | <u>-</u>             |
| Fund balance at end of year         | <u>\$ 277,808</u>       | <u>\$ 277,808</u> | <u>\$ 293,256</u> | <u>\$ 15,448</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, 2011

|   | Budgeted Amounts |           | 2011      | Variance with |
|---|------------------|-----------|-----------|---------------|
|   | Original         | Final     | Actual    | Final Budget  |
| <b>Revenues:</b>  |                  |           |           |               |
| Miscellaneous   | \$ 59,525        | \$ 59,525 | \$ 56,564 | \$ (2,961)    |
| Total revenues  | 59,525           | 59,525    | 56,564    | (2,961)       |
| <b>Expenditures:</b>  |                  |           |           |               |
| Materials and supplies  | 8,000            | 19,000    | 16,787    | 2,213         |
| Other services and charges  | 276,525          | 265,525   | 249,589   | 15,936        |
| Total expenditures  | 284,525          | 284,525   | 266,376   | 18,149        |
| Excess of revenue over expenditures                                     | (225,000)        | (225,000) | (209,812) | 15,188        |
| <b>Other financing sources:</b>   |                  |           |           |               |
| Transfers in  | 225,000          | 225,000   | 225,000   | -             |
| Total other financing sources   | 225,000          | 225,000   | 225,000   | -             |
| Excess (deficiency) of rev and other<br>sources over exp and other uses | -                | -         | 15,188    | 15,188        |
| Fund balance at beginning of year                                       | 43,425           | 43,425    | 43,425    | -             |
| Fund balance at end of year   | \$ 43,425        | \$ 43,425 | \$ 58,613 | \$ 15,188     |

**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, 2011**

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|   | <u>Budgeted Amounts</u> |                     | <u>2011</u>         | <u>Variance with</u> |
|---|-------------------------|---------------------|---------------------|----------------------|
|   | <u>Original</u>         | <u>Final</u>        | <u>Actual</u>       | <u>Final Budget</u>  |
| <b>Revenues:</b>  |                         |                     |                     |                      |
| Interest on investments   | \$ 50,000               | \$ 25,000           | \$ 40,958           | \$ 15,958            |
| Total revenues  | <u>50,000</u>           | <u>25,000</u>       | <u>40,958</u>       | <u>15,958</u>        |
| <b>Expenditures:</b>  | <u>-</u>                | <u>-</u>            | <u>-</u>            | <u>-</u>             |
| Excess of revenues over expenditures                                    | <u>50,000</u>           | <u>25,000</u>       | <u>40,958</u>       | <u>15,958</u>        |
| <b>Other financing sources:</b>   |                         |                     |                     |                      |
| Transfers out   | <u>-</u>                | <u>(200,000)</u>    | <u>(200,000)</u>    | <u>-</u>             |
| Total other financing sources   | <u>-</u>                | <u>(200,000)</u>    | <u>(200,000)</u>    | <u>-</u>             |
| Excess (deficiency) of rev and other<br>sources over exp and other uses | 50,000                  | (175,000)           | (159,042)           | 15,958               |
| Fund balance at beginning of year                                       | <u>4,222,998</u>        | <u>4,222,998</u>    | <u>4,222,998</u>    | <u>-</u>             |
| Fund balance at end of year   | <u>\$ 4,272,998</u>     | <u>\$ 4,047,998</u> | <u>\$ 4,063,956</u> | <u>\$ 15,958</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, 2011**

|                                      | <u>Budgeted Amounts</u>    |                            | <u>2011</u>                | <u>Variance with</u>     |
|--------------------------------------|----------------------------|----------------------------|----------------------------|--------------------------|
|                                      | <u>Original</u>            | <u>Final</u>               | <u>Actual</u>              | <u>Final Budget</u>      |
| <b>Revenues:</b>                     |                            |                            |                            |                          |
| Intergovernmental                    |                            |                            |                            |                          |
| (net of allowance for uncollectable) | \$ 3,007,542               | \$ 105,647                 | \$ 120,773                 | \$ 15,126                |
| Miscellaneous                        | -                          | 7,650                      | 713,291                    | 705,641                  |
| Total revenues                       | <u>3,007,542</u>           | <u>113,297</u>             | <u>834,064</u>             | <u>720,767</u>           |
| <b>Expenditures:</b>                 |                            |                            |                            |                          |
| Current:                             |                            |                            |                            |                          |
| Planning and development             | -                          | 75,647                     | 87,857                     | (12,210)                 |
| Community services                   | <u>3,007,542</u>           | <u>37,650</u>              | <u>24,280</u>              | <u>13,370</u>            |
| Total expenditures                   | <u>3,007,542</u>           | <u>113,297</u>             | <u>112,137</u>             | <u>1,160</u>             |
| Excess (deficiency) of rev over exp  | -                          | -                          | 721,927                    | 721,927                  |
| Fund balance at beginning of year    | <u>1,906,347</u>           | <u>1,906,347</u>           | <u>1,906,347</u>           | <u>-</u>                 |
| Fund balance at end of year          | <u><u>\$ 1,906,347</u></u> | <u><u>\$ 1,906,347</u></u> | <u><u>\$ 2,628,274</u></u> | <u><u>\$ 721,927</u></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, 2011

|  | <u>Risk<br/>Management</u> | <u>Employee<br/>Insurance</u> | <u>Totals<br/>2011</u> |
|--|----------------------------|-------------------------------|------------------------|
| <b>ASSETS</b>                              |                            |                               |                        |
| Current assets:                            |                            |                               |                        |
| Cash                                       | \$ 3,850,539               | \$ 919,854                    | \$ 4,770,393           |
| Investments                                | 2,585,956                  | 5,573,317                     | 8,159,273              |
| Receivables:                               |                            |                               |                        |
| Accounts                                   | 290,405                    | 556                           | 290,961                |
| Accrued interest                           | 12,503                     | 25,903                        | 38,406                 |
| Due from other funds                       | 514,176                    | -                             | 514,176                |
| Prepaid expenses                           | 838,276                    | -                             | 838,276                |
| Total current assets                       | <u>8,091,855</u>           | <u>6,519,630</u>              | <u>14,611,485</u>      |
| Noncurrent assets:                         |                            |                               |                        |
| Capital assets (at cost):                  |                            |                               |                        |
| Machinery & equipment                      | 34,758                     | -                             | 34,758                 |
| Less accumulated depreciation              | <u>(26,816)</u>            | <u>-</u>                      | <u>(26,816)</u>        |
| Total capital assets (net of accum. depr.) | <u>7,942</u>               | <u>-</u>                      | <u>7,942</u>           |
| Total assets                               | <u>8,099,797</u>           | <u>6,519,630</u>              | <u>14,619,427</u>      |
| <b>LIABILITIES</b>                         |                            |                               |                        |
| Current liabilities:                       |                            |                               |                        |
| Accounts payable                           | 28,211                     | 19,551                        | 47,762                 |
| Due to other funds                         | <u>-</u>                   | <u>512</u>                    | <u>512</u>             |
| Total current liabilities                  | <u>28,211</u>              | <u>1,370,063</u>              | <u>7,049,428</u>       |
| Long-term liabilities:                     |                            |                               |                        |
| Accrued leave benefits                     | 68,498                     | -                             | 68,498                 |
| OPEB payable                               | 16,099                     | -                             | 16,099                 |
| Accrued insurance claims                   | 5,476,154                  | 1,200,000                     | 6,676,154              |
| Incurred-not reported claims               | 175,000                    | 150,000                       | 325,000                |
| Accrued insurance claims - noncurrent      | 701,551                    | -                             | 701,551                |
| Total long-term liabilities                | <u>6,437,302</u>           | <u>1,350,000</u>              | <u>7,787,302</u>       |
| Total liabilities                          | <u>6,465,513</u>           | <u>1,370,063</u>              | <u>7,835,576</u>       |
| <b>NET ASSETS</b>                          |                            |                               |                        |
| Invested in capital assets                 | 7,942                      | -                             | 7,942                  |
| Unrestricted                               | <u>1,626,342</u>           | <u>5,149,567</u>              | <u>6,775,909</u>       |
| Total net assets                           | <u>\$ 1,634,284</u>        | <u>\$ 5,149,567</u>           | <u>\$ 6,783,851</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, 2011

|                                       | Risk<br>Management  | Employee<br>Insurance | Totals<br>2011      |
|---------------------------------------|---------------------|-----------------------|---------------------|
| Operating revenues:                   |                     |                       |                     |
| Charges for services                  | \$ 5,853,651        | \$ 7,345,023          | \$ 13,198,674       |
| Intergovernmental revenue             | -                   | 3,869                 | 3,869               |
| Subrogation                           | 154,592             | 176,729               | 331,321             |
| Total operating revenues              | <u>6,008,243</u>    | <u>7,525,621</u>      | <u>13,533,864</u>   |
| Operating expenses:                   |                     |                       |                     |
| Personal services                     | 461,904             | 44,630                | 506,534             |
| Materials and supplies                | 9,151               | -                     | 9,151               |
| General and administration            | 1,786,195           | 1,025,458             | 2,811,653           |
| Depreciation                          | 2,723               | -                     | 2,723               |
| Claims and losses paid                | 3,920,652           | 4,650,546             | 8,571,198           |
| Total operating expenses              | <u>6,180,625</u>    | <u>5,720,634</u>      | <u>11,901,259</u>   |
| Operating income (loss)               | <u>(172,382)</u>    | <u>1,804,987</u>      | <u>1,632,605</u>    |
| Nonoperating revenues:                |                     |                       |                     |
| Interest                              | 32,130              | 60,956                | 93,086              |
| Loss on retirement of fixed asset     | -                   | -                     | -                   |
| Total nonoperating revenues           | <u>32,130</u>       | <u>60,956</u>         | <u>93,086</u>       |
| Income (loss) before transfers        | <u>(140,252)</u>    | <u>1,865,943</u>      | <u>1,725,691</u>    |
| Transfer in                           | <u>1,083,038</u>    | <u>-</u>              | <u>1,083,038</u>    |
| Change in net assets                  | 942,786             | 1,865,943             | 2,808,729           |
| Net assets - beginning of fiscal year | 691,498             | 3,283,624             | 3,975,122           |
| Net assets - ending of fiscal year    | <u>\$ 1,634,284</u> | <u>\$ 5,149,567</u>   | <u>\$ 6,783,851</u> |

# CITY OF LAKE CHARLES, LOUISIANA

## Internal Service Fund

### Combining Statement of Cash Flows

For the Fiscal Year Ended September 30, 2011

|  | Risk<br>Management  | Employee<br>Insurance | Totals<br>2011      |
|--|---------------------|-----------------------|---------------------|
| <b>Cash flows from operating activities:</b>   |                     |                       |                     |
| Receipts from customers and users  | \$ 6,218,057        | \$ 7,525,065          | \$ 13,743,122       |
| Payments to employees  | (457,172)           | -                     | (457,172)           |
| Payments to suppliers and claimants  | (5,326,079)         | (5,816,634)           | (11,142,713)        |
| Internal activity - payments to other funds  | (83,433)            | (1,193)               | (84,626)            |
| Net cash provided by operating activities  | <u>351,373</u>      | <u>1,707,238</u>      | <u>2,058,611</u>    |
| <b>Cash flow from noncapital financing activities:</b>   |                     |                       |                     |
| Operating subsidies  | 1,083,038           | -                     | 1,083,038           |
| Net cash provided by noncapital financing activities   | <u>1,083,038</u>    | <u>-</u>              | <u>1,083,038</u>    |
| <b>Cash flow from capital and related financing activities:</b>                                |                     |                       |                     |
| Purchase of capital assets   | -                   | -                     | -                   |
| Net cash used for capital and related financing activities                                     | <u>-</u>            | <u>-</u>              | <u>-</u>            |
| <b>Cash flow from investing activities:</b>  |                     |                       |                     |
| Purchase of investment securities  | (3,100,107)         | (6,398,578)           | (9,498,685)         |
| Proceeds from sale and maturities of investment securities                                     | 2,055,258           | 3,953,324             | 6,008,582           |
| Interest on investments  | 28,612              | 27,520                | 56,132              |
| Net cash provided (used for) investing activities  | <u>(1,016,237)</u>  | <u>(2,417,734)</u>    | <u>(3,433,971)</u>  |
| Net increase (decrease) in cash and cash equivalents   | 418,174             | (710,496)             | (292,322)           |
| Cash and cash equivalents at beginning of year   | 3,432,365           | 1,630,350             | 5,062,715           |
| Cash and cash equivalents at end of year   | <u>\$ 3,850,539</u> | <u>\$ 919,854</u>     | <u>\$ 4,770,393</u> |
| <b>Reconciliation of operating (loss) to net cash provided (used) by operating activities:</b> |                     |                       |                     |
| Operating income (loss)  | \$ (172,382)        | \$ 1,804,987          | \$ 1,632,605        |
| Adjustments to reconcile operating income to net cash provided by operating activities:        |                     |                       |                     |
| Depreciation expense   | 2,723               | -                     | 2,723               |
| (Increase) decrease in accounts receivable   | 209,814             | (556)                 | 209,258             |
| (Increase) decrease in due from other funds  | (83,433)            | -                     | (83,433)            |
| (Increase) decrease in prepaid items   | 110,786             | -                     | 110,786             |
| Increase (Decrease) in accounts payables   | (1,814)             | 4,000                 | 2,186               |
| Increase (Decrease) in accrued insurance claims  | 277,318             | (100,000)             | 177,318             |
| Increase (Decrease) in compensated absences payable  | 2,799               | -                     | 2,799               |
| Increase (Decrease) in OPEB liability  | 5,562               | -                     | 5,562               |
| Increase (Decrease) in due to other funds  | -                   | (1,193)               | (1,193)             |
| Total adjustments  | <u>523,755</u>      | <u>(97,749)</u>       | <u>426,006</u>      |
| Net cash provided by operating activities  | <u>\$ 351,373</u>   | <u>\$ 1,707,238</u>   | <u>\$ 2,058,611</u> |

#### Noncash investing, capital and financing activities:

Change in the fair value of investments resulted in an unrealized gain of \$17,975 at year-end 2011 and an unrealized gain of \$8,732 at year-end 2010.

Assets retired cost \$1,467 and had accumulated depreciation of \$1,467.

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, 2011 and 2010**

|  | <u>2011</u>                  | <u>2010</u>                  |
|--|------------------------------|------------------------------|
| Governmental funds capital assets                                    |                              |                              |
| Land   | \$ 12,793,280                | \$ 12,793,280                |
| Buildings  | 46,527,355                   | 46,624,455                   |
| Improvements other than buildings                                    | 48,736,577                   | 43,581,848                   |
| Machinery and Equipment  | 29,129,440                   | 29,114,939                   |
| Infrastructure   | 251,283,206                  | 241,502,899                  |
| Construction in progress   | <u>40,401,864</u>            | <u>32,727,926</u>            |
| Total general capital assets   | <u><u>\$ 428,871,722</u></u> | <u><u>\$ 406,345,347</u></u> |
| Property acquired prior to October 1, 1985, excluding infrastructure | \$ 23,742,289                | \$ 24,322,019                |
| Property acquired after September 30, 1985 from:                     |                              |                              |
| Federal grants   | 4,748,834                    | 548,188                      |
| State grants   | 370,000                      | 370,000                      |
| General fund revenues  | 107,620,080                  | 101,968,220                  |
| Capital projects funds   | 263,514,413                  | 251,225,814                  |
| Donations  | <u>28,876,106</u>            | <u>27,911,106</u>            |
| Total investments in general capital assets                          | <u><u>\$ 428,871,722</u></u> | <u><u>\$ 406,345,347</u></u> |

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$34,758 at 9/30/2011 and \$36,225 at 9/30/2010 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, 2011

| Function and Activity                          | Land          | Buildings     | Improvements<br>Other Than<br>Buildings | Machinery<br>and<br>Equipment | Infrastructure | Construction<br>in Progress | Total          |
|--|---------------|---------------|---|-------------------------------|----------------|-----------------------------|----------------|
| <b>GENERAL GOVERNMENT</b>                      |               |               |   |                               |                |                             |                |
| Legislative                                    | \$ -          | \$ -          | \$ -                                    | \$ 70,671                     | \$ -           | \$ -                        | \$ 70,671      |
| Executive                                      | -             | -             | -                                       | 46,964                        | -              | -                           | 46,964         |
| Judicial                                       | -             | -             | -                                       | 41,854                        | -              | 273,811                     | 315,665        |
| Total general government                       | -             | -             | -                                       | 159,489                       | -              | 273,811                     | 433,300        |
| <b>STAFF AGENCIES</b>                          |               |               |   |                               |                |                             |                |
| Finance  | -             | -             | -                                       | 22,321                        | -              | -                           | 22,321         |
| Planning and<br>development                    | -             | -             | -                                       | 86,537                        | -              | -                           | 86,537         |
| Human Resources                                | -             | -             | -                                       | 23,487                        | -              | -                           | 23,487         |
| Public works                                   | 214,700       | 928,520       | 39,968                                  | 1,330,924                     | -              | -                           | 2,514,112      |
| Information Services                           | -             | -             | -                                       | 146,520                       | -              | -                           | 146,520        |
| General government<br>buildings                | 2,622,248     | 5,856,483     | 1,299,726                               | 419,860                       | -              | 35,200                      | 10,233,517     |
| Total staff agencies                           | 2,836,948     | 6,785,003     | 1,339,694                               | 2,029,649                     | -              | 35,200                      | 13,026,494     |
| <b>PUBLIC SAFETY</b>                           |               |               |   |                               |                |                             |                |
| Police   | 67,715        | 600,263       | 699,766                                 | 4,770,866                     | -              | 15,000                      | 6,153,610      |
| Fire   | 126,300       | 6,472,702     | 527,693                                 | 9,628,778                     | -              | 1,190,875                   | 17,946,348     |
| Permit Center                                  | -             | -             | -                                       | 196,698                       | -              | -                           | 196,698        |
| Total public safety                            | 194,015       | 7,072,965     | 1,227,459                               | 14,596,342                    | -              | 1,205,875                   | 24,296,656     |
| Streets  | -             | -             | -                                       | 3,504,454                     | 211,948,442    | 20,431,782                  | 235,884,678    |
| Recreation                                     | 8,759,360     | 3,332,135     | 17,070,931                              | 1,522,846                     | -              | -                           | 30,685,272     |
| Community service                              | 5,000         | 2,549,578     | 160,128                                 | 4,060                         | -              | 8,491,722                   | 11,210,488     |
| Sanitation and waste                           | 997,957       | 26,787,674    | 28,938,365                              | 7,312,600                     | 39,334,764     | 9,963,474                   | 113,334,834    |
|  | 9,762,317     | 32,669,387    | 46,169,424                              | 12,343,960                    | 251,283,206    | 38,886,978                  | 391,115,272    |
| Total capital assets<br>allocated to functions | \$ 12,793,280 | \$ 46,527,355 | \$ 48,736,577                           | \$ 29,129,440                 | \$ 251,283,206 | \$ 40,401,864               | \$ 428,871,722 |

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$34,758 9/30/2011 and \$36,225 at 9/30/2010 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, 2011**

| <u>Function and Activity</u>                   | <u>General<br/>Capital Assets<br/>9/30/2010</u> | <u>Additions</u>     | <u>Deletions</u>       | <u>General<br/>Capital Assets<br/>9/30/2011</u> |
|--|---|----------------------|------------------------|---|
| <b>GENERAL GOVERNMENT</b>                      |   |                      |                        |   |
| Legislative                                    | \$ 70,671                                       | \$ -                 | \$ -                   | \$ 70,671                                       |
| Executive                                      | 46,964  | -                    | -                      | 46,964  |
| Judicial                                       | 47,797  | 273,811              | (5,943)                | 315,665   |
| Total general government                       | <u>165,432</u>                                  | <u>273,811</u>       | <u>(5,943)</u>         | <u>433,300</u>                                  |
| <b>STAFF AGENCIES</b>                          |   |                      |                        |   |
| Finance  | 33,042  | -                    | (10,721)               | 22,321  |
| Planning and Development                       | 86,537  | -                    | -                      | 86,537  |
| Human Resources                                | 23,487  | -                    | -                      | 23,487  |
| Public Works                                   | 2,587,754                                       | 10,600               | (84,242)               | 2,514,112                                       |
| Information Services                           | 180,795   | -                    | (34,275)               | 146,520   |
| General Government                             | 9,896,193                                       | 343,568              | (6,244)                | 10,233,517                                      |
| Total staff agencies                           | <u>12,807,808</u>                               | <u>354,168</u>       | <u>(135,482)</u>       | <u>13,026,494</u>                               |
| <b>PUBLIC SAFETY</b>                           |   |                      |                        |   |
| Police   | 6,160,822                                       | 408,321              | (415,533)              | 6,153,610                                       |
| Fire   | 17,024,980                                      | 1,273,039            | (351,671)              | 17,946,348                                      |
| Permit Center                                  | 194,111   | 12,500               | (9,913)                | 196,698   |
| Total public safety                            | <u>23,379,913</u>                               | <u>1,693,860</u>     | <u>(777,117)</u>       | <u>24,296,656</u>                               |
| Streets  | 222,845,368                                     | 19,884,383           | (6,845,073)            | 235,884,678                                     |
| Recreation                                     | 25,972,716                                      | 5,010,151            | (297,595)              | 30,685,272                                      |
| Community service                              | 14,035,134                                      | 2,329,992            | (5,154,637)            | 11,210,489                                      |
| Sanitation and waste                           | 107,138,976                                     | 6,352,866            | (157,009)              | 113,334,833                                     |
|  | <u>369,992,194</u>                              | <u>33,577,392</u>    | <u>(12,454,314)</u>    | <u>391,115,272</u>                              |
| Total capital assets<br>allocated to functions | <u>\$ 406,345,347</u>                           | <u>\$ 35,899,231</u> | <u>\$ (13,372,856)</u> | <u>\$ 428,871,722</u>                           |

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued on 9/30/2011 at \$34,758 and \$36,225 at 9/30/2010 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.

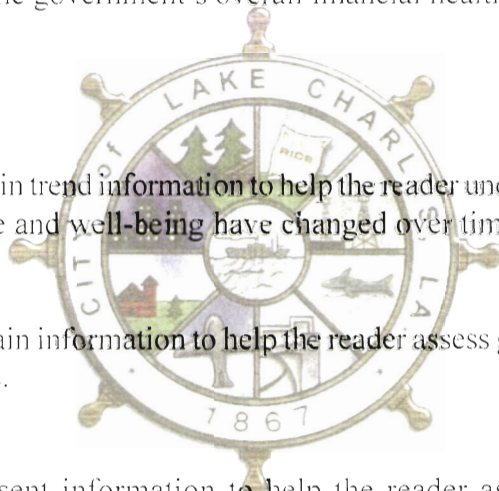
### **Demographic and Economic Information**

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 Eight 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         |
| Assigned  | 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>       | <u>2011</u>       |
|-------------------|-------------------|-------------------|-------------------|
| \$ 200,193        | \$ 204,550        | \$ 216,618        | \$ 223,583        |
| 42,220            | 30,622            | 60,553            | 51,978            |
| 48,188            | 62,216            | 31,362            | 44,864            |
| <u>\$ 290,601</u> | <u>\$ 297,388</u> | <u>\$ 308,533</u> | <u>\$ 320,425</u> |
| <br>              |                   |                   |                   |
| \$ 66,241         | \$ 67,502         | \$ 68,319         | \$ 66,627         |
| 555               | 2,363             | 2,851             | 5,584             |
| <u>\$ 66,796</u>  | <u>\$ 69,865</u>  | <u>\$ 71,170</u>  | <u>\$ 72,211</u>  |
| <br>              |                   |                   |                   |
| \$ 266,434        | \$ 272,052        | \$ 284,937        | \$ 290,210        |
| 42,220            | 30,622            | 60,553            | 51,978            |
| 48,743            | 64,579            | 34,213            | 50,448            |
| <u>\$ 357,397</u> | <u>\$ 367,253</u> | <u>\$ 379,703</u> | <u>\$ 392,636</u> |

# CITY OF LAKE CHARLES, LOUISIANA

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

|   | 2004          | 2005          | 2006          | 2007          | 2008          | 2009          | 2010          | 2011          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Expenses</b>                         |               |               |               |               |               |               |               |               |
| 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  | \$ 4,585,082  |
| Public safety                           | 24,747,219    | 26,919,170    | 29,515,842    | 28,708,138    | 28,400,481    | 30,691,441    | 29,211,079    | 28,681,562    |
| Public works                            | 21,492,315    | 20,693,262    | 28,642,450    | 24,449,739    | 26,341,091    | 26,204,810    | 24,948,706    | 30,294,422    |
| Planning and development                | 2,300,829     | 2,308,019     | 2,325,223     | 2,729,542     | 3,011,317     | 2,420,483     | 2,855,462     | 3,195,533     |
| General services                        | 3,287,536     | 3,428,701     | 6,975,121     | 5,901,532     | 5,201,297     | 7,819,930     | 7,327,977     | 4,384,287     |
| Community services                      | 4,564,296     | 4,928,356     | 10,314,122    | 5,814,605     | 5,658,398     | 6,101,747     | 5,699,264     | 6,936,038     |
| 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     | 3,935,479     |
| Total governmental activities           | 61,197,708    | 63,164,288    | 83,121,484    | 73,703,060    | 75,621,714    | 80,370,184    | 78,004,533    | 82,012,403    |
| 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     | 3,575,028     |
| Golf course                             | 1,108,015     | 1,185,076     | 1,192,880     | 1,299,432     | 1,247,986     | 1,480,511     | 1,432,343     | 1,495,425     |
| Transit                                 | 1,472,038     | 1,481,491     | 1,662,242     | 1,996,952     | 2,540,820     | 2,359,228     | 2,038,547     | 2,215,223     |
| Water                                   | 6,844,008     | 7,045,612     | 7,757,623     | 8,144,570     | 8,829,630     | 9,139,256     | 8,615,421     | 8,948,287     |
| 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    | 16,233,963    |
| Total primary government                | \$ 73,506,143 | \$ 75,863,865 | \$ 96,547,688 | \$ 88,245,755 | \$ 91,514,304 | \$ 96,614,660 | \$ 93,855,322 | \$ 98,246,366 |
| <b>Program Revenues</b>                 |               |               |               |               |               |               |               |               |
| 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  | \$ 5,432,955  |
| Public works                            | 4,968,936     | 5,516,777     | 5,618,552     | 5,691,800     | 8,066,296     | 8,215,969     | 9,006,678     | 10,317,926    |
| Other activities                        | 642,863       | 804,172       | 886,296       | 1,221,578     | 1,165,914     | 911,091       | 1,030,878     | 1,123,347     |
| 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     | 4,505,960     |
| Capital grants and contributions        | 655,627       | 802,681       | 5,076,055     | 4,472,089     | 2,917,678     | 4,913,193     | 5,685,329     | 5,843,875     |
| Total govmntl activity prgrm            | 14,348,844    | 16,480,977    | 31,740,112    | 20,228,444    | 22,926,724    | 22,968,558    | 25,240,115    | 27,224,063    |
| Business-type activities:               |               |               |               |               |               |               |               |               |
| Charges for services:                   |               |               |               |               |               |               |               |               |
| Civic center                            | 911,255       | 845,555       | 533,072       | 932,746       | 915,970       | 1,047,163     | 930,113       | 968,296       |
| Golf course                             | 1,010,247     | 1,038,192     | 1,009,908     | 1,046,555     | 985,883       | 1,126,764     | 905,153       | 928,512       |
| Transit                                 | 66,577        | 73,227        | 62,086        | 80,615        | 83,792        | 62,810        | 81,418        | 98,804        |
| Water                                   | 6,691,436     | 6,898,120     | 6,379,993     | 6,286,427     | 6,936,227     | 7,586,073     | 8,925,396     | 10,333,108    |
| Operating grants and contributions      | 764,235       | 798,193       | 1,287,219     | 1,272,010     | 1,157,412     | 1,198,730     | 1,307,484     | 1,411,923     |
| Capital grants and contributions        | -             | -             | 5,293,304     | 256,761       | 1,213,667     | 1,510,505     | 1,698,748     | 736,314       |
| 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    | 14,476,957    |
| Total primary gvrnment program revenues | \$ 23,792,594 | \$ 26,134,264 | \$ 46,305,694 | \$ 30,103,558 | \$ 34,219,675 | \$ 35,500,603 | \$ 39,088,427 | \$ 41,701,020 |

|                                       | 2004                   | 2005                   | 2006                   | 2007                   | 2008                   | 2009                   | 2010                   | 2011                   |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| 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)        | \$ (54,788,340)        |
| Business-type activities              | (2,864,685)            | (3,046,290)            | 1,139,378              | (4,667,581)            | (4,599,639)            | (3,712,431)            | (2,002,477)            | (1,757,006)            |
| Total primary government net expenses | <u>\$ (49,713,549)</u> | <u>\$ (49,729,601)</u> | <u>\$ (50,241,994)</u> | <u>\$ (58,142,197)</u> | <u>\$ (57,294,629)</u> | <u>\$ (61,114,057)</u> | <u>\$ (54,766,895)</u> | <u>\$ (56,545,346)</u> |

#### 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 | \$ 7,923,348 |
| Sales taxes     | 36,119,596   | 38,271,946   | 47,667,615   | 44,710,221   | 45,584,783   | 45,149,671   | 41,685,781   | 43,127,692   |
| Franchise taxes | 4,856,252    | 5,099,288    | 6,038,709    | 5,821,514    | 6,842,265    | 5,446,301    | 5,702,863    | 5,787,057    |
| Riverboat taxes | 6,682,497    | 7,706,108    | 3,024,702    | 6,961,367    | 8,399,666    | 9,099,020    | 8,959,034    | 9,113,904    |

##### Grants and contributions not restricted

|                      |         |         |         |         |         |         |         |         |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| to specific programs | 187,044 | 180,156 | 205,557 | 284,017 | 195,018 | 201,846 | 198,471 | 190,806 |
|----------------------|---------|---------|---------|---------|---------|---------|---------|---------|

|                                  |           |           |           |           |           |           |           |           |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 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 | 1,089,127 |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

|               |           |           |           |           |           |         |           |           |
|---------------|-----------|-----------|-----------|-----------|-----------|---------|-----------|-----------|
| Miscellaneous | 1,865,920 | 8,330,043 | 2,652,685 | 2,902,648 | 3,717,359 | 859,064 | 1,206,950 | 2,194,144 |
|---------------|-----------|-----------|-----------|-----------|-----------|---------|-----------|-----------|

|  |        |       |        |         |        |   |   |   |
|--|--------|-------|--------|---------|--------|---|---|---|
| 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) | (2,746,015) |
|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|

|                               |                   |                   |                   |                   |                   |                   |                   |                   |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total governmental activities | <u>56,005,909</u> | <u>62,068,455</u> | <u>63,268,515</u> | <u>70,452,972</u> | <u>69,822,442</u> | <u>64,188,110</u> | <u>63,909,880</u> | <u>66,680,063</u> |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|

##### 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 | 52,549 |
|----------------------------------|---------|---------|---------|---------|---------|--------|--------|--------|

|               |        |         |         |           |         |   |   |   |
|---------------|--------|---------|---------|-----------|---------|---|---|---|
| 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 | 2,746,015 |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

|                                |                  |                  |                  |                  |                  |                  |                  |                  |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total business type activities | <u>1,948,098</u> | <u>5,631,595</u> | <u>5,383,642</u> | <u>3,979,352</u> | <u>6,514,716</u> | <u>6,780,988</u> | <u>3,307,323</u> | <u>2,798,564</u> |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|

|                          |                      |                      |                      |                      |                      |                      |                      |                      |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total primary government | <u>\$ 57,954,007</u> | <u>\$ 67,700,050</u> | <u>\$ 68,652,157</u> | <u>\$ 74,432,324</u> | <u>\$ 76,337,158</u> | <u>\$ 70,969,098</u> | <u>\$ 67,217,203</u> | <u>\$ 69,478,627</u> |
|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|

#### 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 | \$ 11,891,723 |
|-------------------------|--------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|

|                          |           |           |           |           |           |           |           |           |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Business-type activities | (916,587) | 2,585,305 | 6,523,020 | (688,229) | 1,915,077 | 3,068,557 | 1,304,846 | 1,041,558 |
|--------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|

|                          |                     |                      |                      |                      |                      |                     |                      |                      |
|--------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| Total primary government | <u>\$ 8,240,458</u> | <u>\$ 17,970,449</u> | <u>\$ 18,410,163</u> | <u>\$ 16,290,127</u> | <u>\$ 19,042,529</u> | <u>\$ 9,855,041</u> | <u>\$ 12,450,308</u> | <u>\$ 12,933,281</u> |
|--------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|---------------------|----------------------|----------------------|

\* 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<br/>Year</u> | <u>Property<br/>Tax</u> | <u>One Percent<br/>Sales Tax (1965)</u> | <u>Additional<br/>One Percent<br/>Sales Tax (1987)</u> | <u>Employee's Pay<br/>Quarter cent<br/>Sales Tax (1995)</u> |
|------------------------|-------------------------|---|--|---|
| 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   |
| 2011                   | 7,923,348               | 18,994,509                              | 18,994,509   | 4,750,340   |

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<br>Gaming<br>Tax | Electric<br>Utility<br>Franchise | Gas<br>Utility<br>Franchise | Cable<br>Television<br>Franchise |
|----------------------------|----------------------------------|-----------------------------|----------------------------------|
| \$ 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                          |
| 9,113,904                  | 4,346,623                        | 483,307                     | 957,127                          |

# CITY OF LAKE CHARLES, LOUISIANA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

|                                    | 2002                | 2003                | 2004                | 2005                | 2006                | 2007                 | 2008                  | 2009                 | 2010                 | 2011                  |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------|
| General Fund                       |                     |                     |                     |                     |                     |                      |                       |                      |                      |                       |
| Reserved                           | \$ 292,332          | \$ 624,873          | \$ 267,009          | \$ 215,028          | \$ 864,493          | \$ 1,999,645         | \$ 3,289,392          | \$ 230,186           | \$ 297,834           |                       |
| Unreserved                         | 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           |                       |
| Nonspendable                       |                     |                     |                     |                     |                     |                      |                       |                      |                      | \$ 486,580            |
| Committed                          |                     |                     |                     |                     |                     |                      |                       |                      |                      | 2,895,603             |
| Unassigned                         |                     |                     |                     |                     |                     |                      |                       |                      |                      | 21,932,680            |
| Total General Fund                 | <u>24,556,399</u>   | <u>24,661,490</u>   | <u>25,748,210</u>   | <u>27,937,341</u>   | <u>27,700,429</u>   | <u>31,486,478</u>    | <u>32,110,080</u>     | <u>28,237,986</u>    | <u>25,781,832</u>    | <u>25,314,863</u>     |
| All other governmental funds       |                     |                     |                     |                     |                     |                      |                       |                      |                      |                       |
| Reserved                           | 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              | 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             | 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           |                       |
| Nonspendable                       |                     |                     |                     |                     |                     |                      |                       |                      |                      | 27,460                |
| Restricted                         |                     |                     |                     |                     |                     |                      |                       |                      |                      | 44,338,979            |
| Committed                          |                     |                     |                     |                     |                     |                      |                       |                      |                      | 51,269,454            |
| Assigned                           |                     |                     |                     |                     |                     |                      |                       |                      |                      | 8,388,325             |
| Total all other governmental funds | <u>49,886,960</u>   | <u>71,910,435</u>   | <u>55,547,995</u>   | <u>51,508,720</u>   | <u>45,689,649</u>   | <u>83,765,602</u>    | <u>83,150,560</u>     | <u>75,110,580</u>    | <u>107,941,607</u>   | <u>104,024,218</u>    |
| Total all governmental funds       | <u>\$74,443,359</u> | <u>\$96,571,925</u> | <u>\$81,296,205</u> | <u>\$79,446,061</u> | <u>\$73,390,078</u> | <u>\$115,252,080</u> | <u>\$ 115,260,640</u> | <u>\$103,348,566</u> | <u>\$133,723,439</u> | <u>\$ 129,339,081</u> |

\* 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.

\* Note GASB 54 adopted in 2011.

# CITY OF LAKE CHARLES, LOUISIANA

## Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

|   | FY 2002       | FY 2003       | FY 2004         | FY 2005        | FY 2006        | FY 2007       | FY 2008       | FY 2009         | FY 2010       | FY 2011        |
|---|---------------|---------------|-----------------|----------------|----------------|---------------|---------------|-----------------|---------------|----------------|
| <b>Revenues:</b>  |               |               |                 |                |                |               |               |                 |               |                |
| Taxes   | \$ 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 | \$ 62,638,371  |
| Licenses and permits                                    | 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     | 6,633,096      |
| Intergovernmental                                       | 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    | 10,759,547     |
| Charges for services                                    | 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    | 13,134,106     |
| Fines and forfeitures                                   | 264,816       | 234,003       | 253,528         | 257,762        | 257,462        | 276,359       | 306,694       | 322,461         | 338,073       | 383,267        |
| Miscellaneous   | 3,536,574     | 4,419,902     | 3,283,237       | 8,280,461      | 8,508,921      | 9,886,132     | 6,600,618     | 4,582,043       | 2,708,846     | 2,826,993      |
| Total revenues  | 63,622,504    | 71,269,523    | 71,528,988      | 82,514,140     | 100,091,890    | 91,184,553    | 97,056,529    | 94,208,025      | 92,217,416    | 96,375,380     |
| <b>Expenditures:</b>                                    |               |               |                 |                |                |               |               |                 |               |                |
| Current operating:                                      |               |               |                 |                |                |               |               |                 |               |                |
| General government                                      | 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     | 2,857,662      |
| Finance   | 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     | 1,488,859      |
| Human Resources   | 259,088       | 274,577       | 253,787         | 276,304        | 308,001        | 292,767       | 288,724       | 317,809         | 352,726       | 313,428        |
| Fire  | 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    | 12,940,071     |
| Police  | 9,943,674     | 11,504,525    | 12,765,994      | 14,119,891     | 15,076,989     | 14,371,715    | 14,094,524    | 14,196,539      | 15,775,008    | 16,200,141     |
| Public works  | 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    | 20,324,226     |
| Planning and development                                | 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     | 3,028,735      |
| Community services                                      | 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     | 4,721,208      |
| General services  | 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     | 4,168,195      |
| Capital projects  | 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    | 25,022,530     |
| Debt service:   |               |               |                 |                |                |               |               |                 |               |                |
| Principal retirement                                    | 855,861       | 945,967       | 1,910,667       | 2,038,438      | 2,566,162      | 2,500,302     | 3,637,281     | 3,991,176       | 6,427,242     | 5,449,519      |
| Bond issuance costs                                     | -             | -             | -               | -              | 42,978         | 621,817       | -             | -               | 1,414,680     | 147,128        |
| Interest and fiscal charges                             | 629,940       | 698,206       | 787,407         | 1,074,675      | 1,281,554      | 1,393,744     | 2,905,960     | 2,758,796       | 2,109,632     | 3,982,945      |
| Total expenditures                                      | 53,759,879    | 71,784,759    | 84,855,706      | 78,905,892     | 99,780,092     | 82,230,501    | 90,169,623    | 97,565,708      | 99,237,142    | 100,644,647    |
| Excess (deficiency) of revenues over expenditures       | 9,862,625     | (515,236)     | (13,326,718)    | 3,608,248      | 311,798        | 8,954,052     | 6,886,906     | (3,357,683)     | (7,019,726)   | (4,269,267)    |
| <b>Other financing sources (uses):</b>                  |               |               |                 |                |                |               |               |                 |               |                |
| Transfers in  | 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    | 15,153,082     |
| Transfers out   | (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)  | (18,982,135)   |
| Issuance of debt  | -             | 25,000,000    | -               | -              | 700,000        | 34,480,000    | -             | -               | 57,015,000    | 3,713,962      |
| Premium on issuance of debt                             | -             | -             | -               | -              | -              | 1,102,586     | -             | -               | 2,174,886     | -              |
| Payment to refunded bonds                               | -             | -             | -               | -              | -              | -             | -             | -               | (17,735,000)  | -              |
| Total other financing sources(uses)                     | (644,967)     | 22,643,802    | (1,949,002)     | (5,458,393)    | (6,367,780)    | 32,907,950    | (6,878,347)   | (8,554,391)     | 37,394,599    | (115,091)      |
| Net change in fund balances                             | \$ 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 | \$ (4,384,358) |
| Debt service as a percentage of noncapital expenditures | 3.39%         | 3.36%         | 5.11%           | 5.57%          | 5.11%          | 6.19%         | 9.59%         | 9.37%           | 11.18%        | 12.29%         |

## Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

| Fiscal Year | Property Tax | One Percent Sales Tax ('65) | Additional One Percent Sales Tax ('87) | Employee's Pay Quarter cent Sales Tax ('95) | Riverboat Gaming Tax | Electric Utility Franchise | Gas Utility Franchise | Cable Television Franchise |
|-------------|--------------|-----------------------------|--|---|----------------------|----------------------------|-----------------------|----------------------------|
| 2001        | \$ 5,373,976 | \$ 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                             | 3,546,611                                   | 6,110,488            | 3,233,184                  | 398,356               | 482,724                    |
| 2003        | 5,755,614    | 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                             | 3,962,435                                   | 6,682,497            | 3,816,930                  | 506,134               | 533,188                    |
| 2005        | 5,895,575    | 16,905,803                  | 16,905,803                             | 4,226,453                                   | 7,706,108            | 4,037,249                  | 515,915               | 546,124                    |
| 2006        | 5,953,207    | 21,069,476                  | 21,069,476                             | 5,267,376                                   | 3,024,702            | 4,854,764                  | 659,837               | 524,107                    |
| 2007        | 6,536,673    | 19,604,922                  | 19,604,747                             | 4,901,540                                   | 6,961,367            | 4,521,714                  | 671,183               | 628,617                    |
| 2008        | 6,612,603    | 20,048,716                  | 20,048,779                             | 5,012,194                                   | 8,399,666            | 5,215,659                  | 632,849               | 993,758                    |
| 2009        | 7,348,241    | 19,767,418                  | 19,767,417                             | 4,932,015                                   | 9,099,020            | 3,964,234                  | 588,931               | 893,136                    |
| 2010        | 7,489,471    | 18,382,454                  | 18,382,454                             | 4,595,619                                   | 8,959,034            | 4,183,356                  | 590,275               | 929,232                    |
| 2011        | 7,923,348    | 18,994,509                  | 18,994,509                             | 4,750,340                                   | 9,113,904            | 4,346,623                  | 483,307               | 957,127                    |



# CITY OF LAKE CHARLES, LOUISIANA

Assessed and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

| Fiscal Year<br>Ended | Tax<br>Year | Real Property and Mobile |                              | Personal, Business<br>Industry |                              |
|----------------------|-------------|--------------------------|------------------------------|--------------------------------|------------------------------|
|                      |             | Assessed<br>Value        | Estimated<br>Actual<br>Value | Assessed<br>Value              | Estimated<br>Actual<br>Value |
| 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                  |
| 2011                 | 2010        | 368,075,460              | 3,680,756,600                | 113,615,250                    | 757,435,000                  |

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 Sheriff & Tax Collector

| Public Utilities  |                              | Total all Property |                              | Total<br>Direct<br>Tax<br>Rate | Assessed<br>Value as a<br>Percentage of<br>Actual Value |
|-------------------|------------------------------|--------------------|------------------------------|--------------------------------|---|
| Assessed<br>Value | Estimated<br>Actual<br>Value | Assessed<br>Value  | Estimated<br>Actual<br>Value |                                |   |
| \$ 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%  |
| 19,094,820        | 76,379,280                   | 500,785,530        | 4,514,570,880                | 15.35                          | 11.09%  |

# CITY OF LAKE CHARLES, LOUISIANA

Property Tax Millage Rates

Direct and Overlapping Governments

Last Ten Fiscal Years

| Calendar<br>Year | Fiscal<br>Year | City of Lake Charles |         |       | Calcasieu Parish School Board |         |       | Calcasieu Parish |           |          |            |            |          |         |        |
|------------------|----------------|----------------------|---------|-------|-------------------------------|---------|-------|------------------|-----------|----------|------------|------------|----------|---------|--------|
|                  |                | General and          | Debt    | Total | General                       | Debt    | Total | Parish           | Road      | Gravity  | Recreation | Fire       | Airport  | Parish  | Parish |
|                  |                | Special Revenue      | Service |       |                               | Service |       | Police           |           |          | and Com    |            | Harbor & | Water & |        |
|                  |                | Funds                | Funds   |       | Fund                          | Funds   |       | Jury             | Districts | Drainage | Centers    | Protection | Terminal | Sewer   | Total  |
| 2001             | 2002           | 16.43                | 0.00    | 16.43 | 19.56                         | 25.00   | 44.56 | 45.40            | 4.06      | 5.92     | 0.00       | 12.77      | 9.20     | 14.74   | 92.09  |
| 2002             | 2003           | 16.43                | 0.00    | 16.43 | 19.56                         | 39.50   | 59.06 | 45.40            | 4.06      | 5.92     | 0.00       | 12.77      | 9.20     | 15.74   | 93.09  |
| 2003             | 2004           | 16.43                | 0.00    | 16.43 | 19.56                         | 35.00   | 54.56 | 52.84            | 4.06      | 5.92     | 0.00       | 12.77      | 9.20     | 15.14   | 99.93  |
| 2004             | 2005           | 16.09                | 0.00    | 16.09 | 18.72                         | 36.50   | 55.22 | 44.19            | 3.88      | 5.77     | 0.00       | 12.60      | 8.80     | 16.25   | 91.49  |
| 2005             | 2006           | 16.09                | 0.00    | 16.09 | 18.72                         | 25.00   | 43.72 | 44.99            | 3.88      | 5.77     | 7.85       | 12.60      | 8.80     | 18.39   | 102.28 |
| 2006             | 2007           | 16.09                | 0.00    | 16.09 | 18.72                         | 25.50   | 44.22 | 47.21            | 3.88      | 5.79     | 7.40       | 11.54      | 8.80     | 20.39   | 105.01 |
| 2007             | 2008           | 16.09                | 0.00    | 16.09 | 18.72                         | 27.50   | 46.22 | 41.5             | 3.88      | 5.79     | 7.00       | 11.54      | 8.80     | 18.14   | 96.95  |
| 2008             | 2009           | 15.35                | 0.00    | 15.35 | 18.72                         | 24.00   | 42.72 | 39.28            | 3.67      | 5.29     | 7.00       | 11.08      | 8.34     | 18.46   | 93.12  |
| 2009             | 2010           | 15.35                | 0.00    | 15.35 | 18.72                         | 24.00   | 42.72 | 33.02            | 3.67      | 5.79     | 5.65       | 11.08      | 8.34     | 15.59   | 83.14  |
| 2010             | 2011           | 15.35                | 0.00    | 15.35 | 18.72                         | 24.00   | 42.72 | 33.02            | 3.67      | 5.79     | 4.79       | 11.08      | 8.34     | 15.59   | 82.28  |

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, 2010 and December 31, 2001  
for Fiscal Year Ended September 30, 2011 and September 30, 2002

| Taxpayer   | Type of Business   | 2011                          |      |                                     | 2002                          |      |                                     |
|--|--------------------|-------------------------------|------|-------------------------------------|-------------------------------|------|-------------------------------------|
|  |                    | Assessed<br>Valuation<br>2010 | Rank | Percentage<br>of Total<br>Valuation | Assessed<br>Valuation<br>2001 | Rank | Percentage<br>of Total<br>Valuation |
| PNK (Lake Charles) LLC                                       | Hotel and Casino   | \$40,215,570                  | 1    | 8.03 %                              | -                             | -    | %                                   |
| Wal-Mart Stores  | Retail             | 10,185,470                    | 2    | 2.03                                | 5,487,815                     | 4    | 1.61                                |
| Entergy Gulf States Inc.                                     | Electric utility   | 7,714,940                     | 3    | 1.54                                | 4,232,530                     | 5    | 1.24                                |
| Bell South Telecommunications                                | Telephone          | 4,834,190                     | 4    | 0.97                                | 9,797,110                     | 2    | 2.87                                |
| Capital One NA<br>* Hibernia in 2002                         | Bank               | 4,782,000                     | 5    | 0.96                                | 7,180,850                     | 3    | 2.11                                |
| Women's & Children's Hospital                                | Hospital           | 5,142,320                     | 6    | 1.03                                | -                             | -    | -                                   |
| Carboline Company  | Wholesale          | 3,938,500                     | 7    | 0.79                                | -                             | -    | -                                   |
| JP Morgan Chase Bank NA<br>* Bank One in 2001                | Bank               | 3,713,900                     | 8    | 0.74                                | 3,187,090                     | 7    | 0.94                                |
| Cameron State Bank   | Bank               | 2,732,560                     | 9    | 0.55                                | -                             | -    | -                                   |
| Northrop Grumman Tech  | Aircraft           | 2,183,420                     | 10   | 0.44                                | -                             | -    | -                                   |
| Harrah's Entertainment Inc<br>* Players in 1998              | Riverboat Casino   | -                             | -    | -                                   | 12,591,830                    | 1    | 3.69                                |
| Xsepius  | Telecommunications | -                             | -    | -                                   | 3,704,730                     | 6    | 1.09                                |
| US Unwired   | Telecommunications | -                             | -    | -                                   | 2,599,010                     | 8    | 0.76                                |
| Simon Debartolo Group<br>*Simon, Melvin & Associates in 2001 | Real Estate Agent  | -                             | -    | -                                   | 2,448,520                     | 7    | 0.72                                |
| Lowe's   | Retail             | -                             | -    | -                                   | 2,244,690                     | 10   | 0.66                                |
|  |                    | <u>\$85,443,470</u>           |      | <u>17.06%</u>                       | <u>\$53,474,175</u>           |      | <u>15.69</u>                        |

2010 Total city valuation: \$500,785,530

2001 Total city valuation: \$340,843,350

# CITY OF LAKE CHARLES, LOUISIANA

## Property Tax Levies and Collections

Last Ten Fiscal Years

| <u>Fiscal<br/>Year</u> | <u>Tax Year</u> | <u>Total Tax<br/>Levy</u> | <u>Less:<br/>Cancellations<br/>and<br/>Reductions</u> | <u>Net Tax<br/>Levy</u> |
|------------------------|-----------------|---------------------------|---|-------------------------|
| 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               |
| 2011                   | 2010            | 7,692,549                 | 60,903  | 7,631,647               |

Source: Calcasieu Parish Sheriff & Tax Collector

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

| Less:<br>Outstanding<br>Delinquent<br>Taxes |        | Net Total<br>Taxes<br>Collected | Percent of<br>Net Taxes<br>Collected | Percent of<br>Delinquent<br>Taxes to<br>Net Levy |
|---|--------|---------------------------------|--------------------------------------|--|
| \$  | 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   |
|   | 35,458 | 7,596,188                       | 99.54                                | 0.46   |

# CITY OF LAKE CHARLES, LOUISIANA

Sales Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

| Calendar<br>Year | Fiscal<br>Year | City of Lake Charles |               |              |       |            |                   |              | Calcasieu Parish |                    |          | State of Louisiana |           |       |
|------------------|----------------|----------------------|---------------|--------------|-------|------------|-------------------|--------------|------------------|--------------------|----------|--------------------|-----------|-------|
|                  |                | General<br>Fund      | Dedicated 1%  |              |       |            | Employee's<br>Pay | School Board |                  | Law<br>Enforcement | Tourism  |                    |           |       |
|                  |                |                      | General Fund  |              | Waste | Capital    |                   |              |                  |                    |          |                    |           |       |
|                  |                |                      | Public Safety | Public Works | Water | Recreation |                   | Project      | General          |                    | Salaries | General            | Promotion | Total |
| 2001             | 2002           | 1.00%                | 0.20%         | 0.28%        | 0.16% | 0.08%      | 0.28%             | 0.25%        | 1.50%            | 0.50%              | 0.50%    | 3.97%              | 0.03%     | 8.75% |
| 2002             | 2003           | 1.00%                | 0.20%         | 0.28%        | 0.16% | 0.08%      | 0.28%             | 0.25%        | 1.50%            | 0.50%              | 0.50%    | 3.97%              | 0.03%     | 8.75% |
| 2003             | 2004           | 1.00%                | 0.20%         | 0.28%        | 0.16% | 0.08%      | 0.28%             | 0.25%        | 1.50%            | 0.50%              | 0.50%    | 3.97%              | 0.03%     | 8.75% |
| 2004             | 2005           | 1.00%                | 0.20%         | 0.28%        | 0.16% | 0.08%      | 0.28%             | 0.25%        | 1.50%            | 0.50%              | 0.50%    | 3.97%              | 0.03%     | 8.75% |
| 2005             | 2006           | 1.00%                | 0.20%         | 0.28%        | 0.16% | 0.08%      | 0.28%             | 0.25%        | 1.50%            | 0.50%              | 0.50%    | 3.97%              | 0.03%     | 8.75% |
| 2006             | 2007           | 1.00%                | 0.20%         | 0.28%        | 0.16% | 0.08%      | 0.28%             | 0.25%        | 1.50%            | 0.50%              | 0.50%    | 3.97%              | 0.03%     | 8.75% |
| 2007             | 2008           | 1.00%                | 0.20%         | 0.28%        | 0.16% | 0.08%      | 0.28%             | 0.25%        | 1.50%            | 0.50%              | 0.75%    | 3.97%              | 0.03%     | 9.00% |
| 2008             | 2009           | 1.00%                | 0.20%         | 0.28%        | 0.16% | 0.08%      | 0.28%             | 0.25%        | 1.50%            | 0.50%              | 0.75%    | 3.97%              | 0.03%     | 9.00% |
| 2009             | 2010           | 1.00%                | 0.20%         | 0.28%        | 0.16% | 0.08%      | 0.28%             | 0.25%        | 1.50%            | 0.50%              | 0.75%    | 3.97%              | 0.03%     | 9.00% |
| 2010             | 2011           | 1.00%                | 0.20%         | 0.28%        | 0.16% | 0.08%      | 0.28%             | 0.25%        | 1.50%            | 0.50%              | 0.75%    | 3.97%              | 0.03%     | 9.00% |

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

# CITY OF LAKE CHARLES, LOUISIANA

Principal Sales Taxpayers

Tax Year June 30, 2011 and June 30, 2005

for Fiscal Year Ended September 30, 2011 and September 30, 2005

| Type of Business | 2011                |      |                               | 2005                |      |                               |
|------------------|---------------------|------|-------------------------------|---------------------|------|-------------------------------|
|                  | Tax Paid            | Rank | Percentage of Total Valuation | Tax Paid            | Rank | Percentage of Total Valuation |
| Retail           | \$5,422,475         | 1    | 12.68%                        | \$5,287,093         | 1    | 13.77%                        |
| Government       | 1,887,110           | 2    | 4.41%                         | 2,541,536           | 2    | 6.62%                         |
| Hotel and Casino | 1,179,998           | 3    | 2.76%                         | -                   | -    | -                             |
| Grocery          | 750,747             | 4    | 1.76%                         | 719,611             | 4    | 1.87%                         |
| Building supply  | 702,132             | 5    | 1.64%                         | 744,603             | 3    | 1.94%                         |
| Retail           | 670,242             | 6    | 1.57%                         | 412,551             | 9    | 1.07%                         |
| Health Care      | 646,602             | 7    | 1.51%                         | 497,147             | 8    | 1.29%                         |
| Health Care      | 623,583             | 8    | 1.46%                         | 588,432             | 5    | 1.53%                         |
| Retail           | 506,514             | 9    | 1.18%                         | 396,821             | 10   | 1.03%                         |
| Grocery          | 489,722             | 10   | 1.15%                         | 498,779             | 7    | 1.30%                         |
| Building supply  | -                   |      | -                             | 513,543             | 6    | 1.34%                         |
|                  | <u>\$12,879,125</u> |      | <u>30.13%</u>                 | <u>\$12,200,116</u> |      | <u>31.77%</u>                 |

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

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 General Bonded Debt Outstanding  
Last Ten Fiscal Years

| Fiscal<br>Year | Bonded Debt   |            |            |                 |             |                 |             |                 |               | Loans    |              |           |             |        |
|----------------|---------------|------------|------------|-----------------|-------------|-----------------|-------------|-----------------|---------------|----------|--------------|-----------|-------------|--------|
|                | Pension       | LCDA       | LCDA       | Deferred Amount | 2007        | Deferred Amount | 2010        | Deferred Amount | Total         | DEQ Loan | Lake Charles | Total     | Percentage  | Per    |
|                | Refunding     | Sewer      | Sewer      | LCDA Sewer      | LCDA Public | LCDA Public     | LCDA Public | LCDA Public     | Bonded        |          | City Court   | Loans     | of Personal |        |
|                | Bonds         | Bonds      | Bonds      | Bonds           | Improvement | Improvement     | Improvement | Improvement     | Debt          |          | Building     | Debt      | Income      | Capita |
| 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    | -        | -            | -         | 3.65%       | 1,298  |
| 2011           | 3,005,000     | -          | 14,905,000 | 392,031         | 29,695,000  | 863,694         | 37,705,000  | 1,570,765       | 88,136,490    | 918,201  | 3,000,000    | 3,918,201 | 3.60%       | 1,279  |

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

Direct and Overlapping Governmental Activities Debt

As of September 30, 2011

| <u>Jurisdiction</u>               | <u>Direct<br/>Debt</u> | <u>Percentage<br/>Applicable to<br/>City of<br/>Lake Charles</u> | <u>Amount<br/>Applicable to<br/>Lake Charles</u> |
|-----------------------------------|------------------------|--|--|
| Direct:                           |                        |  |  |
| City of Lake Charles              | \$ 92,054,691          | 100 %  | \$ 92,054,691                                    |
| Total direct debt                 | 92,054,691             |  | 92,054,691                                       |
| Overlapping:                      |                        |  |  |
| Calcasieu Parish School Board     | 242,520,000            | 29%  | 69,354,632                                       |
| Calcasieu Parish Police Jury      | 5,045,000              | 73%  | 3,682,850  |
| Total overlapping debt            | 247,565,000            |  | 73,037,482                                       |
| Total Direct and Overlapping Debt | \$ 339,619,691         |  | \$ 165,092,173                                   |

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)

|  | 2002            | 2003            | 2004            | 2005            | 2006            | 2007            | 2008            | 2009            | 2010            | 2011             |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Debt limit   | \$42,461        | \$43,744        | \$44,362        | \$46,601        | \$47,601        | \$44,185        | \$51,710        | \$50,314        | \$49,305        | \$ 50,314        |
| Total net debt applicable to limit                                   | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0                |
| Legal debt margin  | <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>\$50,314</u> | <u>\$49,305</u> | <u>\$ 50,314</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  | \$500,786        |
| Add back: exempt real property                                      | <u>2,367</u>     |
| Total assessed value  | <u>\$503,153</u> |
| Debt limit (10% of total assessed value)                            | \$ 50,314        |
| Total outstanding General Obligation Bonds of City of Lake Charles  | <u>-</u>         |
| Legal capacity of City of Lake Charles for General Obligation Bonds | <u>\$ 50,314</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 \$88,136,490 outstanding bonded debt at September 30, 2011. 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<br>(amts in<br>thousands) | Capita<br>Personal<br>Income (1) | Median<br>Age | City School<br>Enrollment<br>(K-12 Grades) | City School<br>Enrollment<br>(K-12 Grades) | City School<br>Enrollment<br>(K-12 Grades) | Percentage<br>Rate |
| 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                |
| 2010     | 71,993     | 2,558,631                        | 35,540                           | 35.3          | 12,034                                     | 2,465                                      | 14,499                                     | 6.3                |

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 2011 and 2002

| Employer                          | Type of Business  | 2011                |      |                         | 2002                |      |                         |
|-----------------------------------|-------------------|---------------------|------|-------------------------|---------------------|------|-------------------------|
|                                   |                   | Number of Employees | Rank | Percentage of Total MSA | Number of Employees | Rank | Percentage of Total MSA |
| Calcasieu Parish School Board     | Education         | 5,000               | 1    | 5.6%                    | 4,000               | 1    | 4.6%                    |
| L'Auberge Du Lac                  | Gaming            | 2,400               | 2    | 2.7%                    | -                   | -    | -                       |
| Turner Industries                 | Fabrication       | 1,500               | 3    | 1.7%                    | 2,000               | 3    | 2.3%                    |
| Seacore Marine                    | Marine Services   | 1,500               | 4    | 1.7%                    | -                   | -    | -                       |
| PPG Industries                    | Basic Chemical    | 1,250               | 5    | 1.4%                    | 1,625               | 8    | 1.9%                    |
| Lake Charles Memorial Hospital    | Health Care       | 1,194               | 6    | 1.3%                    | 1,700               | 7    | 2.0%                    |
| Citgo Petroleum                   | Oil Products      | 1,169               | 7    | 1.3%                    | 1,865               | 6    | 2.2%                    |
| Isle of Capri Casino              | Gaming            | 1,155               | 8    | 1.3%                    | 2,000               | 4    | 2.3%                    |
| Calcasieu Parish Sheriff's Office | Police Protection | 835                 | 9    | 0.9%                    | -                   | -    | -                       |
| City of Lake Charles              | Government        | 820                 | 10   | 0.9%                    | -                   | -    | -                       |
| 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>16,823</u>       |      | <u>18.9%</u>            | <u>20,484</u>       |      | <u>23.7%</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 Calcsieu Parish

|                                    | 2011   | 2002   |
|------------------------------------|--------|--------|
| Total employment: Calcasieu Parish | 88,789 | 86,478 |

# CITY OF LAKE CHARLES, LOUISIANA

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

| Functions/Programs                          | 2002       | 2003       | 2004       | 2005       | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General government                          | 41         | 44         | 45         | 45         | 46         | 46         | 46         | 47         | 48.5       | 46.5       |
| Finance (includes<br>Water business office) | 30         | 30         | 30         | 30         | 30         | 30         | 30         | 30         | 30         | 30         |
| Human Resources                             | 5          | 5          | 5          | 5          | 5          | 5          | 5          | 5          | 5          | 4          |
| Public safety                               |            |            |            |            |            |            |            |            |            |            |
| Fire  | 147        | 147        | 176        | 190        | 190        | 190        | 190        | 190        | 190        | 182        |
| Police                                      | 176        | 182        | 192        | 194        | 194        | 194        | 194        | 192        | 192        | 189        |
| Public works                                | 167        | 166        | 166        | 166        | 167        | 166        | 166        | 166        | 167        | 157        |
| Waste water                                 | 59         | 61         | 60         | 61         | 64         | 64         | 64         | 64         | 65         | 65         |
| Transit                                     | 17         | 19         | 19         | 19         | 19         | 19         | 19         | 19         | 19         | 19         |
| Water utility                               | 56         | 56         | 57         | 57         | 57         | 57         | 57         | 57         | 56         | 56         |
| Planning and development                    | 25         | 24         | 24         | 24         | 25         | 27         | 24         | 24         | 25         | 24         |
| General services                            | 34         | 32         | 31         | 30         | 29         | 30         | 33         | 33         | 30.5       | 27.5       |
| Community Services                          | 79         | 77         | 76         | 76         | 78         | 78         | 78         | 77         | 77         | 72         |
| <b>Total</b>                                | <b>836</b> | <b>843</b> | <b>881</b> | <b>897</b> | <b>904</b> | <b>906</b> | <b>906</b> | <b>904</b> | <b>905</b> | <b>872</b> |

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>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> | <u>2011</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Function</b>   |             |             |             |             |             |             |             |             |             |             |
| General government services                                       |             |             |             |             |             |             |             |             |             |             |
| * Legal: Requests for legal action                                |             |             |             |             |             |             |             | 239         | 199         | 90          |
| Printing/communications   |             |             |             |             |             |             |             |             |             |             |
| * Number of mail pieces metered                                   |             |             |             |             |             |             |             | 67,550      | 72,701      | 78,531      |
| Risk Management   |             |             |             |             |             |             |             |             |             |             |
| * Accident reports/Investigations                                 | 428         | 622         | 523         | 452         | 607         | 595         | 626         | 544         | 632         | 443         |
| * Claims  | 356         | 501         | 414         | 320         | 307         | 302         | 277         | 178         | 289         | 208         |
| Finance/includes Water Business                                   |             |             |             |             |             |             |             |             |             |             |
| Checks issued   | 13,247      | 15,126      | 12,566      | 14,641      | 15,235      | 15,553      | 15,356      | 15,543      | 14,760      | 14,927      |
| * Occupational licenses processed                                 | 4,415       | 4,446       | 4,473       | 4,415       | 4,391       | 4,177       | 4,048       | 4,169       | 4,268       | 4,300       |
| Purchase orders processed   | 4,882       | 4,357       | 3,943       | 3,990       | 3,589       | 4,044       | 3,738       | 3,290       | 2,881       | 2,785       |
| Water: number of customers  | 27,399      | 27,760      | 28,611      | 27,605      | 26,889      | 28,422      | 28,147      | 28,124      | 28,886      | 28,775      |
| Water: Average daily consumption<br>(millions of gallons per day) | 9.95        | 9.62        | 11.04       | 12.87       | 11.35       | 9.53        | 10.79       | 9.33        | 8.87        | 9.05        |
| Human Resources   |             |             |             |             |             |             |             |             |             |             |
| * Applications received   | 989         | 1,103       | 1,189       | 1,108       | 926         | 725         | 711         | 961         | 1,000       | 1,327       |
| * New hires   | 332         | 284         | 328         | 368         | 374         | 436         | 483         | 462         | 425         | 432         |
| * Employee Health Fair Participation                              |             | 50          | NA          | 295         | 250         | 238         | 268         | 285         | 300         | 320         |
| Public safety   |             |             |             |             |             |             |             |             |             |             |
| * Fire: Calls for service   |             |             |             |             |             |             | 2,561       | 2,588       | 2,790       | 2,863       |
| * Fire: Code inspections  |             |             |             |             | 2,775       | 3,194       | 4,671       | 3,594       | 4,465       | 7,305       |
| Police: Calls for service   | 122,091     | 126,670     | 105,858     | 111,788     | 108,232     | 96,659      | 93,886      | 90,995      | 96,732      | 107,100     |
| Public works  |             |             |             |             |             |             |             |             |             |             |
| Solid Waste   |             |             |             |             |             |             |             |             |             |             |
| * Tons garbage collected  |             |             |             |             |             | 29,320      | 26,324      | 26,320      | 25,814      | 24,515      |
| * Tons incinerated  |             |             |             |             |             | 2,146       | 3,338       | 2,322       | 2,905       | 4,857       |
| * Tons trash collected  |             |             |             |             |             | 18,869      | 10,682      | 9,583       | 7,930       | 5,957       |
| * Streets: Work orders  |             |             |             |             |             | 960         | 647         | 1,289       | 1,863       | 2,708       |
| * Transit: Bus riders   |             |             |             |             |             | 188,175     | 178,889     | 175,875     | 190,834     | 219,802     |
| * Vehicle Maintenance: Work orders                                |             |             |             |             |             | 5,815       | 3,530       | 4,291       | 5,867       | 5,689       |
| * Waste water: Work orders  |             |             |             |             |             | 4,584       | 3,337       | 9,508       | 11,100      | 5,490       |
| Planning and development  |             |             |             |             |             |             |             |             |             |             |
| Building permits issued   | 5,075       | 5,229       | 5,152       | 6,384       | 9,438       | 6,287       | 4,053       | 4,162       | 6,375       | 6,073       |
| Community Development   |             |             |             |             |             |             |             |             |             |             |
| * Down Payment Assistance   |             |             |             |             | 9           | 21          | 22          | 17          | 22          | 15          |
| * Rehab/Reconstruction  |             |             |             |             | 7           | 15          | 8           | 8           | 9           | 12          |
| * Capital Projects  |             |             |             |             | 2           | 6           | 6           | 3           | 0           | 2           |
| Community Services  |             |             |             |             |             |             |             |             |             |             |
| Recreation and parks  |             |             |             |             |             |             |             |             |             |             |
| * Athletic teams  |             |             |             |             |             |             |             | 279         | 292         | 311         |
| * Summer camp attendance  |             |             |             |             |             | 460         | 470         | 219         | 153         | 472         |
| * Civic Center: Events  |             |             |             |             |             | 309         | 356         | 377         | 358         | 368         |
| * Golf Course: Rounds of golf                                     |             |             |             | 40,019      | 39,498      | 34,221      | 32,969      | 36,464      | 23,852      | 31,900      |
| Art Center/museum   |             |             |             |             |             |             |             |             |             |             |
| * Art exhibits  |             |             |             |             |             |             | 13          | 9           | 11          | 16          |
| ** Concerts/Events  |             |             |             |             |             |             | 43          | 35          | 359         | 119         |

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 |      |      |      |       |       |       |       |       |       |
|---|-------------|------|------|------|-------|-------|-------|-------|-------|-------|
|   | 2002        | 2003 | 2004 | 2005 | 2006  | 2007  | 2008  | 2009  | 2010  | 2011  |
| Public safety   |             |      |      |      |       |       |       |       |       |       |
| Fire Stations in City limits  | 7           | 7    | 8    | 8    | 8     | 8     | 8     | 8     | 8     | 8     |
| Fire Stations outside City limits                                       |             |      |      |      |       |       |       |       | 2     | 2     |
| Police:   |             |      |      |      |       |       |       |       |       |       |
| Stations  | 4           | 4    | 4    | 4    | 4     | 4     | 4     | 4     | 4     | 4     |
| Patrol Units  | 82          | 85   | 90   | 90   | 90    | 90    | 92    | 92    | 92    | 92    |
| Public works  |             |      |      |      |       |       |       |       |       |       |
| Solid Waste/Recycling   |             |      |      |      |       |       |       |       |       |       |
| Collection trucks   | 16          | 16   | 24   | 24   | 22    | 33    | 32    | 30    | 34    | 32    |
| Streets   |             |      |      |      |       |       |       |       |       |       |
| Streets (miles)   | 483         | 483  | 483  | 483  | 483   | 460   | 460   | 460   | 460   | 460   |
| *     Streetlights  |             |      |      |      | 9,229 | 9,285 | 9,285 | 9,285 | 9,285 | 9,285 |
| *     Traffic Signals   |             |      |      |      | 64    | 64    | 66    | 66    | 66    | 66    |
| Transit   |             |      |      |      |       |       |       |       |       |       |
| *     Public Buses  | 8           | 8    | 8    | 8    | 8     | 7     | 7     | 7     | 7     | 7     |
| *     Para-transit buses  | 2           | 2    | 2    | 2    | 2     | 2     | 2     | 4     | 4     | 4     |
| Trolley   | 0           | 0    | 0    | 0    | 0     | 0     | 0     | 0     | 1     | 1     |
| Waste water   |             |      |      |      |       |       |       |       |       |       |
| Sanitary sewers (miles)   | 600         | 600  | 600  | 600  | 600   | 600   | 600   | 600   | 600   | 600   |
| Storm sewers (miles)  | 425         | 425  | 425  | 425  | 425   | 425   | 425   | 425   | 425   | 425   |
| *     Maximum daily treatment capacity<br>(millions of gallons per day) |             |      |      |      |       |       | 13.1  | 13.1  | 18    | 18    |
| Water utility   |             |      |      |      |       |       |       |       |       |       |
| *     Water mains (miles)   |             |      |      |      | 410   | 450   | 455   | 458   | 458   | 460   |
| *     Fire hydrants   |             |      |      |      | 2500  | 2800  | 2820  | 2850  | 2850  | 2900  |
| *     Maximum daily capacity<br>(millions of gallons per day)           |             |      |      |      | 23    | 22    | 22    | 22    | 22    | 22    |
| Community Services  |             |      |      |      |       |       |       |       |       |       |
| Recreation and parks  |             |      |      |      |       |       |       |       |       |       |
| Park acreage  | 453         | 453  | 453  | 256  | 256   | 256   | 256   | 466   | 466   | 466   |
| Parks   | 34          | 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     | 3     | 2     | 2     |
| Tennis courts   | 6           | 6    | 6    | 6    | 6     | 6     | 17    | 17    | 17    | 17    |
| Community Centers   | 13          | 13   | 13   | 12   | 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    | 2    | 2     | 2     | 2     | 2     | 2     | 2     |

Source: Various city departments

\* Prior year statistics not available.

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

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

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



**CITY OF LAKE CHARLES, LOUISIANA**

**OMB CIRCULAR A-133  
SUPPLEMENTARY REPORTS**

**YEAR ENDED SEPTEMBER 30, 2011**

CITY OF LAKE CHARLES  
LAKE CHARLES, LOUISIANA

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05005.000 Audit 9/30/2011 1100.004 single audit report

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CVA - Certified Valuation Analyst  
CFP - Certified Financial Planner

## REPORT OF 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, 2011, which collectively comprise the City of Lake Charles, Louisiana's basic financial statements and have issued our report thereon dated March 22, 2012. 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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. Finding 11-01. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

#### 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 & Busch*

Lake Charles, Louisiana  
March 22, 2012

# McELROY, QUIRK & BURCH

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

## REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 City of Lake Charles, Louisiana's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

#### 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, 2011, and have issued our report thereon dated March 22, 2012, 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 Quink & Burch*

Lake Charles, Louisiana  
March 22, 2012

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For Period Ending September 30, 2011

| <u>Fund</u> | <u>Grant Type</u>   | <u>Federal<br/>CFDA<br/>Number</u> |
|-------------|---|------------------------------------|
|             | <b>Department of Housing &amp; Urban Development:</b>             |                                    |
| 110         | Community Development Block Grant                                 | 14.218                             |
| 350         | Community Development ARRA  | 14.218                             |
|             | <b>Louisiana Department of Administration (pass thru agency):</b> |                                    |
| 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                             |
|             | <b>Federal Emergency Management Agency:</b>                       |                                    |
|             | Louisiana Department of Military Affairs (pass thru agency)       |                                    |
| 109         | Public Assistance Grant   | 97.036                             |
| 124         | Hazard Mitigation Grant   | 97.039                             |
| 350         | Public Assistance Grant   | 97.036                             |
| 130         | Port Security Grant   | 97.056                             |
|             | <b>Department of Transportation:</b>                              |                                    |
| 401         | Federal Transit Administration                                    | 20.507                             |
| 350         | Highway Planning & Construction ARRA                              | 20.205                             |
| 350         | Energy Management Grant   | 81.128                             |
|             | Federal Highway Administration                                    | 20.000                             |
|             | <b>Environmental Protection Agency:</b>                           |                                    |
| 121         | Brownfields Petroleum Assessment                                  | 66.818                             |
| 350         | Water Quality Stag Grant  | 66.202                             |
| 350         | Brownfields Revolving Loan Fund                                   | 66.817                             |
|             | <b>Department of Agriculture:</b>                                 |                                    |
|             | Louisiana Department of Education (pass thru agency):             |                                    |
| 122         | Child Nutrition Summer Food Program                               | 10.559                             |
|             | <b>Department of Justice:</b>                                     |                                    |
| 134         | COPS  | 16.710                             |
| 134         | Justice Assistance Grant  | 16.738                             |
| 130         | HIDTA   | 16.000                             |
| 130         | FBI Safe Streets Task Force                                       | 16.000                             |
| 130         | Fugitive Apprehension Task Force                                  | 16.000                             |
| 130         | Federal Financial Crimes Task Force                               | 16.000                             |



| <u>Grant Period</u> |           | <u>Grant</u>    | <u>Current</u>      |
|---------------------|-----------|-----------------|---------------------|
| <u>From</u>         | <u>To</u> | <u>Receipts</u> | <u>Expenditures</u> |
| 10/1/10             | 9/30/11   | \$ 1,222,329    | \$ 1,222,329        |
| 10/1/10             | 9/30/11   | 230,510         | 230,510             |
| 10/1/10             | 9/30/11   | 16,818          | 16,818              |
| 10/1/10             | 9/30/11   | 28,859          | 28,859              |
| 10/1/10             | 9/30/11   | 561,076         | 561,076             |
| 10/1/10             | 9/30/11   | 46,690          | 46,690              |
| 10/1/10             | 9/30/11   | 32,916          | 24,280              |
| 10/1/10             | 9/30/11   | 3,934           | 3,934               |
| 10/1/10             | 9/30/11   | 55,979          | 55,979              |
| 10/1/10             | 9/30/11   | 235,144         | 235,144             |
| 10/1/10             | 9/30/11   | 1,742,663       | 1,742,663           |
| 10/1/10             | 9/30/11   | 1,969,664       | 1,969,664           |
| 10/1/10             | 9/30/11   | 61,119          | 61,580              |
| 10/1/10             | 9/30/11   | 61,265          | 61,265              |
| 10/1/10             | 9/30/11   | 65,630          | 65,630              |
| 10/1/10             | 9/30/11   | 1,714,500       | 1,714,500           |
| 10/1/10             | 9/30/11   | 93,419          | 93,419              |
| 10/1/10             | 9/30/11   | 500,810         | 500,810             |
| 10/1/10             | 9/30/11   | 14,975          | 14,975              |
| 10/1/10             | 9/30/11   | 84,636          | 84,636              |
| 10/1/10             | 9/30/11   | 27,471          | 27,471              |
| 10/1/10             | 9/30/11   | 24,604          | 24,604              |
| 10/1/10             | 9/30/11   | 16,742          | 16,742              |
| 10/1/10             | 9/30/11   | 200             | 200                 |

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For Period Ending September 30, 2011  
(Continued)

| <u>Fund</u> | <u>Grant Type</u>   | <u>Federal<br/>CFDA<br/>Number</u> |
|-------------|---|------------------------------------|
|             | Louisiana Commission on Law Enforcement (pass thru agency): |                                    |
| 132         | Crime Activity Patrol                                       | 16.738                             |
| 132         | Anti-Gang Initiative  | 16.738                             |
| 132         | Command Trailer   | 97.067                             |
|             | Louisiana Highway Safety Commission (pass thru agency):     |                                    |
| 130         | Highway Safety  | 20.607                             |
|             | Louisiana Serve Commission/Dept of Treasury:                |                                    |
| 123         | Americorps 2010-2011 Grant                                  | 94.006                             |
| 123         | Americorps 2011-2012 Grant                                  | 94.006                             |
|             | Total Federal Assistance                                    |                                    |

| Grant Period |         | Grant               | Current             |
|--------------|---------|---------------------|---------------------|
| From         | To      | Receipts            | Expenditures        |
| 10/1/10      | 9/30/11 | 38,284              | 38,284              |
| 10/1/10      | 9/30/11 | 23,207              | 23,207              |
| 10/1/10      | 9/30/11 | 4,601               | 4,601               |
| 10/1/10      | 9/30/11 | 72,611              | 72,611              |
| 10/1/10      | 9/30/11 | 79,172              | 79,172              |
| 10/1/10      | 9/30/11 | <u>4,388</u>        | <u>4,388</u>        |
|              |         | <u>\$ 9,034,216</u> | <u>\$ 9,026,041</u> |

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended September 30, 2011

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

|  |  |
|--|--|
| Type of auditor's report issued:   | Unqualified  |
| Internal control over financial reporting:                                   |  |
| Material weakness identified?  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No            |
| Significant deficiency identified not<br>Considered to be material weakness? | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> None reported |
| Noncompliance material to financial statements<br>noted                      | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No            |

Federal Awards

|   |  |
|---|--|
| Internal control over major programs:   |  |
| Material weakness identified?   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No            |
| Significant deficiency identified not<br>Considered to be material weakness?  | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported |
| Type of auditor's report issued on compliance<br>for major programs:  | Unqualified  |
| Any audit findings disclosed that are required<br>to be reported in accordance with Circular<br>A-133, Section .510(a)? | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> 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                            |
| 66.202                | EPA Water Quality STAG Grant              |

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, 2011

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

11-01        Safeguarding of Inventory

Condition:        It was determined that \$1,476 of scrap metal was misappropriated from the City's Water Division by a city employee. The employee sold the items to a scrap yard who notified the City of the transaction. The items sold were returned and the employee made restitution. The case was investigated by the Lake Charles Police Department and the full results of their investigation were given to the Calcasieu Parish District Attorney's office.

Criteria:        A fundamental objective of internal control includes the safeguarding of assets from misappropriation.

Effect:        Had outside parties not taken appropriate action, the City would have incurred a loss.

Recommendation:    Inventory controls should be improved to guard against future misappropriations.

Response:        The Water Division implemented proper controls involving the safeguarding of inventory. A video surveillance system was installed. New door locks were installed and supervisor authorization is required for disbursements of keys, which improves safety and accountability of all water inventories.

CITY OF LAKE CHARLES, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended September 30, 2011  
(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, 2011

No findings to report.