

CITY OF LAKE CHARLES, LOUISIANA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the  
Fiscal Year Ended  
September 30, 2016



Prepared by  
Department of Finance

**CITY OF LAKE CHARLES**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2016**

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## 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 29, 2017

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, 2016. This report has been prepared by the City's Finance Department in conformity with generally accepted accounting principles (GAAP), and the basic financial statements contained herein have been independently audited in accordance with generally accepted auditing standards. However, the completeness and reliability of all information presented in this report remains the responsibility of the City's management. McElroy, Quirk, and Burch (APC), a firm of licensed certified public accountants, have audited the City of Lake Charles's financial statements. The purpose of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on these financial statements. The independent auditor's report is presented as the first component of the financial section of this report.

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

### City Profile

The City of Lake Charles was incorporated in 1867, and several events are planned throughout 2017 to celebrate the sesquicentennial anniversary. Lake Charles is the principal city and trade center of Southwest Louisiana, which is comprised of a five parish area with a population of 292,619. According to the U. S. Census bureau, Lake Charles' population was 71,993 in 2010. Although the formal census is taken every ten years, the bureau provided an estimated population of 76,070 in July 2015. The corporate limits of the City include 43 square miles. Lake Charles, which is in Calcasieu Parish, is located on Interstate 10, approximately two hours east of Houston, Texas and west of Baton Rouge, Louisiana.

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

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

## TRANSMITTAL LETTER

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

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

### Economic Environment

The Lake Charles area has an economic base that has been dominated by petrochemical manufacturing and refining since the 1940's. Over the last couple of decades Southwest Louisiana has diversified its economy with aerospace and gaming industries. The Port of Lake Charles, a deep water port with a 30-mile ship channel to the Gulf of Mexico, is ranked as the 11<sup>th</sup> busiest port in the Nation based on cargo tonnage, according to the U.S. Army Corp of Engineers' 2014 figures. It is estimated the total number of jobs generated in Louisiana by the Calcasieu Ship Channel is nearly 50,000. Chennault Industrial Airpark and the Lake Charles Regional Airport support a growing aviation industry. Lake Charles is home to McNeese State University and SOWELA Technical Community College. Riverboat Gaming was introduced in 1993 and has provided funding for major capital improvements since that time. Retail businesses within the City provide goods and services to a five parish regional area. Annual art events and over 75 annual festivals provide entertainment to both locals and visitors.

The *Business Climate* report "Southwest Louisiana Economic Development, 2017 Edition" states that SWLA is the nation's fastest growing region for economic growth. Listed are the top reasons to live, work and locate in the area: booming economy, rich resources, strategic location, robust infrastructure, skilled workforce, affordability, culture and climate and world-class recreation.

The SWLA Economic Development Alliance recently summarized the areas economic growth with over \$117 billion in announced projects in the five parish region. To date, over \$43 billion of those announced projects are underway, creating more than 27,000 permanent, direct and indirect jobs.

### **Industrial Projects**

The status of industrial projects underway is described below as obtained from the March 2017 SWLA Project Report of the SWLA Alliance.

- Cheniere Energy in Cameron Parish began world-wide exporting of LNG in the summer of 2016. This \$20 billion project to transport affordable natural gas around the world from Louisiana is well underway at its Sabine Pass Liquefaction Project (LNG). Two of the six trains have been completed. Trains 3 and 4 should be operational within 2017. It is expected to generate 4,500 construction jobs and 580 permanent jobs.
- SASOL Ltd. Construction of an \$11 billion world-scale petrochemical Ethane Cracker Complex in Westlake is 50 percent complete. The project, originally estimated at \$8.9 billion, will triple Sasol's chemical production capacity in the U.S. Sasol has been committed to "Louisiana First", and is hiring Louisiana workers and using local contractors, many from within Calcasieu Parish. Workforce is expected to peak with 5,000-plus construction workers onsite. Operation in some units that are currently under construction will open in early 2019, a year later than planned because of a drop in profits brought on by low oil prices.
- Sempre Energy, a subsidiary of Cameron LNG, broke ground in October 2014 on a \$10 billion, three train natural gas liquefaction and export facility at the company's Cameron LNG terminal in Hackberry. The construction is underway and is on schedule to begin operations in 2017, currently employing approximately 5,500 workers each day.

## TRANSMITTAL LETTER

- Axiall Corporation and Lott Chemical Corporation broke ground in June 2016 on two combined chemical manufacturing projects in Lake Charles that will total \$3 billion. Start-up operations are on schedule and anticipated for the beginning of 2019. Construction jobs are estimated to peak at over 3,000, with present jobs reported to be 800-900 in February 2017. New permanent jobs will be 215 with average annual salaries between \$75,000 and \$87,000, plus benefits.

“The Louisiana Economic Outlook: 2017 and 2018” by Dr. Loren Scott, LSU Professor Emeritus in Economics, includes an update of six LNG export projects which have been announced but construction has not yet begun. In general, he states that these projects are still being planned, permitted and financed but does not anticipate ground breaking before 2018. Listed below are a few of the projects.

- Sasol LNG, in response to lower oil prices and increased expenses of the ethane-cracker plant under construction, Sasol has delayed its final investment decision on a \$14 billion gas-to-liquid facility that is planned at the Westlake site.
- Magnolia LNG plans to build a \$3.5 billion midscale LNG export facility located on the Industrial Canal in Big Lake, consisting of four LNG trains. The project is slated to generate more than 1,000 construction jobs and 70-80 permanent jobs.
- Southern California Telephone and Energy (SCT&E) and Venture Global LNG are both seeking permits to construct large scale LNG export facilities in lower Cameron Parish, with possible investments of \$9.25 billion and \$4.25 billion. A combined job estimate of 3,500 construction jobs and 300 permanent jobs are expected. Construction would take two to three years with plant operations expected by 2021.

### Impact of Growth

The most common complaint heard among citizens is the increase in traffic congestion in both Calcasieu and Cameron parishes. Affordable housing is another major concern amongst citizens. The Southwest Louisiana Task Force for Growth and Opportunity or, GO Group, was established in 2013 to address the issues that community leaders knew would arise with growth of this magnitude. Several impact studies have been completed and three task forces formed: Education and Workforce Development, Public Service Improvements and Growth Planning.

Large temporary housing developments have been proposed and some built to meet the demands of the job growth for this area. However, these have not been popular amongst the local residents. In addition to housing, these projects offer on-site recreation, laundry, and cooking facilities. Most importantly is that they can include transportation services, which are an absolute necessity when you have thousands of workers commuting to the same worksite each day.

New hotels are under construction, many near the casinos. New restaurants and businesses are popping up around town. It was just announced that Lyft, a ride-sharing company, is coming to Lake Charles. Several neighborhood projects are being constructed as well as many new subdivision, multi-family dwellings and apartment complexes. The biggest issue is permanent affordable housing, within the \$175,000 range, for local residents.

Infrastructure improvements are needed for streets, water and wastewater. The City, Parish and State governments are working together on comprehensive plans to address these needs, as well as drainage improvements. The City continues to provide for increased services with staffing levels that have remained constant since 2009.

The Louisiana Workforce Commission report dated March 13, 2017 for January 2017 stated that the Lake Charles area has gained 5,600 jobs over the year and January is the 67<sup>th</sup> consecutive month of an over-the-year increase. The Civilian Labor Force unemployment rate for the Lake Charles MSA was estimated at 4.7 percent for January 2017 compared to 5.3 percent in January 2016. This compares to a statewide unemployment rate of 6.1 percent and the United States unemployment rate of 5.1 percent.

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### Education

Sowela Technical Community College cut the ribbon on the new \$20 million Regional Training Center in November 2016. This facility was planned to meet the specific workforce needs of the industrial employers, such as the SASOL project. Enrollment at Sowela continues to increase each semester.

McNeese State University, located in Lake Charles, maintains a dedication to its core values of academic excellence, student success, fiscal responsibility, and university/community alliances. According to a recent study, in 2015 the university's total annual economic impact statewide was \$407.8 million and \$371.6 million on the Southwest Louisiana region.

### Tourism

Tourism is Southwest Louisiana's second largest economic driver. It is estimated to have brought in \$411.4 million to the local economy in 2016.

Golden Nugget Casino opened their \$700 million complex on Port property adjacent to the L'Auberge Casino in December of 2014. The new casino grew the gaming market, with average monthly gross gaming proceeds of \$21 million per month since its opening. A new \$85 million hotel tower is under construction and will add 300 rooms, bringing the total property's room count to more than 1,000.

L'Auberge Casino which opened in 2005 had monthly gross gaming revenues of \$27.5 million per month in 2016 and recently completed a \$7 million property renovation. Both casinos operate full service, resort-style facilities, with pools, golf courses, restaurants and high-end entertainment on a continual basis. The Calcasieu Gaming District also receives funds from racetrack gaming and an additional riverboat located within the parish. Total taxable gaming proceeds were reduced by two percent in 2016 calendar year compared to 2015.

According to the Southwest Louisiana Convention and Visitors Bureau, SW Louisiana hosts over 75 annual festivals and diversified arts and cultural events. The area also hosts 100 different sporting events annually at its football, soccer and ball fields, basketball courts and golf courses.

### Current and Future Financial Plans

The City's primary operating account, the General Fund, was able to fund \$7 million in wastewater capital projects during fiscal year 2016 by using \$1.3 million in reserves and \$5.7 million of net income generated within the fiscal year. Departmental operational costs across all departments fell \$5 million below budget and accounted for most of the annual gain. The 2016 budget was amended across all funds to provide for a transfer of \$15 million to fund the \$42 million Wastewater Treatment Plant B/C rebuild. The General Fund had an ending fund balance of \$30,025,538 at September 30, 2016, which represents 46.5 percent of 2016 expenditures and operational transfers.

The adopted General Fund Operating Budget for fiscal year 2017 projects an operating surplus \$117,155 but additionally provides for a transfer of accumulated fund balance reserves of \$1,500,000 to be transferred to the Capital Project funds to pay for ongoing improvements to the City's wastewater system basins. Current trends indicate higher than projected sales tax revenue and the budget will be amended to use those as needed.

Three of the City's property tax levies and the 1986 sales tax levy were renewed by voters in November 2016. These taxes combined total \$31.2 million in the 2017 adopted budget. These taxes are used generally to fund city operations, including public safety and public works, employees' salaries; and portions are dedicated to recreation, wastewater and capital projects. Renewal of these taxes was vitally important to the continued operations of the City.

The voters of Lake Charles approved a one-quarter percent (1/4%) sales tax proposition in October 2015. The City had historically collected one-quarter cent less in sales tax than all of Calcasieu Parish incorporated and unincorporated areas. The passage of this tax levels the tax rate for the entire Parish. The current economic growth in the area necessitated increases in the City's pay scales in order to be able to recruit and retain a suitable

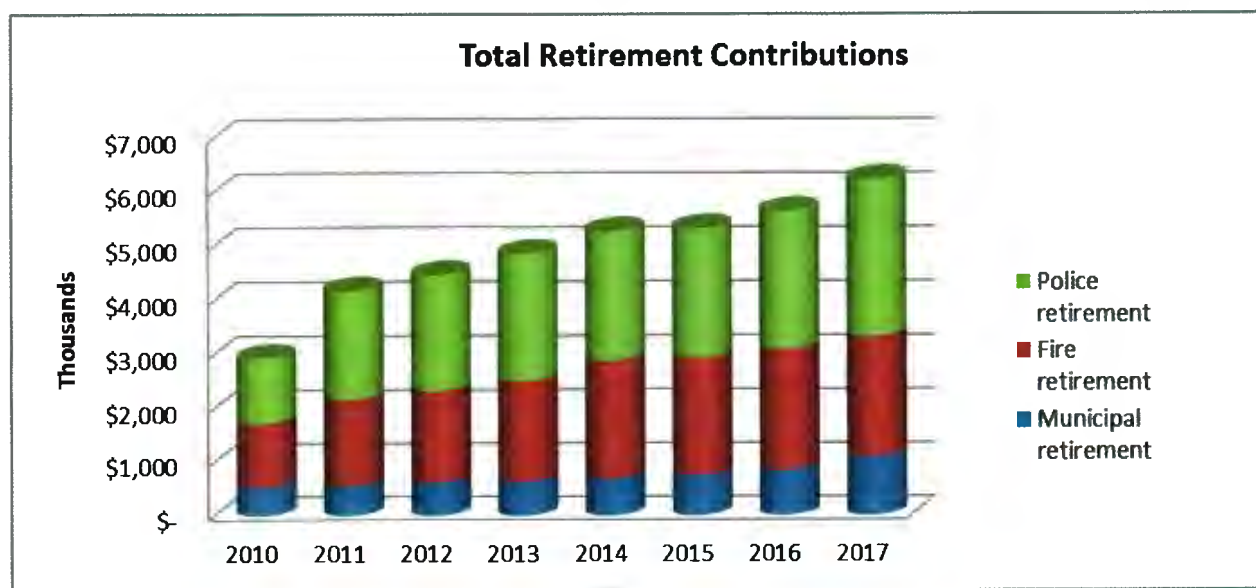
## TRANSMITTAL LETTER

workforce. The additional revenue stream was needed to ensure the long-term affordability of an increase in pay for all employee groups.

All full time City employees received a two percent across the board increase in January 2017. This was in addition to a ten percent increase for fire department personnel and an eight percent increase for all other full time employees in January 2016. The pay increases, and corresponding increase in base pay for all employee groups, was provided for in the 2015 sales tax referendum.

Budgeted salaries and fringe benefits of \$43 million account for 63 percent of the General Fund departmental expenditures. Primarily a result of pay raises, this is an increase of \$4.4 million over last fiscal year's originally adopted budget. Overtime is budgeted at \$2.4 million, with the Fire Department having spent nearly \$1.6 million last fiscal year, and current trends indicate that they will exceed that in 2017.

Retirement contribution rates are set annual by state retirement systems and this expenditure continues to be especially challenging to governmental agencies across the state. Recent notifications from these systems indicate that retirement contribution rates will increase once again in July 2017. The chart below indicates the cost escalation for this expenditure.



Sales taxes are the City's largest revenue source, accounting for 49 percent of all governmental revenue and 64 percent of the General Fund's revenues in 2016. Collections of the new tax levy was effective in January 2016 so therefore only nine months of collections were received, proceeds of which were deposited evenly in the General Fund and the One Quarter Cent Tax Debt Reserve Special Revenue Fund. On a proportional basis for previously collected taxes, the taxes increased by 2.1 percent in fiscal year 2016 compared to an 8.6 percent in fiscal year 2015.

The primary obligation of the 2015 sales tax levy is related to the \$90 million bond issue proposition that was passed in 2006. That proposition authorized a sales tax levy of one-quarter percent, should primary revenues fail to meet debt service requirements. Because of that obligation, no less than 25 percent of sales tax funds collected each year will be deposited into a bond reserve fund and held to secure the primary obligation of the bond repayments. If the funds are not needed in the current year, they would be available for appropriations in the following fiscal year for capital improvements. Sales taxes of \$2.3 million collected in 2016 are budgeted to be transferred in 2017 to the Capital Project Fund.

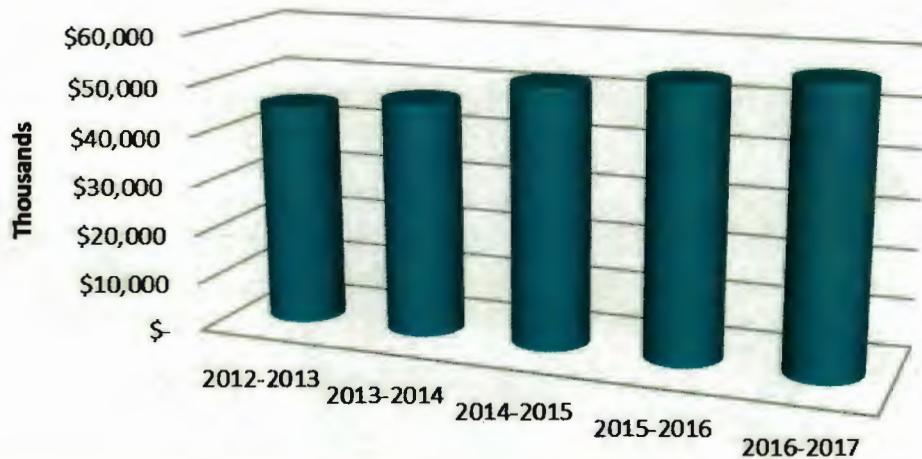
The graph below captures the total sales tax revenue collected for March through February for each of the last five years. For comparison purposes, the new tax levy is not included in the table below. The trend for the nine month



## TRANSMITTAL LETTER

period from July 2016 through February 2017 indicates that City revenues have increased by 3.5 percent over the same period last year.

### 12 Months Total Sales Tax Collections: March through February



The State of Louisiana's budget continues to be negatively affected by low oil prices. Legislative special sessions have taken place to address forecasted revenue shortfalls in the current fiscal year as well as addressing next fiscal year's budget. Last spring the state levied an additional one cent sales and use tax effective April 1, 2016 through June 30, 2018, which resulted in a parish-wide sales tax rate of 10.75% for Calcasieu Parish. Measures such as this are temporary and insufficient to fill the budget gap. No doubt, tough decisions need to be made in Baton Rouge this year, with additional tax reform measures as well as reductions in state spending.

#### Capital Improvements:

The City has issued \$75 million in bonds for Phase 1 and 2 of the \$90 million capital improvement plan that was approved by Lake Charles voters. The City does not currently have any plans to issue the remaining \$15 million in authorized bonds. The City has applied for and received approval for a \$15 million DEQ Revolving Loan that would be used for additional improvements to the wastewater system.

Sales tax revenues not needed to repay the bonded debt, combined with gaming revenues and use of accumulated reserves will be used to fund projects totaling \$32 million in the 2017 adopted Capital Budget. Below are highlights of current capital improvement projects, as of the date of this report:

#### Recently completed projects from City capital funds, unless otherwise stated:

- Theriot, North Booker, North Adams and Woodard Streets - \$1.1 million City Capital Funds
- 1<sup>st</sup> Avenue Reconstruction - \$1.1 million CDBG and City Capital Funds
- City Wide Asphalt Overlays 2015 - \$1.45 million City capital funds
- Various road, sidewalk and drainage projects - \$3 million (Ryan Streetscape Phase 2, City Wide Striping, Bank & 7<sup>th</sup> Street, 10<sup>th</sup> Street Drainage)

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- Lift Station Improvements - \$5 million City Capital Funds, Parish contributions and developer donated, (Cleveland, Pecan Acres, Blake, Comeaux, Greinwich Village and Griffin Coulee, Contraband).
- Various Utility (water and sewer) projects – \$3.7 million (WWTP Basins, Small Bayou Sewer, Lake Street and Ham Reid Water Looping)
- Other Governmental Projects - \$1.3 million City Capital and State FP&C funds (Riverside Park Phase 2)

### Currently in design phase or under construction:

- Wastewater system improvements: The City has recently entered into a construction contract for a \$42 million wastewater treatment facility at the current Plant B/C location. In addition to various City funding sources, DEQ State Revolving Loan and Priority 1 State Capital Outlay funds will be used. Additional State Capital Outlay funds have been requested. The City is also currently applying for an additional DEQ loan.
- Various drainage projects – \$3.8 million (5<sup>th</sup> Avenue Drainage, Fairway & Muirfield Drainage, South Roosevelt Street Drainage, Division Street Drainage, Open Lateral Maintenance, Other area improvements)
- 6<sup>th</sup> Avenue Paving and Drainage - \$2.4 million City Capital Funds
- 1<sup>st</sup> Ave Multi-Use Trail – \$1 million DOTD, FHWA, Recreational Trails and City Capital Funds
- Highway 385 multi-use trail (Clarence Street – Ryan to Lakeshore) - \$1.4 million DOTD and City Capital Funds
- W. Prien Lake Road Relocation (Alternate 5) - \$2.8 million Parish and City Capital Funds
- Lake Street (McNeese intersection) - \$1.8 million City Capital Funds
- Prien Lake Road - Cove Lane to Ihles Road and Ihles Road south to Country Club is currently under review. City, Parish and State Capital Outlay funds will be used.
- Sallier Street – Bond, City capital and Parish Transportation funds
- 5<sup>th</sup> Avenue Sewer - \$1.7 million City Capital and Bond Funds
- Power Center Parkway Sewer - \$2.5 million City Capital Funds
- WWTP Basin Rehabilitation - \$3 million City Capital Funds
- Lift Station Improvements - \$1.5 million City Capital Funds
- Various Utility (water and sewer projects) - \$1.6 million City Capital Funds (Trunkline Rehabilitation, Nelson Road Sewer, W. Prien Utility Extension)
- Various road and sidewalk projects - \$3.2 million (Sally Mae Street, Highway Street, 3<sup>rd</sup> Ave Sidewalks, Comeaux Street, Kirkman & Opelousas Intersection, W. McNeese Sidewalks, Interstate Corridor Beautification)
- City Wide Asphalt Overlays 2016 (Under Design) - \$1.25M City Capital Funds
- Water Plant Improvements - \$4.1 million City Water Funds (GH West G12 Well, SW Ground Storage Tank)

## TRANSMITTAL LETTER

### Long-term financial planning:

The fund balance in the General Fund is \$30 million which represents 42.5 percent of the 2016 budgeted expenditures and non-capital transfers. It is the City's policy to maintain a 30 percent minimum fund balance target for the General Fund.

Annually the City completes a five year capital improvement plan. This serves as the basis for budgeting and planning the future of the City's capital assets. The Planning Department studies infrastructure needs for Lake Charles and the surrounding areas beyond the required five year plan.

### 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, 2015. The City also received this award for its reports of the preceding thirty-one years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. Such reports must satisfy both GAAP and applicable legal requirements.

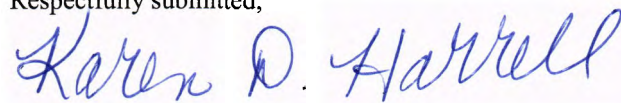
A Certificate of Achievement is valid for one year only. We believe our current report continues to meet Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

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

I wish to acknowledge Mayor Roach for his dedication and support of efficient and effective financial management during his 17 years in office. The City will elect a new mayor in April 2017.

The current City Council members have also been fiscally responsible in decisions affecting all areas of City government. Their current terms end on June 30, 2017. Three council members will remain in office. Four council districts have run-off elections scheduled for April. The City staff thanks each of them for their dedication and service.

Respectfully submitted,



Karen D. Harrell  
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Lake Charles  
Louisiana**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

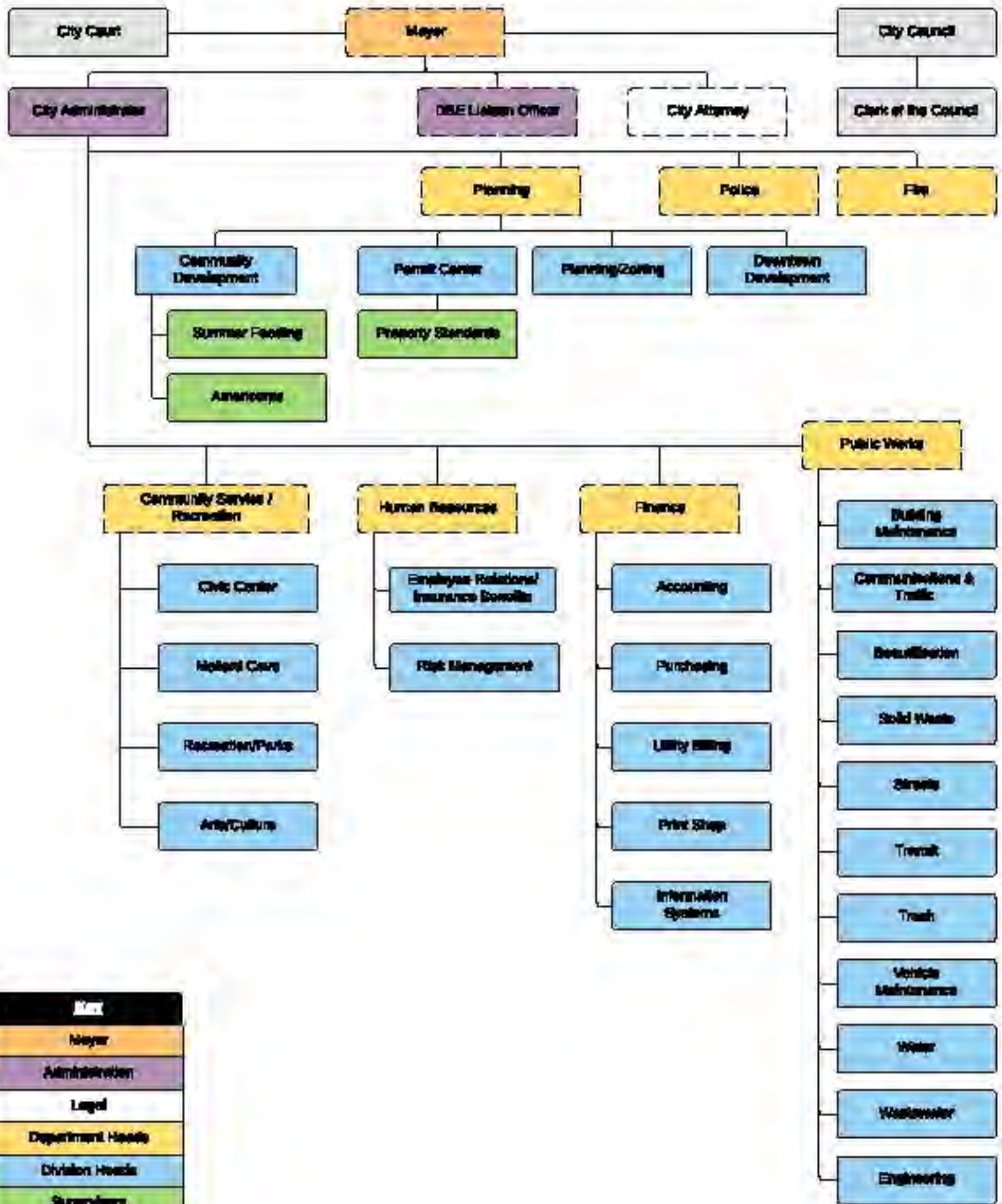
**September 30, 2015**

Executive Director/CEO

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# City of Lake Charles Organization Chart



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**CITY OF LAKE CHARLES  
2016-2017 ANNUAL BUDGET**

**ELECTED CITY OFFICIALS**

	<u>PRESENT TERM BEGINS</u>	<u>PRESENT TERM EXPIRES</u>	<u>BEGAN AS MEMBER</u>
<u>MAYOR</u>			
Randy Roach	July 1, 2013	June 30, 2017	May 2000

<u>CITY COUNCIL</u>			
Rodney Geyen, President	July 1, 2013	June 30, 2017	July 1997
John Ieyoub, Vice-President	July 1, 2013	June 30, 2017	July 2009
Stuart Weatherford	July 1, 2013	June 30, 2017	July 2005
Luvertha August	July 1, 2013	June 30, 2017	January 2008
Mark Eckard	July 1, 2013	June 30, 2017	July 2009
Mary Morris	July 1, 2013	June 30, 2017	July 2013
Dana Carl Jackson	July 1, 2013	June 30, 2017	July 2005

<u>CITY JUDGES</u>			
Jamie B. Bice	January 1, 2015	December 31, 2020	January 1, 2015
John S. Hood	January 1, 2015	December 31, 2020	January 1, 1985

<u>WARD 3 MARSHAL</u>			
Joseph Alcede III	January 1, 2015	December 31, 2020	November 16, 2004



**CITY OF LAKE CHARLES  
2016-2017 ANNUAL BUDGET**

**DEPARTMENT HEADS**

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

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City Court of Lake Charles or the Office of the Ward Three Marshal, which represent 0.6 percent, 0.8 percent and 1.3 percent, respectively, of the assets, net position and revenues of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City Court of Lake Charles and the Office of the Ward Three Marshal, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and other postemployment benefits – schedule of funding progress, schedule of employer's proportionate share of net pension liability, and schedule of employer's pension contributions, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2017, on our consideration of the City of Lake Charles, Louisiana's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Lake Charles, Louisiana's internal control over financial reporting and compliance.

*Ms Elroy, Quirk + Burch*

Lake Charles, Louisiana  
March 29, 2017

## **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, 2016, and accompanies the basic financial statements beginning on page 31 of this report. The transmittal letter on pages 1 - 8 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 total net position at the end of fiscal year 2016 was \$461 million, compared to the September 30, 2015 balance of \$432 million. Per the Statement of Activities, total Governmental and Business-Type Activities revenues of \$142 million were used to cover total expenses of \$114 million, primarily public safety and public works related activities.
- Total revenue from both governmental and business-type activities was \$142 million, which was an increase of 5 percent from the previous year total of \$135 million. Sales tax revenues increased by \$5.7 million in 2016 from the prior year, with \$4.5 million collected from the levy of an additional one-quarter cent levy effective January 2016. The sales tax collections of \$60.6 million account for 42.5 percent of total revenues. Property taxes of \$10 million represent an increase of 11 percent from \$9 million in the previous year due additional property being added to the tax rolls in 2015.
- In the fund financial statements, total governmental fund balances were increased by \$8.8 million in 2016 to \$143 million. As in the previous year, the Capital Project Fund accounted for the largest increase of reserves. However, most of the accumulation in the current year is related to transfers of reserves from other funds to provide funding for a \$42 million wastewater treatment plant which is currently under construction. The transfer of these funds resulted in reduction of fund balances in the General, Wastewater, and Riverboat Funds.
- The 2016 governmental fund revenues of \$122 million are an increase of 6.8 percent above the \$114 million collected in 2015. This increase is primarily due to additional tax revenue, as mentioned above.
- Governmental fund expenditures totaled \$117 million in 2016 and are an increase of 4.7 percent from the \$112 million spent in 2015. A pay increase of 10 percent for all employees of the Fire Department was effective January 1, 2016. Most other City employees received an 8 percent pay increase, also effective January 1, 2016. Expenses of \$33 million for capital project in 2016 more than doubled the \$14 million spent in 2015 due to the expenses of the treatment plant. The decline in debt service payments from \$25 million in 2015 compared to \$8.5 million in 2016 reflects the 2015 principal payment of refunded bonds.
- The General Fund transferred \$7 million in reserves to the Capital Project Funds for wastewater projects during 2016; however, operating revenues exceeded operating expenditures and resulted in a total fund balance reduction of only \$1.3 million from the previous fiscal year. The ending fund balance was \$30 million at September 30, 2016; \$31.3 million at the end of fiscal year 2015.

### **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:

## MANAGEMENT'S DISCUSSION AND ANALYSIS

- The Statement of Net Position is roughly equivalent to a private business balance sheet, summarizing all of the City's assets and liabilities and reporting the difference between the two as "net position." Changes in net position over time may provide an indication of either an improving or declining financial position.
- The Statement of Activities is an organization-wide operating statement which accounts for changes in fund net position during the City's 2016 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 32 - 33 of this report are a result of the financial reporting model established by Governmental Accounting Standards Board Statement No. 34. These statements also distinguish governmental activities, which are those city functions principally supported by taxes and intergovernmental revenues from business-type activities which are intended to recover a significant portion of their costs through user fees and charges. The City's governmental activities include such functions as public safety (fire and police) and public works (principally streets, sanitation and sewerage), while its business-type activities consist of a civic center, golf course, transit system, and water utility.

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

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

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

The City maintains twelve individual governmental funds, five of which are classified as major. Budget to actual statements for three funds are separately displayed in the Required Supplemental Information section beginning on page 91 of this report. There are eight special revenue funds with are aggregated into a single display on those statements but are individually presented in the combining statements referred to below.

The proprietary fund financial statements cover business-type activities in which external customers are charged for services, as well as internal service activities funded by charges to other city funds and operating units. The enterprise fund category in these statements corresponds to the business-type activities reported in the government-wide statements. The internal service category consists of two funds which account for risk financing and employee group medical benefits. All proprietary fund statements are reported on the accrual basis of accounting as used in the government-wide statements and in private-sector business.

3. Notes to the financial statements provide additional information and explanation necessary for full understanding of the government-wide and fund financial statements and are presented on pages 46 - 90 of this report.
4. Required Supplemental Information is included with information related to OPEB, Net Pension Liability and budget to actual schedules for the major governmental funds.
5. Other information, consisting of the combining statements for the eight non-major governmental funds and two internal service funds, is presented immediately following the notes to the financial statements.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

6. The statistical section contains primarily trend data and non-financial information about the City's various activities.

### City-wide Financial Analysis

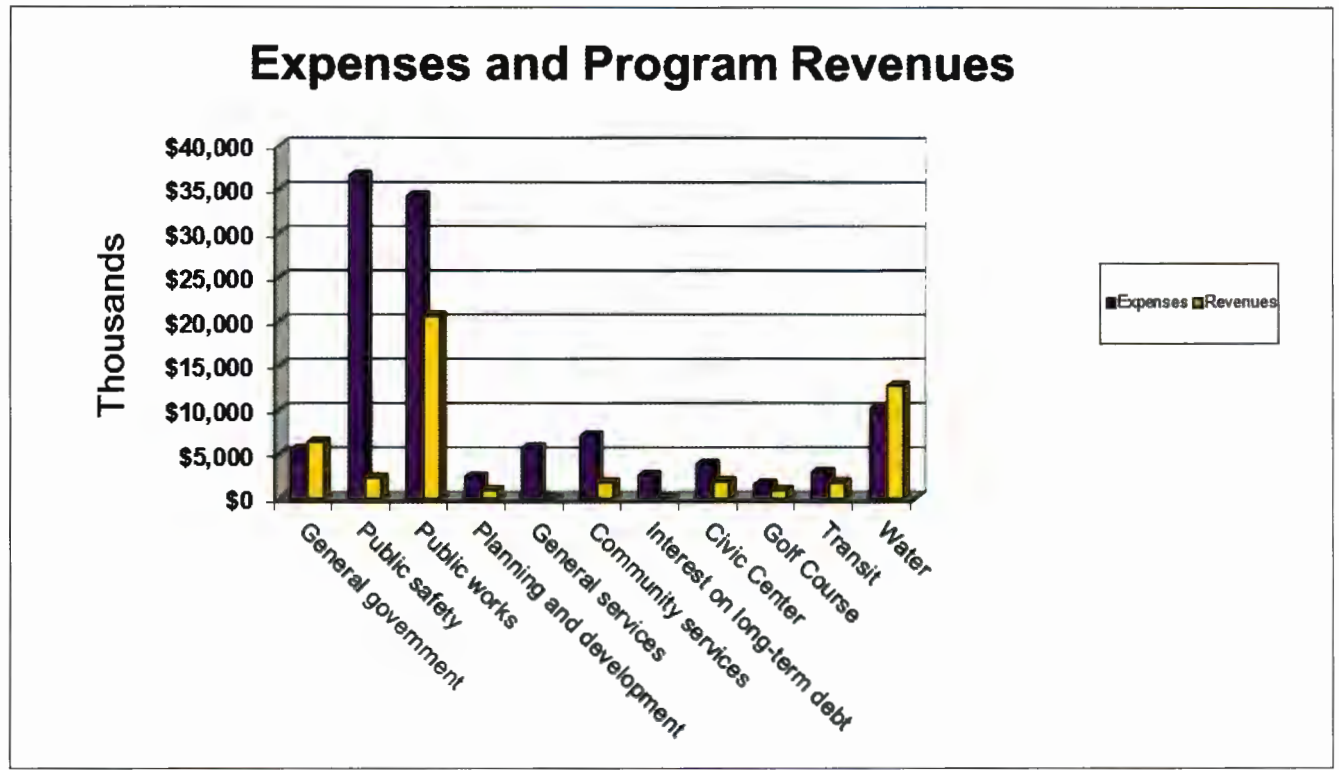
As shown on the government-wide financial statements, the City's net position at the end of 2016 was \$461,218,175, with 71 percent of this total consisting of capital assets, i.e., physical plant, equipment, and infrastructure, less related outstanding debt. An additional 7 percent of the net position is externally restricted by law or contract, leaving 22 percent as unrestricted net position which is generally available for use at the City's discretion. Year-end assets, liabilities, and net position are summarized below. It should be noted that the investment in capital assets is not available as a financial resource for payment of related debt, other liabilities, or future costs, which will require the use of either existing financial resources or future revenues. Also note that capital assets are reported net of accumulated depreciation and that the infrastructure portion of these reported assets includes only those projects completed since 1975.

<b>NET POSITION</b>						
<b>(in thousands)</b>						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 174,061	\$ 162,222	\$ 30,129	\$ 27,305	\$ 204,190	\$ 189,527
Capital assets	338,659	318,325	68,622	69,095	407,281	387,420
Total assets	512,720	480,547	98,751	96,400	611,471	576,947
Deferred outflows of resources	18,897	10,349	1,429	866	20,326	11,215
Long-term liabilities	140,776	130,302	4,915	4,000	145,691	134,302
Current and other liabilities	19,220	15,799	2,409	2,013	21,629	17,812
Total liabilities	159,996	146,101	7,324	6,013	167,320	152,114
Deferred inflows of resources	3,191	3,468	68	109	3,259	3,577
Net position:						
Net investment in capital assets	259,977	243,940	68,622	69,095	328,599	313,035
Restricted	31,273	24,595	-	-	31,273	24,595
Unrestricted	77,180	72,792	24,166	22,049	101,346	94,841
Total net position	\$ 368,430	\$ 341,327	\$ 92,788	\$ 91,144	\$ 461,218	\$ 432,471

Total net position of \$461,218,175 is an increase of \$28,746,574 or 6.6 percent from the 2015 net position of \$432,471,601. The change in net position for governmental activities was an 8 percent increase, while business-type activities experienced a 1.8 percent increase. Explanations of the changes are outlined in the pertinent sections below.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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



On an overall basis, the City's total costs in 2016 were \$94.7 million for governmental activities and \$18.9 million for business-type activities. The portions not covered by program revenues, or net costs funded by taxes and other general revenues, were \$62 million for governmental activities. The public safety function (fire and police) historically accounts for the largest share of net cost, with \$34 million in excess expenses over program revenues during 2016. Total expenses of \$114 million are a 5 percent increase over 2015 expenses of \$108 million.

The City's total revenue for 2016 was \$142 million, a 5 percent increase from 2015 revenues of \$135 million. Sales tax revenue for the Governmental Activities increased by \$5.7 million or 10 percent primarily due to an additional one-quarter cent sales tax levy. Capital grants and contributions increase of \$2.3 million is related to funding for the wastewater treatment plant.

The Statement of Activities for 2016 categorizes the City's revenues as either program revenues, which are service charges or grants and contributions for specific governmental or business-type functions, or general revenues which include most taxes and other revenue sources of a government-wide nature.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

Major components of program and general revenues, together with total expenses and the resulting change in net position, are summarized below for the 2016 fiscal year.

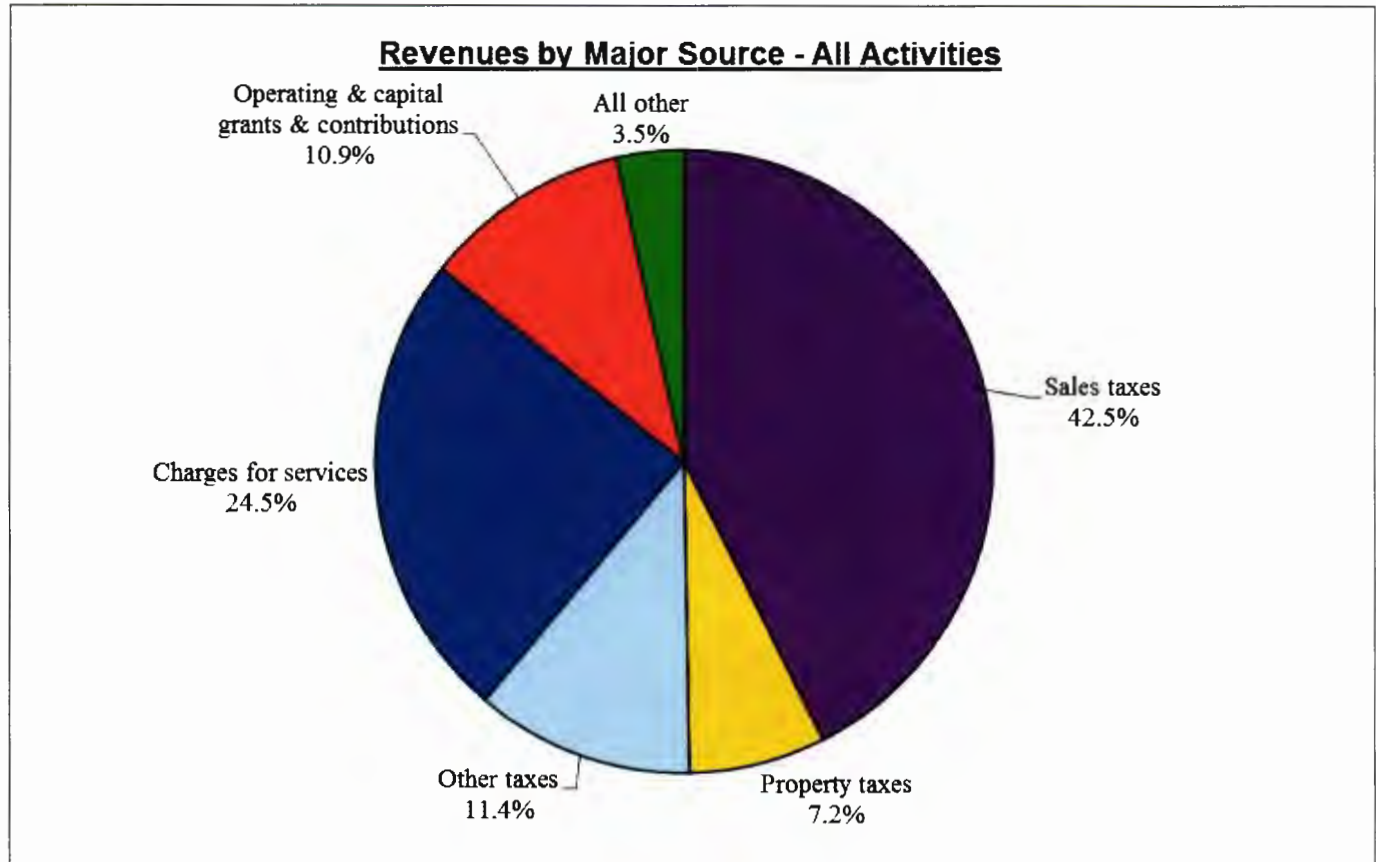
<b>CHANGES IN NET POSITION</b>						
(in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program revenues:						
Charges for services	\$ 20,187	\$ 19,934	\$ 14,621	\$ 14,885	\$ 34,808	\$ 34,819
Operating grants & contributions	4,002	4,676	2,835	2,304	6,837	6,980
Capital grants & contributions	8,347	5,517	267	801	8,614	6,318
General revenues:						
Property taxes	10,217	9,164	-	-	10,217	9,164
Sales taxes	60,570	54,786	-	-	60,570	54,786
Utility franchise taxes	5,473	5,737	-	-	5,473	5,737
Riverboat gaming taxes	10,800	11,054	-	-	10,800	11,054
Other general revenues	4,758	5,868	275	340	5,033	6,208
Total revenues	124,354	116,736	17,998	18,330	142,352	135,066
Expenses:						
General government	5,613	5,316	-	-	5,613	5,316
Public safety	36,589	33,402	-	-	36,589	33,402
Public works	34,279	32,980	-	-	34,279	32,980
Planning and development	2,521	2,672	-	-	2,521	2,672
General services	5,839	6,021	-	-	5,839	6,021
Community services	7,191	6,668	-	-	7,191	6,668
Interest in long-term debt	2,704	3,139	-	-	2,704	3,139
Civic Center	-	-	3,949	3,365	3,949	3,365
Golf Course	-	-	1,680	1,649	1,680	1,649
Transit	-	-	3,067	2,918	3,067	2,918
Water	-	-	10,174	9,890	10,174	9,890
Total expenses	94,736	90,198	18,870	17,822	113,606	108,020
Excess before transfers	29,618	26,538	(872)	508	28,746	27,046
Transfers	(2,516)	(2,349)	2,516	2,349	-	-
Increase (decrease) net position	27,102	24,189	1,644	2,857	28,746	27,046
Net position - beginning	341,328	317,139	91,144	88,287	432,472	405,426
Net position - ending	\$ 368,430	\$ 341,328	\$ 92,788	\$ 91,144	\$ 461,218	\$ 432,472

As indicated by the above table and the following chart, sales taxes are the City's largest single revenue source, accounting for 42.5 percent of all government-wide revenue in 2016. Collections of \$60.6 million are an increase of \$5.7 million from 2015. The City's collection of an additional one-quarter cent sales tax in January 2016 amounted to \$4.6 million in new revenue and accounts for most of the increase. A comparison of previously existing tax levies indicates taxes increased by only 2 percent. The current trend for the past 9 month's collections indicates an increase of 3.7 percent when compared to the actual collections for the same 9 month period in 2016.

The capital grant and contribution funds reflect an increase of \$2 million in 2016 and are due to state funding for various projects, such as the wastewater treatment plant. The 2015 governmental activities revenue included funding from state DOTD and HUD Disaster Recovery Funds for infrastructure projects.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Property taxes account for 7.2 percent of total revenues and increased by 11 percent in 2016. Gaming tax revenue accounts for 7.6 percent of total revenues. The City of Lake Charles and the Calcasieu Parish Police Jury created the Calcasieu Parish Gaming Revenue District and in April 2007 entered into a cooperative endeavor agreement to pool most gaming revenues received parish-wide. Revenues for fiscal year 2016 were decreased by 2 percent compared to 2015 collections. The Golden Nugget Casino opened in December of 2014 and has grown the Lake Area's gaming market but revenues have stabilized and current trends show flat revenue growth.



Total expenses increased by 5 percent to \$113.6 million compared to \$108 million in 2015. A portion of the increase is due to the expense related to the change in net pension liability, which was \$4 million in 2016 compared to \$1.4 million in 2015. The public safety category reflects the largest categorical increase of \$3.2 million and reflect an increase in salaries and fringe benefits in the fund statements but also included in the government-wide statements is spending for capital improvements, increased depreciation expenses and the changes in net pension liability.

### Analysis of Fund Financial Statements

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

The City's governmental funds had a combined fund balance of \$143,316,156 at the end of fiscal year 2016, an increase of \$8.8 million from fiscal year 2015. Transfer of reserves from the General, Wastewater, Riverboat and Facility Renewal Fund to the Capital Project Fund for the Wastewater Treatment plant totaled \$18.6 million and resulted in reduction of fund balance in each of those funds but an increase to the Capital Project Fund reserves.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The ending fund balance of \$30 million in the General Fund compares \$31.3 million in 2015 and reflects the transfer of funds for capital improvements. The Capital Project Fund had a \$17 million increase of fund balance as funds were accumulated for a new wastewater treatment facility, however, most of those funds will be spent in the current fiscal year.

The City's proprietary funds' net position increased from \$91,144,031 in 2015 to \$92,787,941. The Water Fund's net position increased by \$2.8 million as the City continues to accumulate funds for future capital improvements and expansions to the City's water system.

### General Fund Summary

The General Fund is the City's principal operating fund, accounting for nearly half of all revenue received by the City and 57 percent of revenue for all governmental funds.

The City's operating budget was amended during the 2016 fiscal year to include the collection of the additional quarter-cent sales tax that was approved by voters in October 2015 and levied beginning January 1, 2016. The collection of those funds was split evenly between the General Fund and the Debt Reserve Fund for the 2016 Tax. The expenditure side was increased to cover the cost of the pay increase which was given to all employees as provided for in the tax referendum, resulting in higher salaries and fringe benefit costs. The General Fund was also amended to allow for a transfer of \$4.5 million in fund balance reserves to the Capital Project Fund for the WWTP.

The amended budget projected a \$331,000 deficit between operating revenues and expenditures and transfers, with an additional \$7 million of reserves being used for capital transfers. However, operating expenditures were \$5.3 million below budget so the resulting reduction in fund balance for the year was \$1.3 million. As in previous years, most of the reduction was in the Public Works Department which spent \$1.9 million less than the amended budget. This year the Fire and Police Departments combined savings were \$1.9 million less than the amended budget. Most of these savings are a result of continual vacant positions, but equipment costs were also less than budgeted, as \$700,000 in equipment was not delivered by the September deadline and will be reappropriated in 2017. City departments continue to work with the administration to curtail costs in most areas in order to offset increases that are not as controllable, such as retirement contributions.

The General Fund revenues of \$70,147,962 were an increase of \$3,879,921 or 5.8 percent over fiscal year 2015 collections of \$66,268,041. Included in the increase is \$2,286,279 in new revenue from an additional quarter-cent sales tax levy that became effective January 1, 2016. Previously existing sales taxes increased by two percent. Total sales tax revenues of \$45 million accounts for 64 percent of all General Fund revenues. Property taxes increased by \$952 thousand or 11 percent to \$9 million due to increased property values for new construction.

Actual General Fund operating expenditures of \$59,913,041 were an increase of 5.2 percent over prior year expenditures of \$56,945,507. Salaries of \$24.9 million accounts for nearly 42 percent of total expenditures and were up \$1.8 million or 7.8 percent from prior year. As a result of the October 2015 election, the City implemented a new pay plan effective January 1, 2016. All Fire Department personnel received a ten percent across the board increase and all other employees received an eight percent across the board pay increase. This is in addition to the two percent longevity pay for eligible employees. Entry level pay for all firemen was increased by ten percent and police officers' pay was increased by eight percent. Starting pay for non-public safety positions was also increased by 8 percent. This follows a two percent across the board increase given to all employees on January 1, 2015.

Overtime increased to \$3 million in 2016 compared to \$2.8 million in 2015, primarily in the Police Department. For most of the fiscal year, retirement contribution rates were 27.25 percent for the Fire Department and 29.5 percent for the Police Department. Contribution expenses for all retirement systems went from \$2.9 million in 2010 to \$5.57 million in the 2016 fiscal year and \$5.33 million in 2015. Contribution rates for all systems will increase again, effective July 1, 2017. The City has maintained a constant staffing level since 2011.

The General Fund had operating transfers of \$4.5 million included in both fiscal years 2015 and 2016 which were necessary to subsidize the grant funds and the proprietary funds. Fiscal year 2015 included a transfer of \$800,000 to the Capital Project Fund and \$2,129,606 to Risk Management Fund for the police supplemental pay lawsuit. This was the first time since 2009 that the General Fund had excess funds available for capital outlay.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The original adopted budget included a transfer of \$2.5 million in reserves to the Capital Project Fund to pay for a sewer basin cleanout program that is necessary due to an EPA compliance order. It is the intention to fund this program each year from the General Fund. In December 2015, the City amended the budget provide \$15,775,000 additional authorizations for the Wastewater Treatment Plant. Of those funds, \$4.5 million were transferred from the General Fund.

In summary, operating revenues exceeded operational expenditures and transfers by \$5.7 million but capital transfer of \$7 million resulted in a reduction of \$1,347,839 in fund balance. The General Fund's ending balance in 2016 was \$30,025,538, which represents 42 percent of total expenditures and all transfers made from the fund that year. The amount at 2015 fiscal year end was \$31,373,377.

### Other Major Fund Summary

The riverboat taxes recorded in the Riverboat Gaming Special Revenue Fund decreased this year to \$10.8 million compared to \$11 million in 2015. Golden Nugget Casino opened in December 2014 and increased the gaming market, although the current trend does reflect a slight downturn from the initial increase. Revenues in previous years had exceeded transfers and had resulted in fund balance reserves of \$4.1 million at the end of 2015. As in the General Fund, the December 2015 budget amendment drew from the reserves of this fund for the Wastewater Treatment Plant. An additional \$2 million was transferred to the Capital Project Fund, resulting in a \$3 million use of fund balance for the year, leaving an ending fund balance of \$1.1 million.

The Wastewater Special Revenue Fund revenues were \$17 million in both fiscal years 2016 and 2015 with sewer user fees slightly reduced from the prior year. Sewer fee rates have not increased since fiscal year 2014, which was the final year of a rate structure increase that was approved in 2010. Sales taxes of 16 percent of one cent are dedicated to wastewater and increased by 2 percent to \$3.9 million. Operating expenses of \$9.4 million is an increase of 4.5 percent from \$9 million in 2015.

Wastewater funds are transferred each year to the Capital Project Fund and to debt service funds to pay for debt service obligations. The transfer to the Capital Project Fund is used for infrastructure improvements to the wastewater system. Needed expansions and improvements were considered when the rate structure was adopted in 2009 so therefore the revenues collected are sufficient to fund the transfers. The 2016 adopted budget included a transfer of \$6.5 million for capital improvements. However, the budget was amended to utilize an additional \$3 million of fund balance reserves for the rebuilding of Plant B/C. Total transfers in 2016 were \$13 million. The transfers in 2015 were \$7.3 million; both years transfers included \$3.5 million for debt. Construction of the \$42 million Wastewater Treatment Plant B/C is well underway with more than \$28 million paid to date. Fund balance reserves from 2015 of \$8.1 million were reduced by \$4.8 million in 2016 to \$3.3 million.

The Debt Service Fund expenditures and other financing sources in 2015 reflected the transactions of a bond refunding for a portion of the Public Improvement Bonds originally issued in 2007. In December 2014, \$14,995,000 of the 2007 Public Improvement Bonds were refunded, with additional bond proceeds used to cover costs of issuance and future interest costs. Principal and interest expenses in 2016 of \$8.7 million should remain consistent for the next several years. Transfers of \$9 million into the debt service funds come primarily from the Wastewater, Gaming and Capital Project funds. The City continues to draw down funds from the 2011 DEQ loan as needed for sewer plant improvements; the first principal payments were due in the 2013 fiscal year.

The Capital Projects Fund expenditures of \$33 million account for 28 percent of all governmental fund expenditures and compares to \$14 million in 2015. The increase is attributable to \$14 million which was paid in 2016 for the ongoing construction of the wastewater treatment plant. The transfers of \$29 million includes \$18.6 million as previously discussed and are from the General, Riverboat Gaming, Wastewater and other special revenue funds and are being spent primarily for the wastewater treatment plant. Although fund balance was increased by \$17 million to \$93 million, a portion of those funds will be spent on the plant in this fiscal year.

The business-type activities revenues of \$15 million are unchanged from fiscal year 2015. Operating expenses, less depreciation, increased by \$800,000 over previous year due to increase in pay. Total net position increased by \$1.6

## MANAGEMENT'S DISCUSSION AND ANALYSIS

million from the prior year. While the Water Fund had an increase of \$2.8 million and continues to build reserves for a new water plant, the Civic Center had a net loss of \$1.2 million, which equals depreciation expense.

### Capital Assets

The City's total investment in capital assets of \$407 million, net of accumulated depreciation at the end of the 2016 fiscal year was an increase of 5 percent from \$387 million at the end of 2015. The increase of \$33 million in completed capital assets includes wastewater system improvements and the Sale Road bridge project, much of which were included as work in progress in fiscal year 2015. The \$35 million of construction in progress in 2016 includes \$16.5 million for the new wastewater treatment plant.

Capital Assets in the Business-type Activities decreased by \$473,000 as additional assets were less than additional accumulated depreciation. The construction in progress of \$1.9 million is primarily for water system improvements.

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

As of September 30, 2016, the City has spent most of the funds. Four of the five specific local road projects named in the bond issue have been completed to date. Remaining bond funds will be used primarily on the Sallier Street project which is currently under design review. The bond referendum included \$15 million for matching fund for improvements to state roads; however this category of bond funds were not issued due to lack of state funding.

Major completed capital projects during the current year included \$6 million for Sale Street Bridge, (80 percent DOTD funding) \$5.6 million in wastewater system improvements, \$1.6 million in drainage and sidewalks projects and \$2.5 million in street improvements in the Governmental Activities. Changes in the Business-type activities include \$569,000 for new seating in the Civic Center coliseum.

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

- Wastewater system improvements account for \$25 million in construction in progress, including Wastewater Treatment Plant B/C construction of \$16.5 million; Plant A basin project \$2.2 million, \$2.3 million for Contraband Lift Station and force main reconstruction;
- Various street projects under construction total \$4.4 million;
- Riverside Park improvements of \$1.3 million and \$446,200 for First Avenue Walking Trail.

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).

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Net Investment in Capital Assets as of September 30, 2016 (net of depreciation, in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 16,180	\$ 15,890	\$ 2,105	\$ 2,105	\$ 18,285	\$ 17,995
Construction in progress	33,326	29,806	1,939	184	35,265	29,990
Buildings	28,959	30,805	5,994	6,187	34,953	36,992
Improvements other than buildings	40,171	33,484	54,956	57,410	95,127	90,894
Equipment	12,015	11,115	3,628	3,209	15,643	14,324
Infrastructure	208,008	197,225	-	-	208,008	197,225
Total	<u>\$ 338,659</u>	<u>\$ 318,325</u>	<u>\$ 68,622</u>	<u>\$ 69,095</u>	<u>\$ 407,281</u>	<u>\$ 387,420</u>

### Debt Administration

As of September 30, 2015, the City's Governmental Activities reported \$140 million in non-current liabilities compared to \$130 million in the previous year. GASB 68 was implemented in 2015 and net pension liabilities of \$64 million in 2016 are an increase of \$10 million compared to the end of fiscal year 2015. All other liabilities remain constant. Bonded debt of \$62 million is payable from future annual appropriations. Approximately 91 percent of the outstanding bond principal is due within ten years.

The City has no outstanding general obligation debt to which a bond rating can be assigned. All outstanding bond issues are insured and therefore rated 'AAA' by Standard and Poor's.

The City underwent a formal bond rating process in 2007. They received a rating of 'A+' from Fitch and a rating of 'A' from Standard and Poor's. The 2007 LCDA bond issue of \$35 million had the afore mentioned underlying rating but is insured so was therefore sold with a rating of 'AAA'. The latest review by Fitch in September of 2016 rated the bonds at AA- with a Stable Outlook. Fitch also affirmed the City's Long-Term Default Rating at 'AA'.

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

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

The City refunded \$20 million in variable rate bonds in October 2009. At that time, the City requested a rating from Standard and Poor's and was upgraded to a rating of 'A+'. The bonds, in the amount of \$17,735,000, were insured and were sold with a rating of 'AAA'. The sewer user fees of the Wastewater Special Revenue Fund are used to repay this debt. In September 2014, Standards and Poor's raised the City's bond rating to 'AA-' from 'A+' due to "strong budget performance."

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

The City is currently posturing itself to refund portions of the above bonded debt should market conditions present favorable net present savings. The matter will be before the State Bond Commission in April or May of this year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Lake Charles was approved in 2011 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 fiscal year 2016, the City had received \$12,884,239 from the loan proceeds and repaid \$2,375,000. Remaining loan proceeds of \$8.1 million will be received in fiscal year 2017 and are being spent for the \$42 million rebuild of Wastewater Treatment Plant B/C. The first principal payment on the DEQ loan was made in fiscal year 2013. The debt will be repaid with sewer user fees of the Wastewater Special Revenue Fund through 2032.

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

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

According to the March 13, 2017 report of the Southwest Louisiana Economic Development Alliance, SW Louisiana has over \$117 billion in projects announced for the area, primarily made up of LNG export terminals and gas-to-liquid facilities. Of those announced, \$43 billion of those projects are currently under construction: Sabine Pass LNG by Cheniere Energy, \$20 billion; Sasol Ethane Cracker Plant, \$11 billion; and Cameron LNG, \$10 billion. The additional \$74 billion of announced projects are at various stages of the permitting process and have construction schedules projected out as far as 2025. Some projects, such as Sasol's proposed \$11 billion gas-to-liquid plant, have delayed its final investment decision in response to lower international oil prices.

Employment growth from these projects has continued since 2014, with Lake Charles' job market being the fastest growing metropolitan statistical area in the state for the past three years, and this pace could continue well into 2018. The increases in services and infrastructure to support projects of this magnitude are affecting the Lake Charles area and projects are being carefully considered. Listed below are some of the current trends:

- **Sales tax:** The information on taxable sales was obtained from the Taxable Sales Analysis prepared by the Calcasieu Parish School Board Sales Tax Office for the period February 2015. Parish-wide taxable sales increased 10 percent from 2014 to 2015, as the first of the economic expansion began. Sales tax growth of \$6 billion for the twelve month period ending February 2017 compares to \$5.7 billion for the twelve month period ending February 2016. The 2017 increase of \$300 million or 5.4 percent equals the increase from 2015 to 2016. More recent trends indicate the change from prior year is equal to 2.4 percent.

City of Lake Charles taxable sales increased by two percent in 2016, compared to 2015. The 2016 adopted budget had forecast a 5.5 percent increase therefore, it was necessary to amend those projections. However, the collection of the new sales tax levy neutralized the effect of the decline in revenue projections. The 2017 budget projects an increase of one percent over last year's actual collections. Current trend for the first four months of fiscal year 2017 are an increase of 4 percent when compared to the same period in fiscal year 2016.

- **Gaming industry:** The Golden Nugget Casino opened in December 2014, making Lake Charles the second largest casino market in Louisiana. The increase in the gaming market was evident in 2015, with City gaming revenue increasing to more than \$11 million from the prior year's collections of \$9.6 million. Collections from 2016 were reduced from 2015 to \$10.8 million and current trends indicate the market is flat. The adopted budget for 2017 projected an increase in revenues and will have to be amended.
- **Labor market trends:** The Louisiana Workforce Commission report dated March 13, 2017 for January 2017 reflected a Civilian Labor Force statewide unemployment rate of 6.1 percent and the United States



## MANAGEMENT'S DISCUSSION AND ANALYSIS

unemployment rate of 5.1. The unemployment rate for the Lake Charles MSA was estimated at 4.7 percent for January 2017 compared to 5.3 percent in January 2016. The report stated that the Lake Charles area has gained 5,600 jobs over the year and January is the 67<sup>th</sup> consecutive month of an over-the-year increase.

The above items and other economic indicators were considered when preparing the budget for the 2017 fiscal year.

The City adopted a 2017 General Fund budget with revenue projections of \$73 million which will be used to cover operational expenses and transfers of \$72.8 million. Additionally, the budget authorized the use of \$1.5 million of its previously accumulated fund balance to be transferred to the Capital Project Fund to pay for needed improvements to the wastewater basin system.

The 2017 budget includes the first full year of collections of a one-quarter cent sales tax that was approved by a voter referendum in October 2015. The City had historically collected one-quarter cent less in sales tax than all of Calcasieu Parish incorporated and unincorporated areas. The collections of this tax began effective January 1, 2016 and leveled the tax rate for the entirety of Calcasieu Parish.

It is estimated that the additional sales tax levy will generate approximately \$6,250,000. The funds will be first and foremost dedicated to the repayment of our current bond issues, should the current revenue sources ever become insufficient. 25 percent of all revenues will be placed in a bond reserve fund and can be appropriated for capital improvements in the subsequent year if not needed to service the debt. The remaining funds will be used to pay for increases in salary and related fringe benefits and other operational needs of the City.

As a result of the passage of the sales tax, effective January 1, 2016 the Fire Department employees received a 10 percent increase and all other City employees received an 8 percent across the board increase and beginning pay scales were increased for all employee groups. An additional pay increase of two percent was given to all employees in January 1, 2017 and is included in the 2017 budget.

The Capital Project budget of \$32.5 million includes \$3 million for drainage projects, \$7.7 million for street projects and more than \$14 million for wastewater and water system projects. Sources of funding include sales tax revenues of \$7 million from the 1986 Sales Tax referendum that was renewed in November 2016. Transfers from other funds to pay for capital improvements include \$7.2 million from the Riverboat Gaming Fund and \$5 million from the General and Wastewater Funds. Prior year sales tax revenue of \$2.3 million from the new 2016 levy, that was not needed to repay debt in 2016, is being transferred from the Debt Service Reserve Fund. The City will continue spending funds that were previously accumulated for roads, wastewater and water system improvements and other projects.

Construction began on the \$42 million rebuild of the Wastewater Treatment Plant B/C. The City had accumulated funds of \$29 million, which includes \$2 million in State Capital outlay funds and \$14.3 million from a 2011 DEQ Revolving Loan fund, in addition to City capital funds. The budget was amended during 2016 and authorized an additional \$15,775,000 in City funds for the rebuild. An additional \$2 million in State Capital Outlay funds were awarded in the 2016 Special Legislative Session and more than \$2.5 million has been received to date.

The City will elect a new mayor in April 2017. Mayor Roach has served for the past 17 years and has been instrumental in the development of the annual budget and involved in the financial decisions of the City. Of the seven council districts, five seats will be on the ballot.

### Requests for Information

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



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# BASIC FINANCIAL STATEMENTS



# CITY OF LAKE CHARLES, LOUISIANA

## Statement of Net Position

September 30, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City Court	City Marshal
<b>ASSETS</b>					
Cash and cash equivalents	\$ 63,950,566	\$ 11,329,090	\$ 75,279,656	\$ 1,023,017	\$ 604,613
Investments	88,190,634	16,594,816	104,785,450	-	-
Receivables (net of allowance for uncollectables)	19,052,681	1,639,577	20,692,258	-	835
Internal balances	1,281,895	(1,281,895)	-	52,014	-
Inventories	361,225	315,577	676,802	-	-
Prepays	1,224,147	40,295	1,264,442	-	-
Restricted assets:					
Cash and cash equivalents	-	1,491,369	1,491,369	1,168,841	-
Capital assets not being depreciated:					
Land	16,180,010	2,104,506	18,284,516	-	-
Construction in progress	33,326,304	1,938,584	35,264,888	-	-
Capital assets net of accumulated depreciation:					
Building	28,958,994	5,994,245	34,953,239	-	-
Improvements other than buildings	40,170,711	54,956,272	95,126,983	-	-
Equipment	12,014,875	3,628,032	15,642,907	173,879	157,021
Infrastructure	208,007,791	-	208,007,791	-	-
Total assets	512,719,833	98,750,468	611,470,301	2,417,751	762,469
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charges on debt refundings	999,280	-	999,280	-	-
Deferred outflows related to net pension liab	17,897,630	1,428,916	19,326,546	7,523	-
	18,896,910	1,428,916	20,325,826	7,523	-
<b>LIABILITIES</b>					
Accounts payable & other current liabilities	4,742,953	912,503	5,655,456	28,979	6,275
Liabilities payable from restricted assets	-	1,491,394	1,491,394	-	-
Noncurrent liabilities:					
Claims payable within one year	7,250,317	-	7,250,317	-	-
Claims payable in more than one year	1,488,158	-	1,488,158	-	-
Due within one year	7,226,266	5,000	7,231,266	-	-
Due in more than one year	72,942,891	558,597	73,501,488	-	-
OPEB payable due in more than one year	2,224,708	284,492	2,509,200	-	-
Net pension liability due in more than one year	64,120,707	4,071,544	68,192,251	205,575	-
Total liabilities	159,996,000	7,323,530	167,319,530	234,554	6,275
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to net pension liab	3,190,509	67,913	3,258,422	16,309	-
<b>NET POSITION</b>					
Net investment in capital assets	259,976,945	68,621,639	328,598,584	173,879	157,021
Restricted for:					
Capital projects	26,105,018	-	26,105,018	-	-
Debt service	5,167,972	-	5,167,972	-	-
Unrestricted	77,180,299	24,166,302	101,346,601	2,000,532	599,173
Total net position	\$ 368,430,234	\$ 92,787,941	\$ 461,218,175	\$ 2,174,411	\$ 756,194

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, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			City Court	City Marshal
					Governmental Activities	Business-Type Activities	Total		
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 5,612,894	\$ 5,997,403	\$ 229,210	\$ 216,311	\$ 830,030	\$ -	\$ 830,030	\$ -	\$ -
Public safety	36,589,474	42,082	2,427,121	-	(34,120,271)	-	(34,120,271)	-	-
Public works	34,279,219	13,438,315	35,090	7,242,406	(13,563,408)	-	(13,563,408)	-	-
Planning and development	2,521,348	362,022	629,155	-	(1,530,171)	-	(1,530,171)	-	-
General services	5,838,645	2,430	-	19,336	(5,816,879)	-	(5,816,879)	-	-
Community services	7,191,241	344,943	681,460	868,631	(5,296,207)	-	(5,296,207)	-	-
Interest in long-term debt	2,703,865	-	-	-	(2,703,865)	-	(2,703,865)	-	-
Total governmental activities	94,736,686	20,187,195	4,002,036	8,346,684	(62,200,771)	-	(62,200,771)	-	-
Business-type activities:									
Civic center	3,949,094	1,138,735	911,255	-	-	(1,899,104)	(1,899,104)	-	-
Golf Course	1,680,137	992,086	-	-	-	(688,051)	(688,051)	-	-
Transit	3,066,511	189,931	1,563,400	131,752	-	(1,181,428)	(1,181,428)	-	-
Water	10,173,955	12,300,282	360,000	135,000	-	2,621,327	2,621,327	-	-
Total business-type activities	18,869,697	14,621,034	2,834,655	266,752	-	(1,147,256)	(1,147,256)	-	-
Total primary government	\$113,606,383	\$34,808,229	\$6,836,691	\$ 8,613,436	\$ (62,200,771)	\$ (1,147,256)	\$ (63,348,027)	\$ -	\$ -
<b>Component units:</b>									
City Court	\$ 854,497	\$ 360,850	\$ -	\$ 201,385				\$ (292,262)	\$ -
City Marshal	853,283	788,463	-	-				-	(64,820)
Total component units	\$ 1,707,780	\$ 1,149,313	\$ -	\$ 201,385	-	-	-	\$ (292,262)	\$ (64,820)
General revenues:									
Property taxes					10,217,089	-	10,217,089	-	-
Sales taxes					60,570,243	-	60,570,243	-	-
Franchise taxes					5,472,965	-	5,472,965	-	-
Riverboat taxes					10,799,768	-	10,799,768	-	-
Grants and contributions not restricted to specific programs					194,470	-	194,470	-	-
Interest and investment earnings					834,331	133,929	968,260	671	-
Miscellaneous					3,730,355	141,451	3,871,806	238,826	-
Transfers					(2,515,786)	2,515,786	-	-	-
Total general revenues and transfers					89,303,435	2,791,166	92,094,601	239,497	-
Change in net position					27,102,664	1,643,910	28,746,574	(52,765)	(64,820)
Net position - beginning					341,327,570	91,144,031	432,471,601	2,227,176	821,014
Net position - ending					\$ 368,430,234	\$92,787,941	\$461,218,175	\$ 2,174,411	\$ 756,194

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

**CITY OF LAKE CHARLES, LOUISIANA**

**Balance Sheet  
Governmental Funds  
September 30, 2016**

	<b>General</b>	<b>Riverboat Gaming Special Revenue</b>
<b>ASSETS</b>		
Cash (Note 4-A)	\$ 7,756,842	\$ 487,153
Investments (Note 4-A)	17,940,089	571,410
Receivable (net of allowance for uncollectable)		
Accounts (Note 4-B)	6,610,046	608,660
Special Assessments	-	-
Accrued interest	16,841	-
Intergovernmental (Note 4-B)	111,789	-
Unearned revenue	-	-
Due from other funds (Note 4-F)	697,434	-
Inventory	361,225	-
Prepaid items	305,305	-
Total assets	<u>\$ 33,799,571</u>	<u>\$ 1,667,223</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 2,113,130	\$ -
Contracts payable	-	-
Escrow	434,850	-
Due to other funds	1,218,162	537,279
Unearned revenue	-	-
Other liabilities	7,891	-
Total liabilities	<u>3,774,033</u>	<u>537,279</u>
<b>FUND BALANCES</b>		
Nonspendable:		
Inventory	361,225	-
Pre-paid items	305,305	-
Restricted:		
Sales tax and bond funds for capital projects	-	-
Debt service reserve	-	-
Committed :		
Capital projects	-	-
Wastewater system improvements	-	-
Debt service payments	-	-
Other purposes - subsequent year's expenditures	2,061,843	807,643
Assigned:		
Community services	-	-
Public safety	-	-
Disaster recovery	-	-
Capital projects	-	322,301
Unassigned	27,297,165	-
Total fund balances	<u>30,025,538</u>	<u>1,129,944</u>
Total liabilities and fund balances	<u>\$ 33,799,571</u>	<u>\$ 1,667,223</u>

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

<b>Wastewater Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Special Revenue Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 991,256	\$ 5,144,520	\$ 29,216,224	\$ 7,588,832	\$ 51,184,827
608,091	25,055	57,694,108	1,287,811	78,126,564
1,764,242	-	590,742	627,146	10,200,836
-	-	196,865	-	196,865
-	-	76,961	-	93,802
-	109,032	6,734,293	174,611	7,129,725
-	-	95,000	-	95,000
121,119	20,995	500,000	972,869	2,312,417
-	-	-	-	361,225
38,240	2,200	-	8,456	354,201
<u>\$ 3,522,948</u>	<u>\$ 5,301,802</u>	<u>\$ 95,104,193</u>	<u>\$ 10,659,725</u>	<u>\$ 150,055,462</u>
\$ 238,766	\$ 21,041	\$ 408,700	\$ 266,440	\$ 3,048,077
-	-	1,157,136	-	1,157,136
7,664	-	-	4,633	447,147
125	-	-	153,072	1,908,638
-	-	95,000	75,417	170,417
-	-	-	-	7,891
<u>246,555</u>	<u>21,041</u>	<u>1,660,836</u>	<u>499,562</u>	<u>6,739,306</u>
-	-	-	-	361,225
38,240	2,200	-	8,456	354,201
-	-	26,105,019	-	26,105,019
-	5,167,972	-	-	5,167,972
-	-	34,577,092	-	34,577,092
3,238,153	-	32,541,583	-	35,779,736
-	110,589	-	-	110,589
-	-	-	841,926	3,711,412
-	-	-	2,670,498	2,670,498
-	-	-	431,304	431,304
-	-	-	3,035,128	3,035,128
-	-	219,663	3,172,851	3,714,815
-	-	-	-	27,297,165
<u>3,276,393</u>	<u>5,280,761</u>	<u>93,443,357</u>	<u>10,160,163</u>	<u>143,316,156</u>
<u>\$ 3,522,948</u>	<u>\$ 5,301,802</u>	<u>\$ 95,104,193</u>	<u>\$ 10,659,725</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	338,646,171
Other long-term assets are not available to pay for current-period expenditures.	170,417
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	16,552,813
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.	(145,961,724)
Deferred outflows and inflows of resources are not available to pay current period expenditures and therefore are not reported in the government funds	15,706,401
Net position of governmental activities	<u>\$ 368,430,234</u>

**CITY OF LAKE CHARLES, LOUISIANA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For Fiscal Year Ended September 30, 2016**

	<u>General</u>	<u>Riverboat Gaming Special Revenue</u>
<b>Revenues:</b>		
Taxes	\$ 57,523,735	\$ 10,799,768
Licenses and permits	6,607,341	-
Intergovernmental	2,590,423	-
Charges for services	2,475,364	-
Fines and forfeitures	186,042	-
Miscellaneous	765,057	13,323
Total revenues	<u>70,147,962</u>	<u>10,813,091</u>
<b>Expenditures:</b>		
Current operating:		
General government	3,059,233	-
Finance	1,739,594	-
Human Resources	374,721	-
Fire	14,938,379	-
Police	18,072,050	-
Public works	15,280,579	-
Planning and development	1,927,503	-
Community services	-	-
General services	4,520,982	-
Capital projects	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total expenditures	<u>59,913,041</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>10,234,921</u>	<u>10,813,091</u>
<b>Other financing sources (uses):</b>		
Transfers in	15,509	-
Transfers out	(11,598,269)	(13,850,854)
Issuance of debt	-	-
Total other financing sources (uses)	<u>(11,582,760)</u>	<u>(13,850,854)</u>
Net change in fund balances	(1,347,839)	(3,037,763)
Fund balance at beginning of year	<u>31,373,377</u>	<u>4,167,707</u>
Fund balance at end of year	<u>\$ 30,025,538</u>	<u>\$ 1,129,944</u>

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

<b>Wastewater Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Special Revenue Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 3,961,551	\$ -	\$ 6,932,715	\$ 5,394,517	\$ 84,612,286
-	-	-	-	6,607,341
-	216,310	8,245,156	1,913,892	12,965,781
13,396,794	-	-	178,350	16,050,508
-	-	-	-	186,042
37,611	28,625	577,889	210,069	1,632,574
<u>17,395,956</u>	<u>244,935</u>	<u>15,755,760</u>	<u>7,696,828</u>	<u>122,054,532</u>
-	-	-	-	3,059,233
-	-	-	-	1,739,594
-	-	-	-	374,721
-	-	-	-	14,938,379
-	-	-	458,871	18,530,921
8,706,221	-	-	-	23,986,800
-	-	-	593,851	2,521,354
-	-	-	5,509,270	5,509,270
-	108,066	-	-	4,629,048
654,227	-	33,031,298	-	33,685,525
-	5,722,670	-	-	5,722,670
-	2,854,289	-	-	2,854,289
<u>9,360,448</u>	<u>8,685,025</u>	<u>33,031,298</u>	<u>6,561,992</u>	<u>117,551,804</u>
<u>8,035,508</u>	<u>(8,440,090)</u>	<u>(17,275,538)</u>	<u>1,134,836</u>	<u>4,502,728</u>
137,177	9,274,408	29,654,165	2,504,452	41,585,711
(13,020,000)	(1,094,674)	(2,262,700)	(2,275,000)	(44,101,497)
-	-	6,812,591	-	6,812,591
<u>(12,882,823)</u>	<u>8,179,734</u>	<u>34,204,056</u>	<u>229,452</u>	<u>4,296,805</u>
(4,847,315)	(260,356)	16,928,518	1,364,288	8,799,533
<u>8,123,708</u>	<u>5,541,117</u>	<u>76,514,839</u>	<u>8,795,875</u>	<u>134,516,623</u>
<u>\$ 3,276,393</u>	<u>\$ 5,280,761</u>	<u>\$ 93,443,357</u>	<u>\$ 10,160,163</u>	<u>\$ 143,316,156</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, 2016**

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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	\$ 8,799,533
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.	20,337,640
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(413,046)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(1,414,745)
Net effect of pension liability recognition	(1,787,790)
Deferred charge on debt refunding, net current year amortization	(90,842)
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.	1,671,914
Change in net position of governmental activities	<u>\$ 27,102,664</u>

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

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# CITY OF LAKE CHARLES, LOUISIANA

## Statement of Net Position

### Proprietary Funds

September 30, 2016

	<b>Business-type Activities-Enterprise Funds</b>					<b>Governmental Activities - Internal Service Funds</b>
	<b>Civic Center</b>	<b>Golf Course</b>	<b>Public Transit</b>	<b>Water Utility</b>	<b>Totals 2016</b>	
<b>ASSETS</b>						
Current assets:						
Cash	\$ 2,220,965	\$ 871,243	\$ -	\$ 8,236,882	\$11,329,090	\$ 12,765,739
Investments	3,074,407	-	39,536	13,480,873	16,594,816	10,064,070
Restricted cash:						
Customer deposits	-	-	-	1,491,369	1,491,369	-
Accounts receivable (net of allowance for uncollectible)	37,890	-	-	1,029,160	1,067,050	1,420,839
Accrued interest receivable	2,100	-	-	10,533	12,633	10,614
Intergovernmental receivables	290	-	559,604	-	559,894	-
Due from other funds	-	-	215	145,562	145,777	-
Inventories	28,331	41,734	-	245,512	315,577	-
Prepaid items	4,788	9	1,955	33,543	40,295	774,946
Total current assets	<u>5,368,771</u>	<u>912,986</u>	<u>601,310</u>	<u>24,673,434</u>	<u>31,556,501</u>	<u>25,036,208</u>
Capital assets:						
Land	-	1,065,697	806,824	231,985	2,104,506	-
Buses	-	-	2,598,735	-	2,598,735	-
Buildings and structures	18,768,595	2,123,406	4,529,761	459,284	25,881,046	-
Improvements	19,486,648	2,658,831	-	75,240,010	97,385,489	-
Construction in Progress	236,463	17,542	-	1,684,580	1,938,585	-
Equipment, furniture and fixtures	3,481,083	452,615	946,787	2,134,357	7,014,842	35,257
Total capital assets	<u>41,972,789</u>	<u>6,318,091</u>	<u>8,882,107</u>	<u>79,750,216</u>	<u>136,923,203</u>	<u>35,257</u>
Less accumulated depreciation	<u>30,460,603</u>	<u>2,268,218</u>	<u>2,407,491</u>	<u>33,165,252</u>	<u>68,301,564</u>	<u>22,743</u>
Total capital assets (net of accumulated depreciation)	<u>11,512,186</u>	<u>4,049,873</u>	<u>6,474,616</u>	<u>46,584,964</u>	<u>68,621,639</u>	<u>12,514</u>
Total assets	<u>16,880,957</u>	<u>4,962,859</u>	<u>7,075,926</u>	<u>71,258,398</u>	<u>100,178,140</u>	<u>25,048,722</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>						
Deferred amounts related to net pension liabilities	<u>278,179</u>	<u>128,634</u>	<u>223,684</u>	<u>798,419</u>	<u>1,428,916</u>	<u>148,278</u>

	<b>Business-type Activities-Enterprise Funds</b>					<b>Governmental Activities - Internal Service Funds</b>
	<b>Civic Center</b>	<b>Golf Course</b>	<b>Public Transit</b>	<b>Water Utility</b>	<b>Totals 2016</b>	
<b>LIABILITIES</b>						
Current liabilities :						
Accounts payable	216,933	32,601	80,455	432,063	762,052	82,702
Contracts payable	18,718	-	-	110,160	128,878	-
Customer deposits payable	-	-	-	1,491,394	1,491,394	-
Escrow	9,611	11,962	-	-	21,573	-
Due to other funds	321,137	168,010	59,994	308	549,449	107
Total current liabilities	<u>566,399</u>	<u>212,573</u>	<u>140,449</u>	<u>2,033,925</u>	<u>2,953,346</u>	<u>82,809</u>
Non-current liabilities:						
Compensated absences	96,510	40,053	91,271	335,763	563,597	108,066
OPEB liability	50,904	46,507	35,745	151,336	284,492	22,280
Net pension liability	792,642	366,529	637,364	2,275,009	4,071,544	422,502
Accrued insurance claims	-	-	-	-	-	6,925,317
Incurred-not reported claims	-	-	-	-	-	325,000
Accrued insurance claims-noncurrent	-	-	-	-	-	1,488,158
Total non-current liabilities	<u>940,056</u>	<u>453,089</u>	<u>764,380</u>	<u>2,762,108</u>	<u>4,919,633</u>	<u>9,291,323</u>
Total liabilities	<u>1,506,455</u>	<u>665,662</u>	<u>904,829</u>	<u>4,796,033</u>	<u>7,872,979</u>	<u>9,374,132</u>
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred amounts related to net pension liabilities	<u>13,221</u>	<u>6,114</u>	<u>10,631</u>	<u>37,947</u>	<u>67,913</u>	<u>7,047</u>
<b>NET POSITION</b>						
Investment in capital assets	11,512,186	4,049,873	6,474,616	46,584,964	68,621,639	12,514
Unrestricted	<u>4,127,274</u>	<u>369,844</u>	<u>(90,466)</u>	<u>20,637,873</u>	<u>25,044,525</u>	<u>15,803,307</u>
Total net position	<u>\$ 15,639,460</u>	<u>\$ 4,419,717</u>	<u>\$ 6,384,150</u>	<u>\$ 67,222,837</u>	<u>93,666,164</u>	<u>\$ 15,815,821</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					<u>(878,223)</u>	
Net position of business-type activities					<u>\$92,787,941</u>	

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

**CITY OF LAKE CHARLES, LOUISIANA**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended September 30, 2016**

	<b>Business-type</b>	
	<b>Civic Center</b>	<b>Golf Course</b>
Operating revenues:		
Charges for services	\$ 1,118,422	\$ 980,597
Other	24,390	11,489
Total operating revenues	<u>1,142,812</u>	<u>992,086</u>
Operating expenses:		
Personal services	1,295,713	744,767
Materials and supplies	345,312	502,253
Maintenance	381,177	19,363
Utilities	489,715	49,893
Transportation	-	-
General and administration	235,596	142,610
Claims and losses paid	-	-
Depreciation	1,236,928	234,653
Total operating expenses	<u>3,984,441</u>	<u>1,693,539</u>
Operating income (loss)	<u>(2,841,629)</u>	<u>(701,453)</u>
Nonoperating revenues (expenses):		
Operating grants-governmental agencies	911,255	-
Interest	26,059	1,757
Gain (loss) on retirement or transfer of capital assets	(4,077)	-
Total nonoperating revenues	<u>933,237</u>	<u>1,757</u>
Income (loss) before operating transfers	<u>(1,908,392)</u>	<u>(699,696)</u>
Capital contributions and transfers:		
Capital contributions - governmental agencies	-	-
Transfers in (out)	660,240	690,961
Total capital contributions and transfers	<u>660,240</u>	<u>690,961</u>
Change in net position	<u>(1,248,152)</u>	<u>(8,735)</u>
Net position at beginning of year	16,887,612	4,428,452
Net position at end of year	<u>\$ 15,639,460</u>	<u>\$ 4,419,717</u>

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

<b>Activities-Enterprise Funds</b>			<b>Governmental</b>
<b>Public</b>	<b>Water</b>	<b>Totals</b>	<b>Activities -</b>
<b>Transit</b>	<b>Utility</b>	<b>2016</b>	<b>Internal</b>
			<b>Service Funds</b>
\$ 116,077	\$ 12,189,217	\$ 14,404,313	\$ 14,912,436
72,752	586,141	694,772	475,643
188,829	12,775,358	15,099,085	15,388,079
1,012,037	3,278,220	6,330,737	671,083
41,098	1,466,459	2,355,122	16,109
205,123	433,867	1,039,530	-
51,477	871,496	1,462,581	-
242,094	-	242,094	-
1,172,089	2,650,966	4,201,261	2,814,657
-	-	-	9,962,339
462,140	1,666,038	3,599,759	4,058
3,186,058	10,367,046	19,231,084	13,468,246
(2,997,229)	2,408,312	(4,131,999)	1,919,833
1,563,400	-	2,474,655	-
822	105,291	133,929	113,468
1,102	26,375	23,400	-
1,565,324	131,666	2,631,984	113,468
(1,431,905)	2,539,978	(1,500,015)	2,033,301
131,752	135,000	266,752	-
1,004,545	160,040	2,515,786	-
1,136,297	295,040	2,782,538	-
(295,608)	2,835,018	1,282,523	2,033,301
6,679,758	64,387,819		13,782,520
\$ 6,384,150	\$ 67,222,837		\$ 15,815,821

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

361,387

Change in net position of business-type activities

\$ 1,643,910

# CITY OF LAKE CHARLES, LOUISIANA

## Statement of Cash Flows

### Proprietary Funds

Fiscal Year Ended September 30, 2016

	<u>Civic Center</u>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 1,119,121
Payments to employees	(1,254,989)
Payments to suppliers	(1,268,218)
Internal activity - payments from other funds	72,642
Internal activity - payments to other funds	-
Net cash provided by operating activities	<u>(1,331,444)</u>
<b>Cash flow from noncapital financing activities:</b>	
Operating subsidies	660,240
Shared revenue from governmental agencies	911,255
Net cash provided by noncapital financing activities	<u>1,571,495</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchases/sale of capital assets	(637,677)
Contracts payable	(217,745)
Capital subsidies from governmental agencies	-
Capital transfers	-
Net cash provided (used for) capital and related financing activities	<u>(855,422)</u>
<b>Cash flow from investing activities:</b>	
Purchase of investment securities	(4,006,130)
Proceeds from sale and maturities of investment securities	4,021,463
Interest on investments	32,519
Net cash provided (used for) investing activities	<u>47,852</u>
Net increase (decrease) in cash and cash equivalents	(567,519)
Cash and cash equivalents at beginning of year	2,788,484
Cash and cash equivalents at end of year	<u>\$ 2,220,965</u>
<b>Reconciliation of operating (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (2,841,629)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	1,236,928
(Increase) decrease in accounts receivable	(23,691)
(Increase) decrease in due from other funds	-
(Increase) decrease in inventories	3,861
(Increase) decrease in prepaid items	181
(Increase) decrease in deferred outflows of resources	(109,532)
Increase (Decrease) in accounts payables	175,105
Increase (Decrease) in miscellaneous payables	(7,187)
Increase (Decrease) in customer deposit account	-
Increase (Decrease) in compensated absences payable	(1,282)
Increase (Decrease) in OPEB liability	2,836
Increase (Decrease) in NP liability	168,446
Increase (Decrease) in due deferred inflows of resources	(8,122)
Increase (Decrease) in due to other funds	72,642
Total adjustments	<u>1,510,185</u>
Net cash provided (used) by operating activities	<u>\$ (1,331,444)</u>

#### Noncash investing and capital activities:

Assets retired/transferred cost \$490,467 and had accumulated depreciation of \$484,026, loss of \$6,441.

Developer/governmental agencies donated capital assets of \$135,000.

Change in the fair value of investments resulted in an unrealized loss of \$9,927 at year end 2016 and an unrealized gain of \$68,334 at year end 2015.

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

<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental Activities Internal Service Funds</b>
<b>Golf Course</b>	<b>Transit</b>	<b>Water Utility</b>	<b>Totals 2016</b>	
\$ 992,086	\$ 188,829	\$ 12,874,548	\$ 15,174,584	\$ 15,815,533
(718,270)	(982,431)	(3,110,461)	(6,066,151)	(614,367)
(709,116)	(1,697,138)	(5,250,707)	(8,925,179)	(12,543,035)
-	-	-	72,642	-
(2,208)	(38,479)	(695,727)	(736,414)	(11)
<u>(437,508)</u>	<u>(2,529,219)</u>	<u>3,817,653</u>	<u>(480,518)</u>	<u>2,658,120</u>
490,961	929,745	160,040	2,240,986	-
-	1,505,109	-	2,416,364	-
<u>490,961</u>	<u>2,434,854</u>	<u>160,040</u>	<u>4,657,350</u>	<u>-</u>
(49,405)	1,102	(267,667)	(953,647)	-
(166)	(164,690)	(1,613,143)	(1,995,744)	-
-	182,467	-	182,467	-
200,000	74,800	-	274,800	-
<u>150,429</u>	<u>93,679</u>	<u>(1,880,810)</u>	<u>(2,492,124)</u>	<u>-</u>
-	(135)	(18,033,150)	(22,039,415)	(8,914,771)
-	-	14,510,320	18,531,783	9,963,316
1,757	821	112,405	147,502	121,842
<u>1,757</u>	<u>686</u>	<u>(3,410,425)</u>	<u>(3,360,130)</u>	<u>1,170,387</u>
205,639	-	(1,313,542)	(1,675,422)	3,828,507
665,604	-	11,041,793	14,495,881	8,937,232
<u>\$ 871,243</u>	<u>\$ -</u>	<u>\$ 9,728,251</u>	<u>\$ 12,820,459</u>	<u>\$ 12,765,739</u>
 \$ (701,453)	 \$(2,997,229)	 \$ 2,408,312	 \$ (4,131,999)	 \$ 1,919,833
234,653	462,140	1,666,038	3,599,759	4,058
-	-	3,955	(19,736)	427,454
-	(215)	(145,562)	(145,777)	-
6,498	-	(5,414)	4,945	-
741	(262)	42,137	42,797	(132,982)
(50,649)	(88,075)	(314,375)	(562,631)	(58,384)
2,224	(12,489)	16,647	181,487	38,684
(2,195)	-	110,160	100,778	359,367
-	-	95,235	95,235	-
(2,752)	13,686	20,633	30,285	13,720
3,497	2,572	9,895	18,800	923
77,892	135,448	483,468	865,254	89,787
(3,756)	(6,531)	(23,311)	(41,720)	(4,329)
(2,208)	(38,264)	(550,165)	(517,995)	(11)
<u>263,945</u>	<u>468,010</u>	<u>1,409,341</u>	<u>3,651,481</u>	<u>738,287</u>
<u>\$ (437,508)</u>	<u>\$ (2,529,219)</u>	<u>\$ 3,817,653</u>	<u>\$ (480,518)</u>	<u>\$ 2,658,120</u>



## NOTES TO FINANCIAL STATEMENTS

### CITY OF LAKE CHARLES, LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2016

### 1. Summary of Significant Accounting Policies

#### A. Reporting Entity

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

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

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

#### **Discretely Presented Component Units**

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

##### *City Court of Lake Charles:*

This entity is created by state statutes, which provide for its governance by independently elected officials and has a jurisdictional area extending beyond the corporate limits of the City. Although legally separate, City Court is fiscally dependent upon the government because of the statutory requirements that the City provide and maintain the physical facilities necessary for its operation. The relationship between the City and City Court is such that exclusion would cause the City's financial statements to be incomplete. Financial data reported for the City Court component unit is from its separately audited financial statements for the fiscal year ended December 31, 2015.

##### *Ward Three Marshal:*

The office of Ward Three Marshal, which is governed by an independently elected official, is created in the same statutory manner as City Court and has a corresponding area of jurisdiction. Although legally separate, the office of Ward Three Marshal is fiscally dependent upon the government because of the statutory requirements that the City provides and 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, 2015. Complete financial statements of the individual component units are available from the City of Lake Charles at 326 Pujo Street, Lake Charles, Louisiana 70601.

## NOTES TO FINANCIAL STATEMENTS

### **B. Government-wide and Fund Financial Statement**

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

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

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

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

The City of Lake Charles reports the following proprietary funds:

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

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

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges and are reported as program revenues.

## NOTES TO FINANCIAL STATEMENTS

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

### **D. Assets, Liabilities and Net Position**

#### **1. Deposits and Investments**

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

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

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

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

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

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

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

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

#### **3. Inventories and unpaid items**

Inventory is valued at average cost. Inventory in the General Fund consists of materials and supplies held for consumption and are accounted for under the consumption method where expenditures are recorded when the goods are used. Inventories are also held in the enterprise funds. These consist of concession supplies held for sale to the public and materials held for water system maintenance and improvements. Certain payments made to vendors are for services that will benefit subsequent periods, and, using the consumption method, these expenses are

## NOTES TO FINANCIAL STATEMENTS

recorded as prepaid items in fiscal year 2016 in both the governmental-wide and fund financial statements.

### 4. Restricted Assets

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

### 5. Capital Assets

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

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

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

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

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

### 6. Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. There was not any amount recorded in the governmental fund statements as a payable to employees who had terminated as of the end of the fiscal year on September 30, 2016.

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

Sick pay is not vested except at retirement, where accumulated sick pay hours up to six hundred (600) are payable to non-civil service retirees. The termination payment liability was calculated by developing a ratio based on historical data of sick leave paid at termination compared with sick leave accumulated and by applying that ratio to the sick leave accumulated by the current employee population as of September 30, 2016. 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, 2016.

At September 30, 2016 the total liability reported on the Statement of Net Position for accrued vacation, sick and compensatory time was \$3,916,031 for Governmental Activities, which includes \$108,066 from the Internal Service Funds. The amount recorded in Business-Type Activities equaled \$563,597.

### **7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has items that qualify for reporting in this category. It has deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the life of the refunded debt. The \$999,280 balance of deferred outflows of resources related to bond refunding will be recognized as interest expense over the remaining life of the bonds. The City also has deferred outflow of resources related to net pension liability of \$19,326,546.

The statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has reported deferred inflows related to the net pensions liability in the amount of \$3,258,422.

Additional information on deferred outflows/inflows of resources related to defined benefit pension plans can be found in Note 5.

### **8. Long-term obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

## NOTES TO FINANCIAL STATEMENTS

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

### 9. Fund equity

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

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

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

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

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

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

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

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

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

## 2. Reconciliation of Government-wide Financial Statements

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains “long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$145,961,724 difference are as follows:

# NOTES TO FINANCIAL STATEMENTS

2007 LCDA Bonds payable	\$ 7,530,000
Premium on 2007 LCDA Bonds payable (to be amortized over the life of the debt)	224,560
2009 Revenue Refunding Bonds payable	8,100,000
Premium on 2009 LCDA Bonds payable (to be amortized over the life of the debt)	196,015
2010 LCDA Bonds payable	28,445,000
Premium on 2010 LCDA Bonds payable (to be amortized over the life of the debt)	1,069,455
2014 LCDA Refunding Bonds payable	15,605,000
Premium on 2014 LCDA Refunding Bonds payable (to be amortized over the life of the debt)	784,365
Cooperative endeavor-Sales Tax Dist. No. 3	1,314,492
Compensated absences	3,807,965
Other post employee benefits (OPEB) payable	2,202,428
Net pension liability	63,698,205
Police benefits guarantee	0
LC City Court building project	2,475,000
DEQ loan -- sewer plant rehabilitation	10,509,239
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u>\$ 145,961,724</u>

Deferred outflows and inflows of resources are not available to pay current period expenditures, therefore are not reported in the governmental funds. The details of this \$15,706,401 difference are as follows:

Deferred outflows on charges on bond refunds	\$ 999,280
Deferred outflows of resources - related to net pension liability	17,897,630
Deferred inflows of resources - related to net pension liability	<u>(3,190,509)</u>
Net adjustment to increase fund balance to arrive at net position - governmental activities	<u>\$ 15,706,401</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 reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

The details of the \$20,337,640 are as follows:

Capital outlays	\$ 35,629,561
Depreciation expense	(15,210,927)
Loss on retirement of capital assets	<u>(80,994)</u>
Net adjustment to increase net changes in fund balances - total govern- mental funds to arrive at changes in net position of governmental activities	<u>\$ 20,337,640</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 position.” The details of this \$(1,414,745) are as follows:

Principal repayment:	
2007 LCDA public improvement bonds	\$ 1,550,000
2009 Revenue refunding bonds	1,435,000
2010 LCDA public improvement bonds	1,965,000
2014 LCDA public improvement refunding bonds	170,000
Police benefit guarantees	16,528
Compensated absences	(498,927)
OPEB liabilities	(184,021)
Cooperative endeavor - Sales Tax Dist. No. 3	350,000
Proceeds from premium on 2007 LCDA public improvement bonds	
(to be amortized as interest over the life of the debt)	32,080
Proceeds from premium on 2009 Revenue refunding bonds	
(to be amortized as interest over the life of the debt)	39,204
Proceeds from premium on 2010 Revenue refunding bonds	
(to be amortized as interest over the life of the debt)	100,262
Proceeds from premium on 2014 public improvement refunding bonds	
(to be amortized as interest over the life of the debt)	69,721
Lake Charles City Court building loan	115,000
DEQ loan - sewer plant improvements	(6,574,592)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,414,745)</u>

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

The proprietary fund statements of net position include reconciliation between net position – total enterprise funds and net position of business-type activities as reported in the governmental-wide statements of net position. The description of the sole element of that reconciliation is “adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.” The details of this \$(878,223) are as follows:

Internal payable representing costs in excess of charges to the business-type activities - prior year	\$ (1,239,610)
Internal payable representing costs in excess of charges to the business-type activities - current year	361,387
Net adjustment to decrease net position - enterprise funds to arrive at net position - business-type activities	<u>\$ (878,223)</u>

### 3. Stewardship, Compliance, and Accountability

#### A. Budgetary information

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

1. The Mayor submits the proposed operating budget for the fiscal year commencing October 1 to the City Council no later than August 15. This budget includes proposed expenditures and the means of financing them.
2. A summary of the proposed budget and notices of public hearing are published in accordance with statutory requirements.
3. The proposed budget is subject to one or more public hearings before the City Council prior to adoption by ordinance, which must occur no later than September 15. The City Charter requires a two-thirds vote of the City Council to amend the proposed budget submitted by the Mayor.
4. Expenditures are legally restricted to budgetary appropriations at the department level within the General Fund and at the fund level for Special Revenue Funds, which are not departmentalized. Revisions, which alter the total expenditures of any such department or fund, must be approved by budget amendment ordinance adopted by the City Council at the request of the Mayor. Transfers of budgeted amounts between expenditure objects or programs within the same department and fund are authorized to be made administratively by the Director of Finance.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Capital Projects Fund, which is budgeted on a project basis. Formal budgetary integration is not employed in the Debt Service Funds because effective budgetary control is alternatively achieved through the respective bond indentures and provisions.
4. 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.
5. All budgetary appropriations except capital project budgets lapse at the end of each fiscal year.
6. Budgeted amounts are as originally adopted or as amended by the City Council. The originally adopted General Fund expenditure budget of \$63,979,717 was amended to \$65,221,217 during the fiscal year to account increased cost related to a pay increase for all employees. A new sales tax levy was effective January 1, 2016 and the budget was amended to account for those collections. Also included in the amendment was a transfer of \$4.5 million to the Capital Project Fund. Total amended budget reflected an operating deficit of \$331,000 and additional use \$7 million of fund balance reserves for transfer to the Capital Project Fund for projected total deficit of \$7.4 million.

The originally adopted amount of all Special Revenue Funds was \$42,091,067. Amendments in the amount of 4,767,920 resulted in the final total Special Revenue Fund budget of \$46,858,987. An annual amendment is necessary in response to grant awards compared to actual expenditures within the fiscal year.

## NOTES TO FINANCIAL STATEMENTS

### B. Encumbrances

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

In accordance with generally accepted accounting principles, outstanding encumbrances at year end for which goods or services have been received are reclassified to expenditures and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year end and are either canceled or are included as re-appropriations of fund balance for the subsequent year. Encumbrances at year end in funds that are budgeted on a project basis, including Enterprise Fund construction projects, are carried forward along with their related appropriations and are not subject to an annual cancellation and re-appropriation. Such balances are classified as committed fund balance in the Capital Project Fund. Significant project encumbrances are included in the "construction commitments" section of the capital asset note disclosure on page 59. The total amount reserved for encumbrances in all funds at fiscal year ended September 30, 2016 are as follows:

Major Funds:	
Capital Projects	\$ 31,765,770
Proprietary Funds:	
Civic Center	105,100
Mallard Cove	117,948
Water Utility	105,914
Total Proprietary Funds	328,962
Total Reserved for Encumbrances	
Fiscal Year ended September 30, 2016	\$ 32,094,732

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

There was no deficit fund equity in any fund at fiscal year ended September 30, 2016.

### D. Unfavorable Revenue Variance

The admission tax revenue of the Riverboat Gaming Special Revenue Fund was \$10,799,768 which was \$400,232 less than the \$11,200,000 budgeted amount. The sales tax revenue of the Waste Water Special Revenue Fund was \$3,961,551 which was \$134,449 less than the \$4,096,000 budgeted amount. These funds were down slightly from projected figures. The intergovernmental revenue of the Community Development Special Revenue Fund was \$580,041 which was \$12,845 less than the \$592,886 budgeted amount. These unfavorable variances are attributable to variances in grant program revenues, which are budgeted on the basis of grant awards but actual revenues received are based on annual expenditure reimbursements in those funds.

## NOTES TO FINANCIAL STATEMENTS

### 4. Detailed Notes on All Funds

#### A. Deposits and Investments

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

Demand deposits of the City are maintained under a banking agreement in which account balances are collateralized entirely by U.S. Treasury and government agency securities held by a Federal Reserve Bank in the City's name. The bank balance of such deposits at September 30, 2016 was \$80,825,879 (carrying amount \$72,610,700).

The total includes restricted cash in the amount of \$1,491,369 from customer deposits in the Water Utility Enterprise Fund. The amounts do not include petty cash of \$24,275 or \$4,094,936 that is on deposit with a third party for bond reserves and the administration of the City's insurance claims.

The carrying amounts of cash deposits for component units at their respective balance sheet dates were \$1,023,017 for City Court and \$604,613 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, 2016 the City had the following investments and maturities:

Investment type	Maturity	Fair Value
U.S. agencies non-callable	Less than 1 year	\$ 12,939,765
U.S. agencies callable	1 - 5 year	40,809,773
U.S. agencies non-callable	1 - 5 year	5,629,686
Louisiana Asset Management Pool		45,406,226
		<u>\$ 104,785,450</u>

#### Credit Risk – Investments

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

## NOTES TO FINANCIAL STATEMENTS

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, 2016 were concentrated with the following issuers:

Issuer	Fair Value
Federal Home Loan Bank	\$ 365,853
Federal Home Loan Mortgage Corporation	22,671,225
Federal National Mortgage Association	19,193,362
United States Treasury Bonds	1,056,112
Federal Farm Credit Bank	16,092,672

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 counterpart to the investment transactions. As such, these investments are not subject to custodial credit risk since the fiscal agent bank is not a party to the original investment purchases and is only holding the book-entry securities in a securities safekeeping account in the name of the City of Lake Charles.

## **B. Receivables**

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

NOTES TO FINANCIAL STATEMENTS

<b>Governmental-type Activities</b>	<b>General</b>	<b>Riverboat Gaming</b>	<b>Wastewater</b>	<b>Debt Service</b>
Receivables:				
Accounts	\$ 3,863,188	\$ -	\$ 2,039,036	\$ -
Taxes	3,918,304	608,660	337,567	-
Property standards & special assessment	-	-	-	-
Interest	16,841	-	-	-
Intergovernmental	111,789	-	-	109,032
Gross receivables	7,910,122	608,660	2,376,603	109,032
Less: allowance for uncollectable	(1,171,446)	-	(612,361)	-
Net total receivables	\$ 6,738,676	\$ 608,660	\$ 1,764,242	\$ 109,032

<b>Governmental-type Activities (continued)</b>	<b>Capital Projects</b>	<b>Non-major Funds</b>	<b>Internal Service</b>	<b>Total Governmental Activities</b>
Receivables:				
Accounts	\$ 590,742	\$ 86,322	\$ 1,420,839	\$ 8,000,127
Taxes		431,543		5,296,074
Property standards & special assessment	196,865	-	-	196,865
Interest	76,961	-	10,614	104,416
Intergovernmental	6,734,293	1,301,180		8,256,294
Gross receivables	7,598,861	1,819,045	1,431,453	21,853,776
Less: allowance for uncollectable	-	(1,017,288)	-	(2,801,095)
Net total receivables	\$ 7,598,861	\$ 801,757	\$ 1,431,453	\$ 19,052,681

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:

<b>Business-type Activities</b>	<b>Civic Center</b>	<b>Golf Course</b>	<b>Public Transit</b>	<b>Water</b>	<b>Total Business- Type Activities</b>	<b>Total Government</b>
Receivables:						
Accounts	\$ 37,891	\$ -	\$ -	\$ 1,643,273	\$ 1,681,164	\$ 9,681,291
Taxes	-	-	-	-	-	5,296,074
Property standards & special assessment	-	-	-	-	-	196,865
Interest	2,100	-	-	10,533	12,633	117,049
Intergovernmental	290	-	559,604	-	559,894	8,816,188
Gross receivables	40,281	-	559,604	1,653,806	2,253,691	24,107,467
Less: allowance for uncollectable	-	-	-	(614,113)	(614,113)	(3,415,208)
Net total receivables	\$ 40,281	\$ -	\$ 559,604	\$ 1,039,693	\$ 1,639,578	\$ 20,692,259

## NOTES TO FINANCIAL STATEMENTS

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

<b>Governmental-type activity:</b>	
Calcasieu Parish Policy Jury	\$ 358,158
Lake Charles City Court	113,675
U.S. Department of Justice	33,108
Community Development Grant	83,281
LA Department of Treasury	18,487
LA State Facility Planning & Control	341,849
LA Commission on Law Enforcement and Admin. Of Criminal Justice Grant	23,564
LA Department of Environmental Quality	6,059,404
LA Department of Military Affairs	121,807
Housing and Urban Development Disaster Recovery Grants	1,331
Department of Culture and Recreation	84,342
Total Government-type activities	<u>7,239,006</u>
<b>Business-type activity:</b>	
LA Department of Transportation	559,604
La Department of Military Affairs	290
Total Business-type activities	<u>559,894</u>
Total Primary government	<u><u>\$ 7,798,900</u></u>

# NOTES TO FINANCIAL STATEMENTS

## C. Capital Assets

Capital asset activity for the fiscal year ended September 30, 2016 was as follows:

### Primary Government Governmental Activities:

Asset	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets - not being depreciated:				
Land	\$ 15,889,781	\$ 290,229	\$ -	\$ 16,180,010
Construction in progress	29,805,792	25,737,112	(22,216,600)	33,326,304
Total capital assets - not being depreciated	45,695,573	26,027,341	(22,216,600)	49,506,314
Capital assets - being depreciated:				
Buildings	53,914,772	422,481	(3,891)	54,333,362
Improvements	62,027,233	9,695,580	(103,289)	71,619,524
Machinery & Equipment	35,246,791	3,744,887	(2,494,615)	36,497,063
Infrastructure	313,996,863	17,955,872	-	331,952,735
Total capital assets - being depreciated	465,185,659	31,818,820	(2,601,795)	494,402,684
Less accumulated depreciation for:				
Buildings	(23,109,472)	(2,268,787)	3,891	(25,374,368)
Improvements	(28,543,526)	(2,973,020)	67,733	(31,448,813)
Machinery & Equipment	(24,131,526)	(2,799,839)	2,449,177	(24,482,188)
Infrastructure	(116,771,605)	(7,173,339)	-	(123,944,944)
Total accumulated depreciation	(192,556,129)	(15,214,985)	2,520,801	(205,250,313)
Total capital assets - being depreciated, net	272,629,530	16,603,835	(80,994)	289,152,371
Governmental activities capital assets, net	\$318,325,103	\$ 42,631,176	\$ (22,297,594)	\$ 338,658,685

The assets of the Internal Service Funds are included in the table for assets related to governmental-type activities. Total assets are \$35,257 with accumulated depreciation of \$22,743. Remaining value of assets at September 30, 2016 equaled \$12,514 and this total is included in the net asset statement for the Governmental-type activities.



# NOTES TO FINANCIAL STATEMENTS

## Business-type activities:

Asset	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets - not being depreciated:				
Land	\$ 2,104,506	\$ -	\$ -	\$ 2,104,506
Construction in progress	184,371	1,849,772	(95,559)	1,938,584
Total capital assets - not being depreciated	2,288,877	1,849,772	(95,559)	4,043,090
Capital assets - being depreciated:				
Buildings	25,833,046	48,000	-	25,881,046
Improvements	97,250,489	135,000	-	97,385,489
Machinery & Equipment	8,904,507	1,195,737	(486,667)	9,613,577
Total capital assets - being depreciated	131,988,042	1,378,737	(486,667)	132,880,112
Less accumulated depreciation for:				
Buildings	(19,646,198)	(240,603)	-	(19,886,801)
Improvements	(39,840,695)	(2,588,524)	-	(42,429,219)
Machinery & Equipment	(5,695,138)	(770,633)	480,226	(5,985,545)
Total accumulated depreciation	(65,182,031)	(3,599,760)	480,226	(68,301,565)
Total capital assets, being depreciated, net	66,806,011	(2,221,023)	(6,441)	64,578,547
Business-type activities capital assets, net	\$ 69,094,888	\$ (371,251)	\$ (102,000)	\$ 68,621,637

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

<b>Governmental activities:</b>	
General government	\$ 268,963
Public safety	1,780,971
Public works	11,193,758
Planning and development	26,069
General services	362,829
Community services	1,578,337
Capital assets held by the government's internal service funds are charges to the various functions based on their usage of the assets	4,058
Total depreciation expense - governmental activities	<u>\$15,214,985</u>
<b>Business-type activities:</b>	
Civic Center	\$ 1,236,928
Golf Course	234,653
Transit	462,140
Water	1,666,039
Total depreciation expense - business-type activities	<u>\$ 3,599,760</u>

NOTES TO FINANCIAL STATEMENTS

**D. Discretely presented component units**

Capital asset activity for the year ended December 31, 2015 was as follows for City Court:

<b>Governmental activities</b>	<b>Balance 1/01/2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2015</b>
Governmental activities:				
Equipment	\$ 175,788	\$ 17,767	\$ -	\$ 193,555
Furniture and fixtures	45,437	-	-	45,437
Total at historical cost	221,225	17,767	-	238,992
Less accumulated depreciation:				
Equipment	(42,934)	(6,527)	-	(49,461)
Furniture and fixtures	(11,476)	(4,176)	-	(15,652)
Total accumulated depreciation	(54,410)	(10,703)	-	(65,113)
Governmental activities capital assets, net	\$ 166,815	\$ 7,064	\$ -	\$ 173,879

Capital asset activity for the year ended December 31, 2015 was as follows for City Marshal:

<b>Governmental activities</b>	<b>Balance 1/01/2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2015</b>
Governmental activities:				
Automobiles & equipment	\$ 613,809	\$ 8,033	\$ -	\$ 621,842
Furniture and fixtures	13,763	-	-	13,763
Buildings & improvements	42,268	-	-	42,268
Totals at historical cost	669,840	8,033	-	677,873
Less accumulated depreciation:				
Equipment	(458,576)	(54,311)	-	(512,887)
Furniture and fixtures	(3,921)	(1,966)	-	(5,887)
Buildings & improvements	(1,021)	(1,057)	-	(2,078)
Total accumulated depreciation	(463,518)	(57,334)	-	(520,852)
Governmental activities capital assets, net	\$ 206,322	\$ (49,301)	\$ -	\$ 157,021

# NOTES TO FINANCIAL STATEMENTS

## E. Construction commitments

The City had total commitments of \$32,022,829 with contractors for unfinished construction projects as of September 30, 2016 categorized as follows:

Project type	Expended to date	Remaining commitment
Streets and storm drainage	\$ 1,011,047	\$ 500,587
Waterlines	469,285	21,722
Sanitary sewer rehabilitation	3,423,720	2,216,311
Wastewater facilities	13,092,736	28,822,264
Recreation / community facilities	1,200,230	1,648
Downtown Development	648,915	237,249
Mallard Cove Golf Course	-	117,948
Civic Center Improvements	187,183	105,100
Total	\$ 20,033,116	\$ 32,022,829

All remaining commitments are financed from City revenues previously received.

## F. Inter-fund receivables, payables and transfers

The composition of inter-fund balances as of September 30, 2016 is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Golf Course	\$ 168,010
	Civic Center Fund	318,303
	Non-major Governmental Funds	151,020
	Risk Management Fund	107
	Transit Fund	59,994
Debt Service Fund	General Fund	20,995
Capital Projects Fund	General Fund	500,000
Waste Water fund	General Fund	120,846
	Water Fund	273
Non-Major Governmental Funds	General Fund	931,892
	Civic Center	1,700
	Riverboat Fund	37,279
	Non-Major Governmental Funds	1,998
Water Fund	General Fund	144,428
	Civic Center	1,134
Transit Fund	Waste Water Fund	125
	Non-major Governmental Funds	55
	Water Fund	35
Total		\$ 2,458,194

# NOTES TO FINANCIAL STATEMENTS

## Inter-fund transfers:

<b>Transfer out:</b>	<b>General Fund</b>	<b>Riverboat Fund</b>	<b>Wastewater Fund</b>	<b>Debt Service</b>	<b>Capital Project Fund</b>	<b>Other Special Revenue Funds</b>
<b>Transfer in:</b>						
General Fund	\$ -	\$ -	\$ -	\$ 15,509	\$ -	\$ -
Debt Service	232,683	3,259,025	3,520,000		2,262,700	-
Capital Projects	7,000,000	9,800,000	9,500,000	1,079,165	-	2,275,000
Non-major Governmental	1,912,623	591,829	-		-	-
Civic Center	660,240	-	-		-	-
Golf Course	490,961	200,000			-	-
Transit	1,004,545	-	-		-	-
Water	160,040	-	-		-	-
Waste Water	137,177					
Total	\$ 11,598,269	\$ 13,850,854	\$ 13,020,000	\$ 1,094,674	\$ 2,262,700	\$ 2,275,000

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.

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

# NOTES TO FINANCIAL STATEMENTS

## G. Long-Term Debt

Bonds payable as of September 30, 2016 are comprised of the following individual issues and are entirely related to governmental activities:

\$ 34,480,000 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 the annual amounts of \$1,110,000 to \$2,555,000 through 2027; interest rates of 4% to 5%. \$ 7,530,000

\$ 17,735,000 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 20201; interest rates of 2% to 4%. 8,100,000

\$ 39,280,000 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%. 28,445,000

\$ 15,825,000 2014 Fixed rate Revenue Refunding Bonds - LCDA Original issue was for City of Lake Charles Public Improvement Projects (roads, utilities, downtown/lakefront development, economic development and parks) due in annual amounts of \$50,000 to \$2,450,000 through 2027; interest rates of 2% to 5%. 15,605,000

Total bonds payable \$ 59,680,000

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

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

Governmental Activities			
Year ending September 30:	Principal	Interest	Total
2017	\$ 5,325,000	\$ 2,506,519	\$ 7,831,519
2018	5,410,000	2,268,969	7,678,969
2019	5,635,000	2,041,894	7,676,894
2020	6,025,000	1,801,362	7,826,362
2021	6,295,000	1,538,862	7,833,862
2022	4,590,000	1,264,412	5,854,412
2023	4,975,000	1,034,913	6,009,913
2024	5,045,000	805,525	5,850,525
2025	5,275,000	576,100	5,851,100
2026	5,455,000	399,900	5,854,900
2027	5,650,000	205,500	5,855,500
Total	\$ 59,680,000	\$ 14,443,956	\$ 74,123,956

# NOTES TO FINANCIAL STATEMENTS

## Changes in long-term liabilities

Long-term liability activity for the year ended September 30, 2016 was as follows:

	Balance 10/01/2015	Additions	Reductions	Balance 9/30/2016	Due within one year
<b>Governmental activities:</b>					
<b>Bonds payable:</b>					
Revenue Bonds LC Public Imp 2007	\$ 9,080,000	\$ -	\$ (1,550,000)	\$ 7,530,000	\$ 1,610,000
Deferred amount of revenue bonds	256,639	-	(32,080)	224,559	32,080
Revenue Refunding Bonds	9,535,000	-	(1,435,000)	8,100,000	1,500,000
Deferred amount of revenue bonds	235,219	-	(39,203)	196,016	39,203
Revenue Bonds LC Public Imp 2010	30,410,000	-	(1,965,000)	28,445,000	2,040,000
Deferred amount of revenue bonds	1,169,717	-	(100,262)	1,069,455	100,262
Revenue Refunding Bonds LC Public Imp 2014	15,775,000	-	(170,000)	15,605,000	175,000
Deferred amount of revenue bonds	854,085	-	(69,721)	784,364	69,721
Total bonds payable	67,315,660	-	(5,361,266)	61,954,394	5,566,266
Compensated absences	3,403,384	776,699	(264,052)	3,916,031	200,000
Other post-employment benefits	2,039,764	539,562	(354,618)	2,224,708	-
Net pension liability	53,389,798	21,508,762	(10,777,853)	64,120,707	-
Police Benefit Guarantee	16,528	-	(16,528)	-	-
Lake Charles City Court building loan	2,590,000	-	(115,000)	2,475,000	115,000
DEQ loan	3,934,648	6,812,591	(238,000)	10,509,239	995,000
Cooperative endeavor - Sales Tax Dist. 3	1,664,492	-	(350,000)	1,314,492	350,000
Long-term liabilities	\$ 134,354,274	\$ 29,637,614	\$ (17,477,317)	\$ 146,514,571	\$ 7,226,266
<b>Business-type activities:</b>					
Compensated absences	\$ 533,312	\$ 119,681	\$ (89,396)	\$ 563,597	\$ 5,000
Other post-employment benefits	265,692	70,905	(52,105)	284,492	-
Net pension liability	3,206,290	1,683,564	(818,310)	4,071,544	-
Long-term liabilities	\$ 4,005,294	\$ 1,874,150	\$ (959,811)	\$ 4,919,633	\$ 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, \$108,066 of internal service compensated absences; \$22,280 OPEB liabilities and \$422,502 in Net Pension liabilities are included in the above statement.

## NOTES TO FINANCIAL STATEMENTS

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

General Fund	Wastewater Fund	Other Special Revenue Funds
\$ 243,636	\$ 15,031	\$ 5,385

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.

The Risk Management Fund also accounts for payment of hazard insurance premiums and third party claims administration services under a comprehensive risk limitation and insurance program. Under this program, the City's retained risk for all auto liability and general liability is generally limited to a maximum of \$500,000 per claim or loss. The City's self-insured retention for workmen's compensation is \$550,000 for all employees.

Total net position at September 30, 2016 was \$9,231,385. Specific ordinance authorization is required of any claim in excess of \$100,000 or for any reduction or use of the amount designated for catastrophic losses. However, all estimable claims are accrued as current or long-term liabilities when incurred, without regard to the level of authorization required for payment.

The City established a self-insurance program for employee health benefits as of January 1, 1993 and accounts for this program through a separate internal service fund. Total net position of that fund at September 30, 2016 was \$6,584,436. The amount of risk retained by the fund during 2016 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:

	<b>Risk Management</b>	<b>Employee Insurance</b>	<b>Totals</b>
Unpaid claims, beginning of fiscal year 2015:	\$ 5,154,136	\$ 1,400,000	\$ 6,554,136
Incurred and adjusted claims	6,306,966	6,612,671	12,919,637
Claim payments	(4,781,994)	(6,312,671)	(11,094,665)
Unpaid claims, beginning of fiscal year 2016:	6,679,108	1,700,000	8,379,108
Incurred and adjusted claims	3,798,300	6,523,406	10,321,706
Claim payments	(3,488,933)	(6,473,406)	(9,962,339)
Total unpaid claims September 30, 2016:			
Current claims due within one year	5,500,317	1,750,000	7,250,317
Long-term claims due one year or more	1,488,158	-	1,488,158
Total unpaid claims September 30, 2016:	\$ 6,988,475	\$ 1,750,000	\$ 8,738,475

### **B. Property Tax**

The City levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the City on property values assessed by the Calcasieu Parish Tax Assessor and approved by the State of Louisiana Tax Commission. All millages except the General Alimony tax were reauthorized in 2006 for an additional 10 years. The distribution of the City's levy (tax rate per \$1,000 assessed value) to its funds was as follows for 2016 and 2015:

<b>Tax</b>	<b>Fiscal year 2016</b>	<b>Fiscal year 2015</b>
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, 2016, if any, is not estimable.

### **D. Joint Service Agreements**

The City of Lake Charles and the Calcasieu Parish Police Jury entered into a joint service agreement, with an effective date of January 1, 2010, regarding operational responsibility for a consolidated animal services and shelter program. The term of the agreement was for the calendar year 2010 through 2012, with an optional renewal period of three years. The City agreed to fund one-half of the operating budget, after the reduction for self-generated revenue and other specified grant revenue. The fifty percent amount is based on the average service call breakdown between the City and the Parish. The 2016 payment was \$495,882.



## 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 2016 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 2016, the Parish remitted \$ 1,813,685 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 \$10,799,768 during fiscal year 2016 as a result of this agreement.

### **F. Other Postemployment Benefits Other than Pensions (OPEB)**

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

The notes to the financial statements contain other required disclosure information such as the estimated costs today of providing the postemployment benefits to all of our current employees once they retire, not just the liability referred to above that is actually recognized in the statements of net position. The City contracted with a third party consultant to perform the actuarial valuation required by GASB Statement No. 45 for the fiscal year ended September 30, 2016. GASB Statement No. 45 requires biennially valuations for plans with memberships exceeding 200. The projected unit credit actuarial cost method was used for the September 30, 2008, September 30, 2010, September 30, 2012, and September 30, 2014 actuarial valuations. The schedule of funding progress is presented immediately following the financial statements as required supplementary information. The schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The

## NOTES TO FINANCIAL STATEMENTS

Valuation Reports for the City of Lake Charles – GASB 45 Actuarial Valuation – is available at City of Lake Charles, 326 Pujo Street, Lake Charles, LA 70601.

Plan Description: The City OPEB Plan is a single employer defined benefit plan. Employees are eligible for retiree health benefits if they are eligible for a pension from their respective retirement system, and they are enrolled in the City of Lake Charles health plan at the time of retirement. City employees may retire upon attaining 1) age 60 with 10 years of service; or 2) at any age with 30 years of service. Police employees may retire upon attaining 1) age 55 with 12 years of service; or 2) at any age with 20 years of service. Fire employees may retire upon attaining 1) age 55 with 12 years of service; 2) age 50 with 20 years of service; or 3) at any age with 25 years of service. In addition, if an employee becomes disabled under the terms of his retirement system, he shall be eligible for medical benefits. City employees must have 10 years of service at time of disability. Police and fire employees must have 5 years of service at time of disability.

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

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

Funding Policy: The contribution requirements of the retirees and the participating employees are established in the annual operating budget and may be amended in the subsequent year by City management. As stated previously, the required contribution is based on projected pay-as-you-go financing requirements. The employer contribution to the OPEB plan for 2016 was \$261,477. For coverage under the plan prior to age 65, retirees pay the active premium. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which for 2016 consisted of \$556 per month for retiree only and \$1,112 for retiree and dependent coverage. Retirees over age 65 pay a range between \$137 and \$220 per month, depending on their age, for Medicare Supplements Part B and D. After age 65, retirees may participate in a retiree-pay-all Medicare Advantage plan. The cost of the Medicare Advantage plan is completely paid by the retiree. Therefore, there is no post-retirement benefit increase/liability to the City after age 65.

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

Projections of benefits for financial reporting purposes include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members. The actuarial cost method and assumptions used for determining the benefit obligation is the Projected Unit Credit Cost Method for the October 1, 2014 actuarial valuations. Under this method, the actuarial present value of projected benefits is the value of benefits expected to be paid for current actives and retirees and is calculated based on the assumptions and census data as stated. The Actuarial Accrued Liability (AAL) is the actuarial present value of benefits attributed to employee service rendered prior to the valuation date. The AAL equals the present value of benefits multiplied by a fraction equal to service to date over service to expected retirement. The Normal Cost

## NOTES TO FINANCIAL STATEMENTS

is the actuarial present value of benefits attributed to one year of service. This equals the present value of benefits divided by service at expected retirement. Since retirees are not accruing any more service, their normal cost is zero. The initial Unfunded Actuarial Accrued Liability (UAAL) was amortized over a closed 30 year amortization period commencing October 1, 2008. For each subsequent valuation, the re-measured UAAL will be amortized the remaining amortization years. In determining the Annual Required Contribution, the Unfunded AAL is amortized as a level dollar over 24 years beginning October 1, 2014. Because the City currently finances OPEB using a “pay-as-you-go” approach, the discount rate of 4 percent was based on the historical and future investment yields that are expected to be used in financing the payment of benefits. The actuarial assumptions for all valuations included a 4 percent investment rate of return, compounded annually. Life expectancies for the 2016 actuarial valuation report were based on the RP 2000 Male and Females Tables which is consistent with the 2008, 2010, 2012, and 2014 valuation reports. Turnover rates for the valuation reports were based on the City’s historical data and modified based on years of employment.

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

To determine the future trend rate assumptions, the Actuarial Valuation considered both near term and long term expectations of healthcare inflation. For the near term, the Actuarial selected trend rates within the range of factors included in Milliman’s Health Cost Guidelines for 2014 based on industry data. For the long term, the Actuarial used trend rates from the Getzen model for projecting long term healthcare trends. The Getzen model was developed by the Society of Actuaries (SOA) as a resource for the estimation of reportable liabilities for retiree healthcare benefits.

Inflation Rate Assumptions: The 2016 actuarial valuation assumed a healthcare cost inflation rate of 4.4 percent decreasing to an ultimate rate of 4.5 percent in 2091 and beyond. A one percent inflation factor was utilized each year. The actuarial assumptions for all valuations included a 4 percent investment rate of return, compounded annually. The 2016 actuarial valuation also assumes that 1) the discount rate for valuing liabilities without prefunding is 4 percent per annum, compounded annually; 2) the pre-retirement and post-retirement mortality rates were based on the sex distinct RP 2000 with projection scale AA and the post-disablement mortality rates were based on the sex distinct RP 2000 disabled with projection scale AA; 3) for Municipal Employees, demographic assumptions regarding retirement, turnover, and disability were based on statistics taken from the Municipal Employees’ Retirement System of Louisiana (MERSLA) 2014 City pension valuation; 4) for Police and Fire, demographic assumptions regarding retirement, turnover, and disability were based on statistics taken from the Louisiana Municipal Police Employees’ Retirement System (LAMPERS) 2014 Police/Fire pension valuation; 5) the disability rates used at age 35 for Municipal Employees (from MERSLA report) was at .034 percent to .404 percent at age 55 and Police/Fire Employees (from LAMPERS report) at age 35 at .068 percent to age 55 at .808 percent; 6) the withdrawal rates for Municipal Employees (from MERSLA report-Plan B) from 0-1 year of service were at a rate of 26 percent to over 20 years of service at a rate of 2 percent. The withdrawal rate for Police and Fire (from LAMPERS report) from age 20-23 was 8.5 percent and age 50-63 was 5 percent. For the Police and Fire, during the first four years of employment, the probability of terminating was 125 percent, 120 percent, 115 percent, and 110 percent respectively, of the attained age rate; 7) the retirement rates for Municipal Employees (from MERSLA report for Plan B) for age 46-54 was 6 percent and to over age 66, the retirement rate was 100 percent. The Police and Fire (from LAMPERS report) retirement rate for age 47-54 was 8 percent and over age 66 was 100 percent; 8) 25 percent of members are assumed to elect coverage at retirement; 9) it was assumed that husbands are three years older than their wives for active employees. Also, it was assumed that 25 percent of active participants making it to retirement are married and elect spouse coverage; 10) the trend assumptions for medical and pharmacy costs and retiree premiums are 6.2 percent pre-65 for fiscal year 2015 to 4.4 percent for fiscal year 2098 and beyond. The cost of the OPEB plan was derived by making certain specific assumptions as to rates of interest, mortality, turnover, which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the long term assumptions, the costs determined by the

## NOTES TO FINANCIAL STATEMENTS

valuation must be regarded as estimates of the true costs of the Plan. The actuarial liabilities and comparative costs were computed using the unit credit actuarial cost method. The normal cost is the actuarial present value of benefits allocated to the valuation year. The actuarial accrued liability is the actuarial present value of benefits accrued as of the valuation date.

In determining the Annual Required Contribution, the Unfunded Actuarial Accrued Liability (AAL) is amortized as a level dollar over 24 years as of October 1, 2014. The unfunded actuarial liability as of October 1, 2008 was amortized over the maximum permissible period under GASB 45 of a closed 30 year amortization period. The valuation assets are equal to the market value of assets as of the valuation date. Unfunded actuarial accrued liability is the difference between the Actuarial Accrued Liability and the Valuation Assets.

**Annual OPEB Cost and Net OPEB Obligation:** The City annual OPEB costs were calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding, which if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the October 1, 2014 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:

<b>Determination of Net OPEB Obligation</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Annual required contribution (ARC)	\$ 458,056	\$ 60,193	\$ 518,249
Interest on prior year Net OPEB Obligation	81,507	10,711	92,218
Adjustment to ARC	(128,376)	(16,870)	(145,246)
Annual OPEB Cost	411,187	54,034	465,221
City contributions made	(226,243)	(35,234)	(261,477)
Increase in Net OPEB Obligation	184,944	18,800	203,744
Net OPEB Obligation – beginning of year	2,039,764	265,692	2,305,456
Net OPEB Obligation – end of year	\$ 2,224,708	\$ 284,492	\$ 2,509,200

## NOTES TO FINANCIAL STATEMENTS

### Trend Information for OPEB Plan:

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	\$ 642,116	34%	\$ 424,116
9/30/2010	642,116	41%	805,231
9/30/2011	697,183	37%	1,243,413
9/30/2012	697,183	43%	1,642,596
9/30/2013	481,922	55%	1,857,865
9/30/2014	481,922	55%	2,072,490
9/30/2015	465,221	50%	2,305,456
9/30/2016	465,221	56%	2,509,200

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
10/1/2008	0%	\$ 6,063,254	\$ 6,063,254	0%	\$ 23,558,095	25.74%
10/1/2010	0%	6,402,679	6,402,679	0%	23,900,000	26.79%
10/1/2012	0%	4,928,516	4,928,516	0%	25,311,382	19.47%
10/1/2014	0%	4,668,177	4,668,177	0%	26,619,735	17.54%

### 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, 2015, 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 was established at \$16,528 and that amount was recorded as a long-term liability. Total payments during the year then ended 2016 were \$16,987. The employee reached age 60 during the year and the City has fulfilled this liability. The balance available in the Debt Service Fund on September 30, 2015 exceeded the maximum future liability and remaining funds of \$15,509 were transferred to the General Fund.

**H. Retirement Commitments**

Plan Descriptions

The City participates in four state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the City's full-time employees: Municipal Employees' Retirement System (MERS), Municipal Police Employees' Retirement System (MPERS), Firefighters' Retirement System (FRS) and Louisiana State Employees' Retirement System (LASERS) of the State of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Article 10, Section 29 of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions to the state legislature. The systems issue annual, publicly-available financial reports that include financial statements and required supplementary information for the systems. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. The City of Lake Charles implemented Government Accounting Standards Board (GASB) Statement 68 on Accounting and Financial Reporting for Pensions and Statement 71 on Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB 68. Additional disclosures with respect to GASB 68 to the City's participation in these systems are provided below. Municipal Employees Retirement System of Louisiana (MERS) or Municipal Police Employees Retirement System of Louisiana (MPERS). The reports for MERS, MPERS, FRS, and LASERS may be obtained at [www.mersla.com](http://www.mersla.com), [www.lampers.org](http://www.lampers.org), [www.lafirefightersret.com](http://www.lafirefightersret.com) and [www.lasersonline.org](http://www.lasersonline.org) respectively. The Municipal Employees' Retirement System (MERS) issues a publicly available financial report, which may be obtained by writing to that system at 9737 Office Park Boulevard, Baton Rouge, LA 70809. The financial report for the Municipal Police Employees' Retirement System (MPERS) may be obtained by writing to that system at 8401 United Plaza Boulevard Suite 270, Baton Rouge, LA 70809-7017. The financial report for the Firefighters' Retirement System (FRS) may be obtained by writing to that system at P.O. Box 94095, Capitol Station, Baton Rouge, LA 70804-9095. The financial report for LASERS may be obtained by writing to that system at 8401 United Plaza Blvd #100, Baton Rouge, LA 70809.

Plan Description- MERS

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

Plan Description- MPERS

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

Plan Description- FRS

The Firefighters' Retirement System (FRS) is the administrator of a cost-sharing multiple-employer plan.

## NOTES TO FINANCIAL STATEMENTS

Membership in the System is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. The System provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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

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

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

### Plan Description- LASERS

The City of Lake Charles has two Judges participating in LASERS. The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of LRS 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of total pension liability includes all benefits to be provided to current active and inactive employees through LASERS in accordance with benefit terms and any legal agreements in force at the measurement date.

### **Benefits Provided**

#### Retirement Benefits- MERS (plan B)

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



## NOTES TO FINANCIAL STATEMENTS

Final compensation is the employee's average salary over the 36 consecutive or joined months that produce the highest average for a member whose first employment made him or her eligible for membership in the system on or before June 30, 2006. Final compensation is the employee's average salary over the 60 consecutive or joined months that produce the highest average for a member whose first employment made him or her eligible for membership in the system after June 30, 2006. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination.

### Retirement Benefits- MPERS

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

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

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

### Retirement Benefits- FRS

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



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

- 7 years or more of service credit, at age 67
- 10 years or more of service credit, at age 62
- 30 years or more of service credit, at age 55
- 25 years of service credit at any age but shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section.

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

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

### Retirement Benefits- LASERS

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Members may also choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan. A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement is ten years of service.

### Deferred Retirement Options

In lieu of terminating employment and accepting a service retirement allowance, any member of MERS who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. A MERS member may participate in DROP only once. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment, are credited to the MERS

## NOTES TO FINANCIAL STATEMENTS

member's individual DROP account. Interest is earned when the member has completed DROP participation. Upon termination of employment prior to or at the end of the participation period, the member may receive a lump sum from the account or a true annuity based on the account balance. If employment is not terminated at the end of the three year DROP participation period, payments into the DROP account cease and the person resumes active contributing membership in MERS.

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

A member of FRS may elect to participate in the deferred retirement option plan (DROP) for up to 36 months, after completing 20 years of creditable service and age 50 or 25 years at any age. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account or an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires. Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

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

### Disability Benefits

A member of MERS Plan B is eligible to retire and receive a disability benefit if he or she has at least 10 years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. The monthly maximum retirement benefit under Plan B of MERS is the lesser of an amount equal to two percent of member's final compensation multiplied by years of service (not

## NOTES TO FINANCIAL STATEMENTS

less than 30% of member's final compensation) or an amount equal to what the member's normal retirement benefit would be based on final compensation at time of disability, but assuming continuous service until member's earliest normal retirement age.

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

A member of FRS disability benefit or any member who has been officially certified as totally disabled solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has a least five years of creditable service and provided that the disability was incurred while the member was an active contributing member, is entitled to disability benefits. Any member under the age of fifty who becomes totally disabled will receive a disability benefit equal to 60% of final compensation for an injury received in the line of duty; or 75% of his accrued retirement benefit with a minimum of 25% of average salary for any injury received, even though not in the line of duty. Any member age fifty or older who becomes totally disabled from an injury sustained in the line of duty is entitled to a disability benefit equal to the greater of 60% of final compensation or his accrued retirement benefit. Any member age fifty or older who becomes totally disabled as a result of any injury, even though not in the line of duty, is entitled to a disability benefit equal to his accrued retirement benefit with a minimum of 25% of average salary. The surviving spouse of a member who was on disability retirement at the time of death receives a benefit of \$200 per month. When the member takes disability retirement, he may in addition take an actuarially reduced benefit in which case the member's surviving spouse receives 50% of the disability benefit being paid immediately prior to the death of the disability retiree. The retirement system may reduce benefits paid to a disability retiree who is also receiving workers compensation payments.

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

### Survivor's Benefit

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

Survivor benefits for MPERS members are payable to the surviving spouse or surviving minor child/children



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

Survivor benefits for FRS are payable to survivors of a deceased member who dies and is not eligible for retirement as follows. If any member is killed in the line of duty and leaves a surviving eligible spouse, the spouse is entitled to an annual benefit equal to two-thirds of the deceased member's final compensation. If any member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit equal to 3% of the deceased member's average final compensation multiplied by his total years of creditable service; however, in no event is the annual benefit less than 40% nor more than 60% of the deceased member's average final compensation. Children of the deceased member who are under the age of eighteen years are entitled to the greater of \$200 per month or 10% of average final compensation (not to exceed 100% of average final compensation) until reaching the age of eighteen or until the age of twenty-two if enrolled full-time in an institution of higher learning, unless the surviving child is physically handicapped or mentally retarded in which case the benefit is payable regardless of age. If a deceased member dies leaving no surviving spouse, but at least one minor child, each child is entitled to receive forty percent of the deceased's average final compensation, not to exceed an aggregate of sixty percent of average final compensation.

Certain eligible LASERS surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased. The deceased member who was in state service at the time of death must have a minimum of five years of service credit, at least two of which were earned immediately prior to death, or who had a minimum of twenty years of service credit regardless of when earned in order for a benefit to be paid to a minor or handicapped child. Benefits are payable to an unmarried child until age 18, or age 23 if the child remains a full-time student. The aforementioned minimum service credit requirement is ten years for a surviving spouse with no minor children, and benefits are to be paid for life to the spouse or qualified handicapped child.

### Cost of Living Increases

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

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

The present value of future FRS and LASERS retirement benefits are based on benefits currently being paid by the System and include previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic. As fully described in Title 11 of the Louisiana Revised Statutes, LASERS allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs) that are funded through investment earnings when recommended by the Board of Trustees and approved.

## NOTES TO FINANCIAL STATEMENTS

### Contributions

The MERS, MPERS, FRS, and LASERS employer contribution rates are established annually under LRS 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the system's actuary. Each plan pays a separate actuarially-determined employer contribution rate. For the year ending September 30, 2016 the employer contribution rate for MERS Plan B was 11.00% ; MPERS was 31.75%; LASERS was 38.00% & 36.70% hired after January 1, 2011; FRS was 25.25%. Employer contributions to MERS, MPERS, FRS, and LASERS were \$1,649,933; \$2,540,782; \$2,147,160; and \$13,163 respectively, for the year ended September 30, 2016. Employees participating in MERS are required to contribute 5.00%; employees participating in MPERS are required to contribute 10.00%; employees participating in the FRS are required to contribute 10.00%; employees participating in LASERS are required to contribute 11.50% & 13% hired after January 1, 2011.

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. MERS receives ad valorem taxes and state revenue sharing funds. MPERS receives insurance premium tax monies appropriated by the legislature each year based on an actuarial study. FRS receives insurance premium tax monies appropriated by the legislature each year based on an actuarial study. The City of Lake Charles recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended September 30, 2016, the City of Lake Charles recognized revenue as a result of support received from non-employer contributing entities of \$536,347 for its participation in MERS; \$539,643 for its participation in MPERS; \$865,380 for its participation in the FRS; and \$2,127 for its participation in LASERS.

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

At September 30, 2016, the City of Lake Charles reported a liability for MERS, MPERS, FRS, and LASERS of \$18,055,628, \$27,186,035, \$22,800,604, and \$149,984, respectively, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2016 and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The City of Lake Charles's proportion of the net pension liability for each retirement system was based on a projection of the City of Lake Charles's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City of Lake Charles's proportion for MERS, MPERS, FRS, and LASERS was 21.782416%, 2.900519%, 3.485849%, and 0.001910%, respectively. This reflects an increase for MERS and LASERS of 0.861882%, and 0.000030%, respectively, from its proportion measured as of June 30, 2015. This reflects a decrease for MPERS and FRS 0.051343% and 0.057704%, respectively, from its proportion measured as of June 30, 2015.

## NOTES TO FINANCIAL STATEMENTS

For the year ended September 30, 2016, the City of Lake Charles recognized pension expense, for which there were no forfeitures, as follows:

<b>Pension Plan</b>	<b>Pension Expense</b>
MERS	\$ 3,336,217
MPERS	3,551,612
FRS	3,455,137
LASERS	8,134
<b>Total</b>	<b>\$ 10,351,100</b>

At September 30, 2016, the City of Lake Charles reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Deferred Outflows of Resources</b>					
	<b>MERS</b>	<b>MPERS</b>	<b>FRS</b>	<b>LASERS</b>	<b>Total</b>
Differences between expected and actual experience	\$ 148,089	\$ -	\$ -	\$ 87	\$ 148,176
Changes in assumptions	899,731	1,321,800	196,497	-	2,418,028
Net difference between projected and actual earnings on pension plan investments	4,425,749	4,183,211	5,479,755	18,681	14,107,396
Changes in Proportion and differences between employer contributions and proportionate share of contributions	369,609	261,568	261,951		893,128
Employer contributions subsequent to measurement date	485,919	748,848	521,837	3,214	1,759,818
<b>Total</b>	<b>\$ 6,329,097</b>	<b>\$ 6,515,427</b>	<b>\$ 6,460,040</b>	<b>\$ 21,982</b>	<b>\$19,326,546</b>

# NOTES TO FINANCIAL STATEMENTS

Deferred Inflows of Resources					
	MERS	MPERS	FRS	LASERS	Total
Differences between expected and actual experience	\$ 260,884	\$ 432,461	\$ 902,537	\$ 1,391	\$ 1,597,273
Changes in assumptions	0	1,637	6,354	-	7,991
Net difference between projected and actual earnings on pension plan investments	0	0	0	0	0
Changes in Proportion and differences between employer contributions and proportionate share of contributions	40,282	439,350	1,173,526	-	1,653,158
Employer contributions subsequent to measurement date	-	-	-	-	-
Total	\$301,166	\$873,448	\$2,082,417	\$1,391	\$3,258,422

During the year ended September 30, 2016, employer contributions totaling \$485,919; \$748,848; \$521,837; and \$3,214 were made subsequent to the measurement date for MERS, MPERS, FRS, and LASERS respectively. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	MERS	MPERS	FRS	LASERS
2017	\$ 1,594,025	\$ 1,209,127	\$ 1,078,619	\$ 2,874
2018	1,696,296	1,055,579	1,078,619	2,787
2019	1,578,028	1,565,874	1,422,816	7,260
2020	673,663	1,062,551	660,196	4,456
2021			(310,491)	
2022			(73,973)	
Total	\$ 5,542,012	\$ 4,893,131	\$ 3,855,786	\$ 17,377

## Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of MERS, MPERS, FRS, and LASERS employers as of June 30, 2016 are as follows:

NOTES TO FINANCIAL STATEMENTS

	<b>MERS Plan B</b>	<b>MPERS</b>
Total pension liability	\$ 226,092,430	\$ 2,760,140,132
Plan fiduciary net position	143,201,586	1,822,858,397
Total net pension liability	<u>\$ 82,890,844</u>	<u>\$ 937,281,735</u>
	<b>FRS</b>	<b>LASERS</b>
Total pension liability	\$ 2,053,982,618	\$ 18,576,266,623
Plan fiduciary net position	1,399,892,212	10,723,714,826
Total net pension liability	<u>\$ 654,090,406</u>	<u>\$ 7,852,551,797</u>

The City of Lake Charles's allocation is 21.782416% of the Total Net Pension Liability for MERS; 2.900519% of the Total Net Pension Liability for MPERS; 3.485849% of the Total Net Pension Liability for the FRS, and 0.001910% of the Total Net Pension Liability for LASERS.

The total pension liabilities for MERS, MPERS, FRS, and LASERS in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	MERS	MPERS								
Actuarial cost method	Entry Age Normal	Entry Age Normal Cost								
Expected remaining service lives	4 years for Plan B	4 years								
Investment rate of return	7.50%, net of investment expense	7.5%, net of investment expense								
Inflation rate	2.875%	2.875%								
Projected salary increases	5.00% (2.875% inflation, 2.125% merit)	<table><tr><td>Years of Service</td><td>Salary Growth Rate</td></tr><tr><td>1-2</td><td>9.75%</td></tr><tr><td>3-23</td><td>4.75%</td></tr><tr><td>24 &amp; over</td><td>4.25%</td></tr></table>	Years of Service	Salary Growth Rate	1-2	9.75%	3-23	4.75%	24 & over	4.25%
Years of Service	Salary Growth Rate									
1-2	9.75%									
3-23	4.75%									
24 & over	4.25%									
Cost of living adjustments	None	None								
Mortality	For Annuitant and beneficiary mortality tables used were: RP-2000 Healthy Annuitant Sex Distinct Mortality tables (set forward 2 years for males and set forward 1 year for females) for employees, the RP-2000 Disabled Lives Mortality Table (set back 5 years for males and set back 3 years for females) was selected for disabled annuitants	Based on an experience study for the period July 1, 2009-June 30, 2014. The RP-200 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set-back 1 year for females) were selected for annuitant and beneficiary mortality. For employees, the RP-2000 Employee table set back 4 years for males and set back 3 years for females were selected for disabled annuitants.								



# NOTES TO FINANCIAL STATEMENTS

	FRS	LASERS												
Actuarial cost method	Entry Age Normal	Entry Age Normal Cost												
Expected remaining service lives	7 years	3 years												
Investment rate of return	7.50%, net of investment expense	7.75%, net of investment expense												
Inflation rate	2.875%	3.0%												
Projected salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years	<table><tr><td>Member Type</td><td>Lower to Upper Range</td></tr><tr><td>Regular</td><td>4.0% - 13.0%</td></tr><tr><td>Judges</td><td>3.0% - 5.5%</td></tr><tr><td>Corrections</td><td>3.6% - 14.5%</td></tr><tr><td>Hazardous Duty</td><td>3.6% - 14.5%</td></tr><tr><td>Wildlife</td><td>3.6% - 14.5%</td></tr></table>	Member Type	Lower to Upper Range	Regular	4.0% - 13.0%	Judges	3.0% - 5.5%	Corrections	3.6% - 14.5%	Hazardous Duty	3.6% - 14.5%	Wildlife	3.6% - 14.5%
Member Type	Lower to Upper Range													
Regular	4.0% - 13.0%													
Judges	3.0% - 5.5%													
Corrections	3.6% - 14.5%													
Hazardous Duty	3.6% - 14.5%													
Wildlife	3.6% - 14.5%													
Cost of living adjustments	Only those previously granted	Only those previously granted												
Mortality	The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.	Mortality rates based on the RP-2000 Combined Healthy Mortality Table with mortality improvement projected to 2015 for Non-disabled members. Mortality rates based on the RP-2000 Disabled Retiree mortality Table, with no projection for mortality improvement for Disabled members. Termination, disability, and retirement assumptions were projected based on a five year (2009-2013) experience study of the System's members.												

The MERS actuarial assumptions used were based on the results of an experience study for the period July 1, 2009 through June 30, 2014. The MPERS actuarial assumptions used were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return for MERS is 7.60%, MPERS is 8.25%, FRS is 8.34%, and LASERS is 8.72% for the year ended June 30, 2016.

## NOTES TO FINANCIAL STATEMENTS

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for MERS and MPERS as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocations				Long Term Expected Real Rate of Return			
	MERS	MPERS	FRS	LASERS	MERS	MPERS	FRS	LASERS
Equity	50%	53%	58%	57%	2.60%	3.69%	6.77%	9.79%
Fixed income	35%	21%	24%	14%	1.80%	0.49%	1.85%	4.10%
Alternatives	15%	20%	8%	22%	0.80%	1.11%	6.67%	7.42%
Other	0%	6%	10%	7%	0.00%	0.21%	4.30%	2.68%
Subtotal	100%	100%	100%	100%	5.20%	5.50%	5.34%	5.47%
Inflation adjustment					2.50%	2.75%	3.00%	3.25%
Total					7.70%	8.25%	8.34%	8.72%

### Discount Rates

The discount rate used to measure the total pension liability for MERS was 7.50%, MPERS was 7.50%, and FRS was 7.50%. The discount rate used to measure the total pension liability for LASERS was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the actuary. Based on those assumptions, the net position of MERS, MPERS, FRS, and LASERS were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the City of Lake Charles's proportionate share of the net pension liability using the discount rate of 7.50% for MERS, 7.50% for MPERS, 7.50% for FRS, and 7.75% for LASERS as well as what the City of Lake Charles's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.50% for MERS, 6.50% for MPERS, 6.50% for FRS, and 6.75% for LASERS ) or one percentage-point higher (8.50% for MERS, 8.50% for MPERS, 8.50% for FRS, and 8.75% for LASERS) than the current rate:

Pension Plan	1% Decrease	Current Discount	1% Increase
MERS	\$ 23,357,314	\$ 18,055,628	\$ 13,532,230
MPERS	36,241,323	27,186,035	19,583,299
FRS	31,063,982	22,800,604	15,851,257
LASERS	184,269	149,984	120,852
Total	\$ 90,846,888	\$ 68,192,251	\$ 49,087,638

## NOTES TO FINANCIAL STATEMENTS

### Payables to the Pension Plans

At September 30, 2016, payables to MERS, MPERS, FRS, and LASERS were \$0, \$3,318, \$(235), and 1,419 respectively, for September 30, 2016 employee and employer legally-required contributions.

### 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, 2016 will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

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

During fiscal year 2016 the following amounts were recorded in the accompanying financial statements under various federal and state pass-through entitlements:

Fund	Fiscal year 2016
General Fund	\$ 17,514
Community Development	580,041
Grant Fund	1,178,684
Capital Projects Fund	6,080,697
Transit Enterprise Fund	1,573,655

### 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 (2016 collections \$24,759,696; 2015 collections \$24,233,672; 2014 collections \$22,309,909;) are collected by the General Fund and may be used for virtually any operating or capital needs of the City of Lake Charles. This tax levy was originally authorized in 1965 and was recently re-authorized for an additional 25 years from March 1, 2015.

## NOTES TO FINANCIAL STATEMENTS

### Additional Dedicated One Percent Sales Tax:

In November 1986, a sales tax election was held, and the City of Lake Charles was authorized to collect an additional dedicated one percent sales tax levy for a period of five years commencing January 1, 1987. This tax has since been reauthorized for periods of five years extending through 1996, and then for ten years through 2006. This tax was re-authorized in 2016 for an additional 10 years through 2026. Proceeds of this additional one percent sales tax levied by the City of Lake Charles (2016 collections \$24,759,696; 2015 collections \$24,233,672; 2014 collections \$22,309,909) were deposited directly to the funds for which they are dedicated on a percentage basis as follows:

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

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

The voters approved a sales tax levy of one-quarter of one percent in January 1995 for the purpose of maintaining the salaries and benefits of City employees. This tax levy is authorized for a period of ten years from its effective date of April 1, 1995. This tax has been reauthorized for ten years, extending through 2025. The revenues from this tax are recorded exclusively in the General Fund. Collections for September 30, 2016 totaled \$6,189,202; \$6,058,540 in fiscal year 2015 and \$5,577,484 in 2014.

### Additional One-Quarter Percent Sales Tax:

The voters approved a sales tax levy of one-quarter of one percent in October 2015 for the purpose of securing the bonded debt of the City, should primary sources of repayment become insufficient. Funds not used for this purpose shall be reauthorized for capital improvements. The balance of funds not otherwise needed for the bond reserve fund shall be used to pay for salaries, operational, maintenance and other capital needs. This tax levy is authorized for a period of fifteen year from its effective date of January 1, 2016. Collections for the nine month period of fiscal year 2016 totaled \$4,571,836, and was deposited equally in the General Fund and the Sales Tax Reserve Fund.

# NOTES TO FINANCIAL STATEMENTS

## K. Schedule of Compensation Paid to Governing Board

	Salary	Per Diem	Mileage Reimbursement	Total
Mayor:				
Randy Roach	\$ 125,000	\$ 80	\$ -	\$ 125,080
Councilmen:				
Luvertha August	12,000	0		12,000
Mark Eckard	12,000	220		12,220
Rodney Geyen	12,000	0		12,000
John Ieyoub	12,000	0		12,000
Dana Carl Jackson	12,000	233		12,233
Mary Morris	12,000	0		12,000
Stuart Weatherford	12,000	0		12,000
Total	\$ 209,000	\$ 533	\$ -	\$ 209,533

## L. Subsequent Events

Effective January 1, 2017, all full time City employees received a two percent across the board salary adjustment. Starting pay for fire and police personnel were increased by two percent. The annual cost of this pay adjustment was included in the adopted fiscal year 2017 budget.

The City is currently considering refunding portions of its bonded debt should market conditions present favorable present savings. This matter will be before the State Bond Commission in April 2017.

# REQUIRED SUPPLEMENTAL INFORMATION



**CITY OF LAKE CHARLES, LOUISIANA**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For Fiscal Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>		<b>2016</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Taxes	\$55,851,065	\$56,600,190	\$57,523,735	\$923,545
Licenses and permits	6,406,650	6,406,650	6,607,341	200,691
Intergovernmental	2,671,590	2,671,590	2,590,423	(81,167)
Charges for services	2,523,031	2,523,031	2,475,364	(47,667)
Fines and forfeitures	217,000	217,000	186,042	(30,958)
Miscellaneous	680,750	680,750	765,057	84,307
Total revenues	<u>68,350,086</u>	<u>69,099,211</u>	<u>70,147,962</u>	<u>1,048,751</u>
<b>Expenditures:</b>				
Current:				
General government	3,226,042	3,287,042	3,059,233	227,809
Finance	1,778,545	1,827,545	1,739,594	87,951
Human Resources	386,127	389,627	374,721	14,906
Fire	15,248,078	15,879,078	14,938,379	940,699
Police	18,510,005	19,022,005	18,072,050	949,955
Public works	17,064,657	17,179,657	15,280,579	1,899,078
Planning	2,382,223	2,352,223	1,927,503	424,720
General services	5,384,040	5,284,040	4,520,982	763,058
Total expenditures	<u>63,979,717</u>	<u>65,221,217</u>	<u>59,913,041</u>	<u>5,308,176</u>
Excess (deficiency) of rev over exp	<u>4,370,369</u>	<u>3,877,994</u>	<u>10,234,921</u>	<u>6,356,927</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	15,509	15,509
Transfers out	<u>(6,783,727)</u>	<u>(11,283,727)</u>	<u>(11,598,269)</u>	<u>(314,542)</u>
Total other financing sources (uses)	<u>(6,783,727)</u>	<u>(11,283,727)</u>	<u>(11,582,760)</u>	<u>(299,033)</u>
Net change in fund balances	<u>(2,413,358)</u>	<u>(7,405,733)</u>	<u>(1,347,839)</u>	<u>6,057,894</u>
Fund balance at beginning of year	<u>31,373,377</u>	<u>31,373,377</u>	<u>31,373,377</u>	<u>-</u>
Fund balance at end of year	<u>\$28,960,019</u>	<u>\$23,967,644</u>	<u>\$30,025,538</u>	<u>\$6,057,894</u>

**CITY OF LAKE CHARLES, LOUISIANA**  
**Riverboat Gaming Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For Fiscal Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>		<b>2016</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Taxes	\$ 11,200,000	11,200,000	10,799,768	(400,232)
Miscellaneous	4,000	4,000	13,323	9,323
Total revenues	<u>11,204,000</u>	<u>11,204,000</u>	<u>10,813,091</u>	<u>(390,909)</u>
<b>Expenditures:</b>				
Other services and charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>11,204,000</u>	<u>11,204,000</u>	<u>10,813,091</u>	<u>(390,909)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	0
Transfers out	(12,106,375)	(14,106,375)	(13,850,854)	255,521
Total other financing sources (uses)	<u>(12,106,375)</u>	<u>(14,106,375)</u>	<u>(13,850,854)</u>	<u>255,521</u>
Excess (deficiency) of rev and other sources over exp and other uses	(902,375)	(2,902,375)	(3,037,763)	(135,388)
Fund balance at beginning of year	<u>4,167,707</u>	<u>4,167,707</u>	<u>4,167,707</u>	<u>-</u>
Fund balance at end of year	<u>\$3,265,332</u>	<u>\$1,265,332</u>	<u>\$1,129,944</u>	<u>(\$135,388)</u>



**CITY OF LAKE CHARLES, LOUISIANA**  
**Waste Water Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For Fiscal Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>		<b>2016</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Sales tax revenue	\$ 4,096,000	\$ 4,096,000	\$ 3,961,551	\$ (134,449)
Charges for services	13,100,500	13,100,500	13,396,793	296,293
Miscellaneous	10,500	10,500	37,611	27,111
Total revenues	<u>17,207,000</u>	<u>17,207,000</u>	<u>17,395,955</u>	<u>188,955</u>
<b>Expenditures:</b>				
Personal services	3,231,960	3,359,436	3,284,365	75,071
Contractual and operational services	3,101,295	3,263,182	3,029,827	233,355
Materials & supplies	1,343,650	1,198,287	1,036,658	161,629
Special Current Charges	1,399,000	1,399,000	1,355,371	43,629
Capital outlay	1,014,000	870,000	654,227	215,773
Total expenditures	<u>10,089,905</u>	<u>10,089,905</u>	<u>9,360,448</u>	<u>729,457</u>
Excess (deficiency) of rev over exp	7,117,095	7,117,095	8,035,507	918,412
<b>Other financing sources (uses):</b>				
Transfers in	-	-	137,177	137,177
Transfers out	(10,020,000)	(13,020,000)	(13,020,000)	-
Total other financing sources (uses)	<u>(10,020,000)</u>	<u>(13,020,000)</u>	<u>(12,882,823)</u>	<u>137,177</u>
Excess (deficiency) of rev and other sources over exp and other uses	(2,902,905)	(5,902,905)	(4,847,316)	1,055,589
Fund balance at beginning of year	<u>8,123,708</u>	<u>8,123,708</u>	<u>8,123,708</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,220,803</u>	<u>\$ 2,220,803</u>	<u>\$ 3,276,392</u>	<u>\$ 1,055,589</u>

**CITY OF LAKE CHARLES, LOUISIANA**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
For Fiscal Year Ended September 30, 2016**

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

**CITY OF LAKE CHARLES, LOUISIANA****Other Postemployment Benefits -****Schedule of Funding Progress****For Fiscal Year Ended September 30, 2016**

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**Schedule of Funding Progress for the OPEB Plan**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Actuarial Accrued Liability (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a % of Covered Payroll</b>
10/01/2008	\$0	\$ 6,063,254	\$ 6,063,254	0%	\$ 23,558,095	25.74%
10/01/2010	\$0	\$ 6,402,679	\$ 6,402,679	0%	\$ 23,900,000	26.79%
10/01/2012	\$0	\$ 4,928,516	\$ 4,928,516	0%	\$ 25,311,382	19.47%
10/01/2014	\$0	\$ 4,668,177	\$ 4,668,177	0%	\$ 26,619,735	17.54%

Only four years of trend information is available for presentation since 2009 was the first year for implementation of Governmental Accounting Standards Board (GASB) Statement No. 45

"Accounting and Financial reporting by Employers for Postemployment Benefits Other Than Pension", and actuarial valuations are only required every two years.

**CITY OF LAKE CHARLES, LOUISIANA**  
**Schedule of Employer's Proportionate Share Of**  
**Net Pension Liability**  
**For Plan Year Ended June 30, 2016**

<b>Plan Year</b>	<b>Employer Proportionate of the Net Pension Liability (Asset)</b>	<b>Employer Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Employer's Covered Employee Payroll</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a percentage of It's Covered Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
<u>MERS:</u>					
2016	21.782416%	\$ 18,055,628	\$ 16,114,347	112.0%	63.3%
2015	20.920534%	14,218,580	14,405,300	98.7%	68.7%
2014	20.829217%	9,779,242	14,297,054	68.4%	76.9%
<u>MPERS:</u>					
2016	2.900519%	27,186,035	7,918,823	343.3%	66.0%
2015	2.951862%	23,124,753	7,901,901	292.6%	70.7%
2014	2.991097%	18,712,548	7,668,782	244.0%	75.1%
<u>FRS:</u>					
2016	3.485849%	22,800,604	8,504,518	268.1%	68.2%
2015	3.543553%	19,124,954	7,530,781	254.0%	72.5%
2014	3.805176%	16,932,704	7,478,773	226.4%	76.0%
<u>LASERS:</u>					
2016	0.001910%	149,984	34,344	436.7%	57.7%
2015	0.001880%	127,800	34,344	372.1%	62.7%
2014	0.001910%	119,368	34,344	347.6%	65.0%

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

# CITY OF LAKE CHARLES, LOUISIANA

## Schedule of Employer's Pension Contributions

For Fiscal Year Ended September 30, 2016

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions As a Percent of Covered Employee Payroll</u>
<u>MERS:</u>					
2016	\$ 1,649,933	\$ 1,649,933	\$ -	\$ 16,491,457	10.00%
2015	1,399,446	1,399,446	-	14,730,952	9.50%
2014	1,276,122	1,276,122	-	14,268,318	8.94%
<u>MPERS:</u>					
2016	2,540,782	2,540,782	-	8,216,344	30.92%
2015	2,438,032	2,438,032	-	7,867,402	30.99%
2014	2,415,255	2,415,255	-	7,754,805	31.15%
<u>FRS:</u>					
2016	2,147,160	2,147,160	-	8,032,163	26.73%
2015	2,161,180	2,161,180	-	7,518,430	28.75%
2014	2,148,278	2,148,278	-	7,531,809	28.52%
<u>LASERS:</u>					
2016	13,163	13,163	-	34,344	38.33%
2015	13,162	13,162	-	34,344	38.32%
2014	12,467	12,467	-	34,344	36.30%

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

# OTHER SUPPLEMENTAL INFORMATION



**CITY OF LAKE CHARLES, LOUISIANA**  
**Schedule of Total Compensation for Mayor, City of Lake Charles**  
**For Fiscal Year ended September 30, 2016**

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**Compensation for Mayor of City of Lake Charles fiscal year 2016:**

<b>Randy Roach, Mayor</b>	<b>Amount</b>
<b>Purpose:</b>	
Salary	\$125,000
Benefits - health insurance	9,158
Benefits - FICA & Medicare	9,022
Benefits - retirement	12,344
Benefits-wellness	240
Travel	1,187
Total	\$156,951

# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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



**CITY OF LAKE CHARLES, LOUISIANA**

**Combining Balance Sheet**

**Nonmajor Governmental Funds**

**For Fiscal Year Ended September 30, 2016**

					2015 One-				Total
			Central	Special	Quarter Cent	Facility	Disaster	Community	Nonmajor
ASSETS	Grants	Recreation	School	Events	Sales Tax	Renewal	Recovery	Development	Governmental
Cash (Note 1-G)	\$ 470,049	\$ 642,221	\$ 37,575	\$ 92,491	\$ 2,024,644	\$ 1,169,770	\$ 3,031,150	\$ 120,932	\$ 7,588,832
Investments (Note 1-G)	58,706	77,840	54,305	-	-	1,096,960	-	-	1,287,811
Receivable									
(net of allowance for uncollectable)									
Accounts (Note 1-I)	109	169,409	11,487	-	262,760	-	109,281	74,100	627,146
Intergovernmental (Note 7-C)	93,625	-	-	-	-	-	-	80,986	174,611
Due from other funds (Note 7-B)	23,402	38,978	35	-	-	906,121	-	4,333	972,869
Prepaid items	1,009	6,097	-	-	-	-	-	1,350	8,456
Total assets	<u>\$ 646,900</u>	<u>\$ 934,545</u>	<u>\$ 103,402</u>	<u>\$ 92,491</u>	<u>\$ 2,287,404</u>	<u>\$ 3,172,851</u>	<u>\$ 3,140,431</u>	<u>\$ 281,701</u>	<u>\$ 10,659,725</u>
<b>LIABILITIES</b>									
Accounts payable	\$ 37,624	\$ 94,283	\$ 5,442	\$ 50	\$ -	\$ -	\$ 105,303	\$ 23,737	\$ 266,439
Escrow	-	225	-	-	-	-	-	4,408	4,633
Due to other funds	21,135	131,901	-	-	-	-	-	37	153,073
Deferred revenues	567	-	-	6,000	-	-	-	68,850	75,417
Total liabilities	<u>59,326</u>	<u>226,409</u>	<u>5,442</u>	<u>6,050</u>	<u>-</u>	<u>-</u>	<u>105,303</u>	<u>97,032</u>	<u>499,562</u>
<b>FUND BALANCES</b>									
Nonspendable	1,009	6,097	-	-	-	-	-	1,350	8,456
Committed	-	50,000	68,763	12,663	710,500	-	-	-	841,926
Assigned:									
Community Services	155,261	652,039	29,197	73,778	1,576,904			183,319	2,670,498
Public Safety	431,304								431,304
Disaster Recovery							3,035,128		3,035,128
Capital Projects						3,172,851			3,172,851
Total fund balances	<u>587,574</u>	<u>708,136</u>	<u>97,960</u>	<u>86,441</u>	<u>2,287,404</u>	<u>3,172,851</u>	<u>3,035,128</u>	<u>184,669</u>	<u>10,160,163</u>
Total liabilities and fund balances	<u>\$ 646,900</u>	<u>\$ 934,545</u>	<u>\$ 103,402</u>	<u>\$ 92,491</u>	<u>\$ 2,287,404</u>	<u>\$ 3,172,851</u>	<u>\$ 3,140,431</u>	<u>\$ 281,701</u>	<u>\$ 10,659,725</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, 2016**

	Grants	Recreation	Central School	Special Events	2015 One-Quarter Cent Sales Tax	Facility Renewal	Disaster Recovery	Community Development	Total Nonmajor Governmental Funds
<b>Revenues:</b>									
Taxes	\$ -	\$ 3,108,961	\$ -	\$ -	\$ 2,285,556	\$ -	\$ -	\$ -	\$ 5,394,517
Intergovernmental	994,156	73,500	-	-	-	-	266,195	580,041	1,913,892
Charges for services	-	178,350	-	-	-	-	-	-	178,350
Miscellaneous	824	2,353	95,716	58,742	1,848	18,986	-	31,600	210,069
Total revenues	<u>994,980</u>	<u>3,363,164</u>	<u>95,716</u>	<u>58,742</u>	<u>2,287,404</u>	<u>18,986</u>	<u>266,195</u>	<u>611,641</u>	<u>7,696,828</u>
<b>Expenditures:</b>									
Current operating:									
Police	458,871	-	-	-	-	-	-	-	458,871
Planning and development	-	-	-	-	-	-	-	593,851	593,851
Community services	743,172	4,391,348	136,497	238,253	-	-	-	-	5,509,270
Total expenditures	<u>1,202,043</u>	<u>4,391,348</u>	<u>136,497</u>	<u>238,253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>593,851</u>	<u>6,561,992</u>
Excess (deficiency) of revenues over expenditures	<u>(207,063)</u>	<u>(1,028,184)</u>	<u>(40,781)</u>	<u>(179,511)</u>	<u>2,287,404</u>	<u>18,986</u>	<u>266,195</u>	<u>17,790</u>	<u>1,134,836</u>
<b>Other financing sources (uses):</b>									
Transfers in	402,137	953,184	-	210,000	-	906,121	-	33,010	2,504,452
Transfers out	-	-	-	-	-	(2,275,000)	-	-	(2,275,000)
Total other financing sources (uses)	<u>402,137</u>	<u>953,184</u>	<u>-</u>	<u>210,000</u>	<u>-</u>	<u>(1,368,879)</u>	<u>-</u>	<u>33,010</u>	<u>229,452</u>
Net change in fund balances	195,074	(75,000)	(40,781)	30,489	2,287,404	(1,349,893)	266,195	50,800	1,364,288
Fund balance at beginning of year	<u>392,500</u>	<u>783,136</u>	<u>138,741</u>	<u>55,952</u>	<u>-</u>	<u>4,522,744</u>	<u>2,768,933</u>	<u>133,869</u>	<u>8,795,875</u>
Fund balance at end of year	<u>\$ 587,574</u>	<u>\$ 708,136</u>	<u>\$ 97,960</u>	<u>\$ 86,441</u>	<u>\$ 2,287,404</u>	<u>\$ 3,172,851</u>	<u>\$ 3,035,128</u>	<u>\$ 184,669</u>	<u>\$ 10,160,163</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, 2016**

	<b>Budgeted Amounts</b>		<b>2016</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Intergovernmental:	\$ 1,645,666	\$ 981,926	\$ 994,156	\$ 12,230
Miscellaneous	-	354	824	470
Total revenues	1,645,666	982,280	994,980	12,700
<b>Expenditures:</b>				
Current:				
Public safety	1,075,910	460,774	458,871	1,903
Community services	953,571	752,197	743,172	9,025
Total expenditures	2,029,481	1,212,971	1,202,043	10,928
Excess of revenues over expenditures	(383,815)	(230,691)	(207,063)	23,628
<b>Other financing source(uses):</b>				
Transfers in	464,627	404,093	402,137	(1,956)
Total other financing sources (uses)	464,627	404,093	402,137	(1,956)
Excess (deficiency) of rev and other sources over exp and other uses	80,812	173,402	195,074	21,672
Fund balance at beginning of year	392,500	392,500	392,500	-
Fund balance at end of year	\$ 473,312	\$ 565,902	\$ 587,574	\$ 21,672

# 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, 2016

	Budgeted Amounts		2016	Variance with
	Original	Final	Actual	Final Budget
<b>Revenues:</b>				
Taxes	\$ 3,073,986	\$ 3,073,986	\$ 3,108,961	\$ 34,975
Intergovernmental	-	\$ -	\$ 73,500	73,500
Charges for services	132,200	132,200	178,350	46,150
Miscellaneous	500	500	2,353	1,853
Total revenues	<u>3,206,686</u>	<u>3,206,686</u>	<u>3,363,164</u>	<u>156,478</u>
<b>Expenditures:</b>				
Personal services	2,614,460	2,595,979	2,529,445	66,534
Contractual and operational	1,281,793	1,290,932	1,005,169	285,763
Materials and supplies	624,750	630,972	487,572	143,400
Special charges	17,500	26,620	15,647	10,973
Capital outlay	545,500	539,500	353,515	185,985
	<u>5,084,003</u>	<u>5,084,003</u>	<u>4,391,348</u>	<u>692,655</u>
Excess (deficiency) of rev over exp	<u>(1,877,317)</u>	<u>(1,877,317)</u>	<u>(1,028,184)</u>	<u>849,133</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,802,317	1,802,317	953,184	(849,133)
Total other financing sources (uses)	<u>1,802,317</u>	<u>1,802,317</u>	<u>953,184</u>	<u>(849,133)</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>-</u>
Fund balance at beginning of year	<u>783,136</u>	<u>783,136</u>	<u>783,136</u>	<u>-</u>
Fund balance at end of year	<u>\$ 708,136</u>	<u>\$ 708,136</u>	<u>\$ 708,136</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, 2016**

	<b>Budgeted Amounts</b>		<b>2016</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Miscellaneous	\$ 89,500	\$ 89,500	\$ 95,716	\$ 6,216
Total revenues	<u>89,500</u>	<u>89,500</u>	<u>95,716</u>	<u>6,216</u>
<b>Expenditures:</b>				
Contractual and operational	127,363	121,113	76,034	45,079
Materials and supplies	29,000	33,600	30,713	2,887
Special charges	29,100	30,750	29,750	1,000
Total expenditures	<u>185,463</u>	<u>185,463</u>	<u>136,497</u>	<u>48,966</u>
Excess of revenue over expenditures	<u>(95,963)</u>	<u>(95,963)</u>	<u>(40,781)</u>	<u>55,182</u>
Fund balance at beginning of year	<u>138,741</u>	<u>138,741</u>	<u>138,741</u>	<u>-</u>
Fund balance at end of year	<u>\$ 42,778</u>	<u>\$ 42,778</u>	<u>\$ 97,960</u>	<u>\$ 55,182</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, 2016

	<b>Budgeted Amounts</b>		<b>2016</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Miscellaneous	\$ 52,770	\$ 52,770	\$ 58,742	\$ 5,972
Total revenues	<u>52,770</u>	<u>52,770</u>	<u>58,742</u>	<u>5,972</u>
<b>Expenditures:</b>				
Materials and supplies	7,700	8,100	6,523	1,577
Other services and charges	271,413	271,013	231,730	39,283
Total expenditures	<u>279,113</u>	<u>279,113</u>	<u>238,253</u>	<u>40,860</u>
Excess of revenue over expenditures	<u>(226,343)</u>	<u>(226,343)</u>	<u>(179,511)</u>	<u>46,832</u>
<b>Other financing sources:</b>				
Transfers in	210,000	210,000	210,000	-
Total other financing sources	<u>210,000</u>	<u>210,000</u>	<u>210,000</u>	<u>-</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>(16,343)</u>	<u>(16,343)</u>	<u>30,489</u>	<u>46,832</u>
Fund balance at beginning of year	<u>55,952</u>	<u>55,952</u>	<u>55,952</u>	<u>-</u>
Fund balance at end of year	<u>\$ 39,609</u>	<u>\$ 39,609</u>	<u>\$ 86,441</u>	<u>\$ 46,832</u>

**CITY OF LAKE CHARLES, LOUISIANA**  
**2015 One-Quarter Cent Sales Tax Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For Fiscal Year Ended September 30, 2016**

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	<b>Budgeted Amounts</b>		<b>2016</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Taxes	\$ -	\$ 2,278,125	\$ 2,285,556	\$ 7,431
Miscellaneous	-	-	1,848	1,848
Total revenues	-	2,278,125	2,287,404	9,279
<b>Expenditures:</b>	-	-	-	-
Excess (deficiency) of rev over exp	-	2,278,125	2,287,404	9,279
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ 2,278,125	\$ 2,287,404	\$ 9,279

# CITY OF LAKE CHARLES, LOUISIANA

## Facility Renewal Fund

### Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance

Fiscal Years Ended September 30, 2016

	Budgeted Amounts		2016	Variance with
	Original	Final	Actual	Final Budget
<b>Revenues:</b>				
Interest on investments	\$ 11,000	\$ 11,000	\$ 18,986	\$ 7,986
Total revenues	11,000	11,000	18,986	7,986
<b>Expenditures:</b>	-	-	-	-
Excess (deficiency) of rev over exp	11,000	11,000	18,986	7,986
<b>Other financing sources (uses):</b>				
Transfers in	-	-	906,121	906,121
Transfers out	-	(2,275,000)	(2,275,000)	-
Total other financing sources (uses)	-	(2,275,000)	(1,368,879)	906,121
Excess (deficiency) of rev and other sources over exp and other uses	11,000	(2,264,000)	(1,349,893)	914,107
Fund balance at beginning of year	4,522,744	4,522,744	4,522,744	-
Fund balance at end of year	\$ 4,533,744	\$ 2,258,744	\$ 3,172,851	\$ 914,107



# 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, 2016

	<u>Budgeted Amounts</u>		<u>2016</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)	\$ 1,316,014	\$ 262,341	\$ 266,195	\$ 3,854
Miscellaneous	438,671	-	-	-
Total revenues	<u>1,754,685</u>	<u>262,341</u>	<u>266,195</u>	<u>3,854</u>
<b>Expenditures:</b>				
Contractual and operational	<u>1,754,685</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,754,685</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of rev over exp	-	262,341	266,195	3,854
Fund balance at beginning of year	<u>2,768,933</u>	<u>2,768,933</u>	<u>2,768,933</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,768,933</u>	<u>\$ 3,031,274</u>	<u>\$ 3,035,128</u>	<u>\$ 3,854</u>

**CITY OF LAKE CHARLES, LOUISIANA**  
**Community Development Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For Fiscal Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>		<b>2016</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Intergovernmental	\$ 512,561	\$ 592,886	\$ 580,041	\$ (12,845)
Miscellaneous	-	26,625	31,600	\$ 4,975
Total revenues	512,561	619,511	611,641	(7,870)
<b>Expenditures:</b>				
Current:				
Personal services	141,670	153,135	153,081	54
Contract and operational	19,203	13,629	13,174	455
Material and supplies	6,692	3,181	2,976	205
Special current	132,526	183,782	178,713	5,069
Capital outlay	241,951	252,430	245,907	6,523
Total expenditures	542,042	606,157	593,851	12,306
Excess (deficiency) of revenues over expenditures	(29,481)	13,354	17,790	4,436
<b>Other financing sources:</b>				
Transfers in	29,481	32,471	33,010	539
Total other financing sources	29,481	32,471	33,010	539
Excess (deficiency) of rev and other sources over exp and other uses	-	45,825	50,800	4,975
Fund balance at beginning of year	133,869	133,869	133,869	-
Fund balance at end of year	<u>\$133,869</u>	<u>\$179,694</u>	<u>\$184,669</u>	<u>\$4,975</u>

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

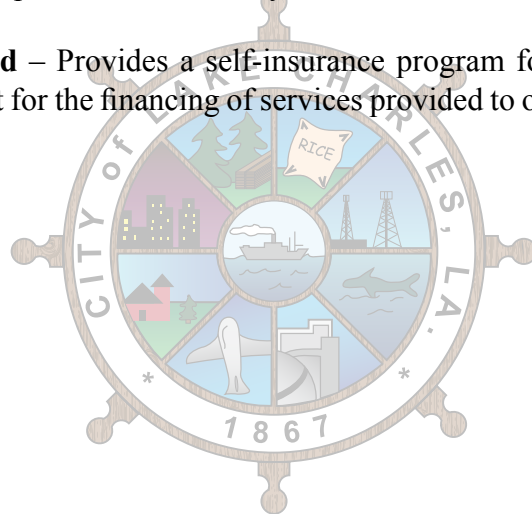
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# INTERNAL SERVICE FUNDS

**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 Position September 30, 2016

	<b>Risk Management</b>	<b>Employee Insurance</b>	<b>Totals 2016</b>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 10,399,299	\$ 2,366,440	\$ 12,765,739
Investments	4,085,708	5,978,362	10,064,070
Receivables:			
Accounts	1,415,361	5,478	1,420,839
Accrued interest	4,200	6,414	10,614
Prepaid expenses	774,946	-	774,946
Total current assets	<u>16,679,514</u>	<u>8,356,694</u>	<u>25,036,208</u>
Noncurrent assets:			
Capital assets (at cost):			
Machinery & equipment	35,257	-	35,257
Less accumulated depreciation	<u>(22,743)</u>	<u>-</u>	<u>(22,743)</u>
Total capital assets (net of accum. depr.)	<u>12,514</u>	<u>-</u>	<u>12,514</u>
Total assets	<u>16,692,028</u>	<u>8,356,694</u>	<u>25,048,722</u>
Deferred Outflows of resources	<u>148,278</u>	<u>-</u>	<u>148,278</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	60,444	22,258	82,702
Due to other funds	<u>107</u>	<u>-</u>	<u>107</u>
Total current liabilities	<u>60,551</u>	<u>22,258</u>	<u>82,809</u>
Long-term liabilities:			
Accrued leave benefits	108,066	-	108,066
OPEB payable	22,280	-	22,280
Net pension liability	422,502	-	422,502
Accrued insurance claims	5,325,317	1,600,000	6,925,317
Incurred-not reported claims	175,000	150,000	325,000
Accrued insurance claims - noncurrent	<u>1,488,158</u>	<u>-</u>	<u>1,488,158</u>
Total long-term liabilities	<u>7,541,323</u>	<u>1,750,000</u>	<u>9,291,323</u>
Total liabilities	<u>7,601,874</u>	<u>1,772,258</u>	<u>9,374,132</u>
Deferred Inflows of resources	<u>7,047</u>	<u>-</u>	<u>7,047</u>
<b>NET POSITION</b>			
Investment in capital assets	12,514	-	12,514
Unrestricted	<u>9,218,871</u>	<u>6,584,436</u>	<u>15,803,307</u>
Total net position	<u>\$ 9,231,385</u>	<u>\$ 6,584,436</u>	<u>\$ 15,815,821</u>

# CITY OF LAKE CHARLES, LOUISIANA

## Internal Service Funds

### Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

For the Fiscal Year Ended September 30, 2016

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2016</u>
Operating revenues:			
Charges for services	\$ 7,514,376	\$ 7,398,060	\$ 14,912,436
Other revenues	85,585	390,058	475,643
Total operating revenues	<u>7,599,961</u>	<u>7,788,118</u>	<u>15,388,079</u>
Operating expenses:			
Personal services	587,570	83,513	671,083
Materials and supplies	5,469	10,640	16,109
General and administration	1,762,766	1,051,891	2,814,657
Depreciation	4,058	-	4,058
Claims and losses paid	3,488,933	6,473,406	9,962,339
Total operating expenses	<u>5,848,796</u>	<u>7,619,450</u>	<u>13,468,246</u>
Operating income (loss)	<u>1,751,165</u>	<u>168,668</u>	<u>1,919,833</u>
Nonoperating revenues:			
Interest	66,305	47,163	113,468
Total nonoperating revenues	<u>66,305</u>	<u>47,163</u>	<u>113,468</u>
Income (loss) before transfers	<u>1,817,470</u>	<u>215,831</u>	<u>2,033,301</u>
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	1,817,470	215,831	2,033,301
Net position - beginning of fiscal year - as restated	7,413,915	6,368,605	13,782,520
Net position - ending of fiscal year	<u>\$ 9,231,385</u>	<u>\$ 6,584,436</u>	<u>\$ 15,815,821</u>

# CITY OF LAKE CHARLES, LOUISIANA

## Internal Service Fund

### Combining Statement of Cash Flows

For the Fiscal Year Ended September 30, 2016

	Risk Management	Employee Insurance	Totals 2016
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 8,032,160	\$ 7,783,373	\$ 15,815,533
Payments to employees	(548,261)	(66,106)	(614,367)
Payments to suppliers and claimants	(5,039,560)	(7,503,475)	(12,543,035)
Internal activity - payments to other funds	(10)	(1)	(11)
Net cash provided by operating activities	<u>2,444,329</u>	<u>213,791</u>	<u>2,658,120</u>
<b>Cash flow from noncapital financing activities:</b>			
Operating subsidies	-	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</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	(6,006,176)	(2,908,595)	(8,914,771)
Proceeds from sale and maturities of investment securities	6,962,486	3,000,830	9,963,316
Interest on investments	78,567	43,275	121,842
Net cash provided (used for) investing activities	<u>1,034,877</u>	<u>135,510</u>	<u>1,170,387</u>
Net increase (decrease) in cash and cash equivalents	3,479,206	349,301	3,828,507
Cash and cash equivalents at beginning of year	6,920,093	2,017,139	8,937,232
Cash and cash equivalents at end of year	<u>\$ 10,399,299</u>	<u>\$ 2,366,440</u>	<u>\$ 12,765,739</u>
<b>Reconciliation of operating (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 1,751,165	\$ 168,668	\$ 1,919,833
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	4,058	-	4,058
(Increase) decrease in accounts receivable	432,199	(4,745)	427,454
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in prepaid items	(132,982)	-	(132,982)
(Increase) decrease in deferred outflows of resources	(58,384)	-	(58,384)
Increase (Decrease) in accounts payables	38,815	(131)	38,684
Increase (Decrease) in accrued insurance claims	309,367	50,000	359,367
Increase (Decrease) in compensated absences payable	13,720	-	13,720
Increase (Decrease) in OPEB liability	923	-	923
Increase (Decrease) in NP liability	89,787	-	89,787
Increase (Decrease) in due to other funds	(10)	(1)	(11)
Increase (Decrease) in due deferred inflows of resources	(4,329)	-	(4,329)
Total adjustments	<u>693,164</u>	<u>45,123</u>	<u>738,287</u>
Net cash provided by operating activities	<u>\$ 2,444,329</u>	<u>\$ 213,791</u>	<u>\$ 2,658,120</u>

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

Assets retired cost \$3,800 and had accumulated depreciation of \$3,800, loss of \$0.

Change in the fair value of investments resulted in an unrealized loss of \$1,887 at year-end 2016 and an unrealized gain of \$35,736 at year-end 2015.

# 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, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Governmental funds capital assets		
Land	\$ 16,180,010	\$ 15,889,781
Buildings	54,333,362	53,914,772
Improvements other than buildings	71,619,524	62,027,233
Machinery and Equipment	36,461,806	35,207,734
Infrastructure	331,952,735	313,996,863
Construction in progress	<u>33,326,304</u>	<u>29,805,792</u>
Total general capital assets	<u>\$ 543,873,741</u>	<u>\$ 510,842,175</u>
Property acquired prior to October 1, 1985, excluding infrastructure	\$ 23,674,538	\$ 23,674,538
Property acquired after September 30, 1985 from:		
Federal grants	34,477,186	21,956,628
State grants	644,432	644,432
General fund revenues	95,386,159	85,424,222
Capital projects funds	350,246,413	341,264,842
Donations	<u>39,447,513</u>	<u>37,877,513</u>
Total investments in general capital assets	<u>\$ 543,876,241</u>	<u>\$ 510,842,175</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$35,257 at 9/30/2016 and \$39,056 at 9/30/2015 that are reported in the internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net position.

**CITY OF LAKE CHARLES, LOUISIANA**  
**Schedule of Capital Assets - Governmental Funds**  
**By Function and Activity**  
**September 30, 2016**

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
<b>GENERAL GOVERNMENT</b>							
Legislative	\$ -	\$ -	\$ -	\$ 70,671	\$ -	\$ -	\$ 70,671
Executive	-	-	-	43,586	-	-	43,586
Judicial	-	5,129,852	-	38,967	-	-	5,168,819
Total general government	-	5,129,852	-	153,224	-	-	5,283,076
<b>STAFF AGENCIES</b>							
Finance	-	-	-	10,446	-	-	10,446
Planning and development	-	-	-	93,793	-	-	93,793
Human Resources	-	-	-	15,667	-	-	15,667
Public works	214,700	926,986	155,756	1,688,935	-	-	2,986,377
Information Services	-	-	-	438,291	-	-	438,291
General government buildings	5,094,299	6,176,575	1,660,359	608,244	-	-	13,539,477
Total staff agencies	5,308,999	7,103,561	1,816,115	2,855,376	-	-	17,084,051
<b>PUBLIC SAFETY</b>							
Police	64,965	1,103,451	1,208,395	6,280,550	-	-	8,657,361
Fire	203,900	7,566,916	904,183	12,283,721	-	7,737	20,966,457
Permit Center	-	-	-	250,485	-	-	250,485
Total public safety	268,865	8,670,367	2,112,578	18,814,756	-	7,737	29,874,303
Streets	-	81,870	-	4,288,283	275,334,336	4,462,027	284,166,516
Recreation	9,301,960	3,982,533	26,505,555	2,110,431	-	1,416,444	43,316,923
Community service	5,000	2,549,579	432,631	2,471	-	2,403,856	5,393,537
Sanitation and waste	1,295,186	26,815,600	40,752,645	8,237,265	56,618,399	25,036,240	158,755,335
	10,602,146	33,429,582	67,690,831	14,638,450	331,952,735	33,318,567	491,632,311
Total capital assets allocated to functions	\$ 16,180,010	\$ 54,333,362	\$ 71,619,524	\$ 36,461,806	\$ 331,952,735	\$ 33,326,304	\$ 543,873,741

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$35,257. at 9/30/2016 and at \$39,056 in 9/30/2015 that are reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

**CITY OF LAKE CHARLES, LOUISIANA**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**For the Fiscal Year Ended September 30, 2016**

<b>Function and Activity</b>	<b>General Capital Assets 9/30/2015</b>	<b>Additions</b>	<b>Deletions</b>	<b>General Capital Assets 9/30/2016</b>
<b>GENERAL GOVERNMENT</b>				
Legislative	\$ 70,671	\$ -	\$ -	\$ 70,671
Executive	50,049	-	(6,463)	43,586
Judicial	5,168,819	-	-	5,168,819
Total general government	<u>5,289,539</u>	<u>-</u>	<u>(6,463)</u>	<u>5,283,076</u>
<b>STAFF AGENCIES</b>				
Finance	19,390	-	(8,944)	10,446
Planning and Development	66,629	41,174	(14,010)	93,793
Human Resources	28,692	-	(13,025)	15,667
Public Works	2,712,594	313,122	(39,339)	2,986,377
Information Services	336,175	192,168	(90,052)	438,291
General Government	<u>13,464,322</u>	<u>108,842</u>	<u>(33,687)</u>	<u>13,539,477</u>
Total staff agencies	<u>16,627,802</u>	<u>655,306</u>	<u>(199,057)</u>	<u>17,084,051</u>
<b>PUBLIC SAFETY</b>				
Police	9,115,377	908,261	(1,366,277)	8,657,361
Fire	21,008,141	698,304	(739,988)	20,966,457
Permit Center	<u>234,778</u>	<u>59,205</u>	<u>(43,498)</u>	<u>250,485</u>
Total public safety	<u>30,358,296</u>	<u>1,665,770</u>	<u>(2,149,763)</u>	<u>29,874,303</u>
Streets	275,938,158	15,832,890	(7,604,532)	284,166,516
Recreation	41,574,881	2,085,194	(343,152)	43,316,923
Community service	5,476,014	(82,477)	-	5,393,537
Sanitation and waste	<u>135,577,485</u>	<u>37,689,478</u>	<u>(14,511,628)</u>	<u>158,755,335</u>
	<u>458,566,538</u>	<u>55,525,085</u>	<u>(22,459,312)</u>	<u>491,632,311</u>
Total capital assets allocated to functions	<u>\$ 510,842,175</u>	<u>\$ 57,846,161</u>	<u>\$ (24,814,595)</u>	<u>\$ 543,873,741</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued on 9/30/2016 at \$35,257 and \$39,056 at 9/30/2015 that are reported in the internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net position.

# STATISTICAL SECTION

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

## **Contents**

### **Financial Trends**

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

### **Revenue Capacity**

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

### **Debt Capacity**

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

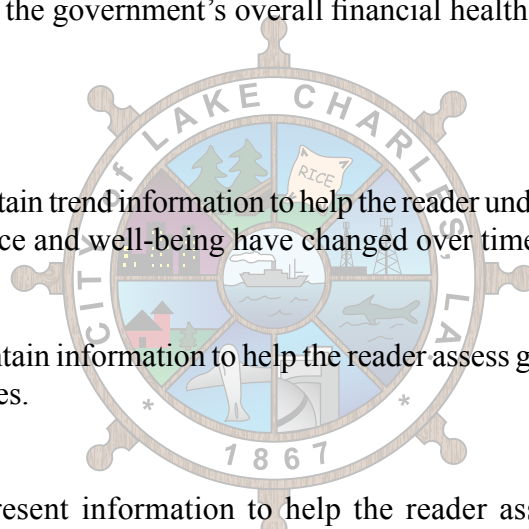
### **Demographic and Economic Information**

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

### **Operating Information**

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

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



**CITY OF LAKE CHARLES, LOUISIANA**

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 160,853	\$ 200,193	\$ 204,550	\$ 216,618
Restricted	48,485	42,220	30,622	60,553
Unrestricted	64,136	48,188	62,216	31,362
Total governmental activities net assets	<u>\$ 273,474</u>	<u>\$ 290,601</u>	<u>\$ 297,388</u>	<u>\$ 308,533</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 59,165	\$ 66,241	\$ 67,502	\$ 68,319
Assigned	5,716	555	2,363	2,851
Total governmental activities net assets	<u>\$ 64,881</u>	<u>\$ 66,796</u>	<u>\$ 69,865</u>	<u>\$ 71,170</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 220,018	\$ 266,434	\$ 272,052	\$ 284,937
Restricted	48,485	42,220	30,622	60,553
Unrestricted	69,852	48,743	64,579	34,213
Total governmental activities net assets	<u>\$ 338,355</u>	<u>\$ 357,397</u>	<u>\$ 367,253</u>	<u>\$ 379,703</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 223,583	\$ 228,301	\$ 230,614	\$ 240,382	\$ 243,940	\$ 259,977
51,978	31,734	23,169	22,757	24,596	31,273
44,864	72,112	90,900	54,000	72,792	77,180
<u>\$ 320,425</u>	<u>\$ 332,147</u>	<u>\$ 344,683</u>	<u>\$ 317,139</u>	<u>\$ 341,328</u>	<u>\$ 368,430</u>
\$ 66,627	\$ 68,959	\$ 68,562	\$ 70,785	\$ 69,095	\$ 68,622
5,584	7,909	11,729	17,502	22,049	24,166
<u>\$ 72,211</u>	<u>\$ 76,868</u>	<u>\$ 80,291</u>	<u>\$ 88,287</u>	<u>\$ 91,144</u>	<u>\$ 92,788</u>
\$ 290,210	\$ 297,260	\$ 299,176	\$ 311,167	\$ 313,035	\$ 328,599
51,978	31,734	23,169	22,757	24,596	31,273
50,448	80,021	102,629	71,502	94,841	101,346
<u>\$ 392,636</u>	<u>\$ 409,015</u>	<u>\$ 424,974</u>	<u>\$ 405,426</u>	<u>\$ 432,472</u>	<u>\$ 461,218</u>

# CITY OF LAKE CHARLES, LOUISIANA

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities:										
General government	\$ 4,102,319	\$ 4,158,299	\$ 4,428,106	\$ 4,565,486	\$ 4,585,082	\$ 4,644,212	\$ 4,567,288	\$ 4,778,135	\$ 5,316,267	\$ 5,612,894
Public safety	28,708,138	28,400,481	30,691,441	29,211,079	28,681,562	30,667,312	31,412,865	32,257,586	33,401,455	36,589,474
Public works	24,449,739	26,341,091	26,204,810	24,948,706	30,294,422	29,047,659	28,841,269	30,295,303	32,980,130	34,279,219
Planning and development	2,729,542	3,011,317	2,420,483	2,855,462	3,195,533	2,981,902	2,991,321	2,663,000	2,672,381	2,521,348
General services	5,901,532	5,201,297	7,819,930	7,327,977	4,384,287	5,428,845	5,687,941	5,659,656	6,021,391	5,838,645
Community services	5,814,605	5,658,398	6,101,747	5,699,264	6,936,038	6,730,143	6,174,061	6,350,062	6,668,047	7,191,241
Interest in long-term debt	1,997,185	2,850,831	2,703,667	3,396,559	3,935,479	4,053,332	3,409,036	3,203,842	3,138,628	2,703,865
Total governmental activities	73,703,060	75,621,714	80,370,184	78,004,533	82,012,403	83,553,405	83,083,781	85,207,584	90,198,299	94,736,686
Business-type activities										
Civic center	3,101,741	3,274,154	3,265,481	3,734,478	3,575,028	3,356,078	3,014,670	3,091,611	3,365,531	3,949,094
Golf course	1,299,432	1,247,986	1,480,511	1,432,343	1,495,425	1,489,217	1,539,186	1,612,629	1,648,783	1,680,137
Transit	1,996,952	2,540,820	2,359,228	2,038,547	2,215,223	2,298,862	2,354,540	2,714,383	2,917,813	3,066,511
Water	8,144,570	8,829,630	9,139,256	8,645,421	8,948,287	8,980,994	9,181,423	9,622,826	9,890,095	10,173,955
Total business-type activities	14,542,695	15,892,590	16,244,476	15,850,789	16,233,963	16,125,151	16,089,819	17,041,449	17,822,222	18,869,697
Total primary government	\$ 88,245,755	\$ 91,514,304	\$ 96,614,660	\$ 93,855,322	\$ 98,246,366	\$ 99,678,556	\$ 99,173,600	\$ 102,249,033	\$ 108,020,521	\$ 113,606,383
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 4,874,140	\$ 4,855,947	\$ 5,126,923	\$ 5,091,090	\$ 5,432,955	\$ 5,067,281	\$ 5,497,834	\$ 5,423,120	\$ 5,730,156	\$ 5,997,403
Public works	5,691,800	8,066,296	8,215,969	9,006,678	10,317,926	11,146,171	11,767,500	12,706,586	13,459,995	13,438,315
Other activities	1,221,578	1,165,914	911,091	1,030,878	1,123,347	1,106,880	1,108,756	996,480	744,123	751,477
Operating grants and contributions	3,968,837	5,920,889	3,801,382	4,426,140	4,505,960	5,037,836	5,237,139	4,428,311	4,675,984	4,002,036
Capital grants and contributions	4,472,089	2,917,678	4,913,193	5,685,329	5,843,875	2,991,355	3,949,165	7,243,043	5,516,540	8,346,684
Total govmtl activity prgrm revenues	20,228,444	22,926,724	22,968,558	25,240,115	27,224,063	25,349,523	27,560,394	30,797,540	30,126,798	32,535,915
Business-type activities:										
Charges for services:										
Civic center	932,746	915,970	1,047,163	930,113	968,296	975,050	941,963	968,322	1,000,078	1,138,735
Golf course	1,046,555	985,883	1,126,764	905,153	928,512	844,392	974,094	1,046,272	1,012,359	992,086
Transit	80,615	83,792	62,810	81,418	98,804	115,597	111,750	189,754	184,332	189,931
Water	6,286,427	6,936,227	7,586,073	8,925,396	10,333,108	10,657,748	11,327,208	12,066,695	12,687,985	12,300,282
Operating grants and contributions	1,272,010	1,157,412	1,198,730	1,307,484	1,411,923	1,422,853	1,515,747	1,647,581	2,303,705	2,834,655
Capital grants and contributions	256,761	1,213,667	1,510,505	1,698,748	736,314	3,184,780	541,173	7,795,194	801,268	266,752
Total busnss-type prgrm revens	9,875,114	11,292,951	12,532,045	13,848,312	14,476,957	17,200,420	15,411,935	23,713,818	17,989,727	17,722,441
Total primary gvrnment program revenues	\$ 30,103,558	\$ 34,219,675	\$ 35,500,603	\$ 39,088,427	\$ 41,701,020	\$ 42,549,943	\$ 42,972,329	\$ 54,511,358	\$ 48,116,525	\$ 50,258,356

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (expense)/revenue										
Governmental activities	\$ (53,474,616)	\$ (52,694,990)	\$ (57,401,626)	\$ (52,764,418)	\$ (54,788,340)	\$ (58,203,882)	\$ (55,523,387)	\$ (54,410,044)	\$ (60,071,501)	\$ (62,200,771)
Business-type activities	(4,667,581)	(4,599,639)	(3,712,431)	(2,002,477)	(1,757,006)	1,075,269	(677,884)	6,672,369	167,505	(1,147,256)
Total primary government net expenses	<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>	<u>\$ (57,128,613)</u>	<u>\$ (56,201,271)</u>	<u>\$ (47,737,675)</u>	<u>\$ (59,903,996)</u>	<u>\$ (63,348,027)</u>

#### General Revenues and Other Changes in Net Assets

<b>Governmental activities</b>										
Taxes										
Property taxes	\$ 6,536,673	\$ 6,612,603	\$ 7,348,241	\$ 7,489,471	\$ 7,923,348	\$ 7,707,653	\$ 8,176,273	\$ 8,631,895	\$ 9,163,826	\$ 10,217,089
Sales taxes	44,710,221	45,584,783	45,149,671	41,685,781	43,127,692	45,659,894	46,717,755	50,519,838	54,786,123	60,570,243
Franchise taxes	5,821,514	6,842,265	5,446,301	5,702,863	5,787,057	4,873,591	5,420,601	5,952,906	5,736,856	5,472,965
Riverboat taxes	6,961,367	8,399,666	9,099,020	8,959,034	9,113,904	9,713,282	9,691,942	9,664,375	11,054,210	10,799,768
Grants and contributions not restricted to specific programs	284,017	195,018	201,846	198,471	190,806	3,462,831	181,836	185,172	180,867	194,470
Interest and investment earnings	5,258,465	4,781,799	2,638,358	1,728,068	1,089,127	575,503	62,044	671,283	965,038	834,331
Miscellaneous	2,902,648	3,717,359	859,064	1,206,950	2,194,144	1,479,307	1,922,170	3,024,050	4,722,125	3,730,355
Gain (loss) on sales of capital assets	102,703	67,296	-	-	-	-	-	-	-	-
Transfers	(2,124,636)	(6,378,347)	(6,554,391)	(3,060,758)	(2,746,015)	(3,545,790)	(4,113,925)	(3,645,582)	(2,348,768)	(2,515,786)
Total governmental activities	<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>	<u>69,926,271</u>	<u>68,058,696</u>	<u>75,003,937</u>	<u>84,260,277</u>	<u>89,303,435</u>
Business-type activities:										
Grants and contributions not restricted to specific programs	200,000	200,000	200,000	200,000	-	-	-	-	-	-
Interest and investment earnings	589,768	181,262	26,597	46,565	52,549	35,695	(12,505)	81,712	227,141	133,929
Miscellaneous	1,064,948	252,500	-	-	-	-	-	-	113,376	141,451
Gain (loss) on sales of capital assets	-	(497,393)	-	-	-	-	-	-	-	-
Transfers	2,124,636	6,378,347	6,554,391	3,060,758	2,746,015	3,545,790	4,113,925	3,645,582	2,348,768	2,515,786
Total business type activities	<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>	<u>3,581,485</u>	<u>4,101,420</u>	<u>3,727,294</u>	<u>2,689,285</u>	<u>2,791,166</u>
Total primary government	<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>	<u>\$ 73,507,756</u>	<u>\$ 72,160,116</u>	<u>\$ 78,731,231</u>	<u>\$ 86,949,562</u>	<u>\$ 92,094,601</u>

#### Change in Net Assets

Governmental activities	\$ 16,978,356	\$ 17,127,452	\$ 6,786,484	\$ 11,145,462	\$ 11,891,723	\$ 11,722,389	\$ 12,535,309	\$ 20,593,893	\$ 24,188,776	\$ 27,102,664
Business-type activities	(688,229)	1,915,077	3,068,557	1,304,846	1,041,558	4,656,754	3,423,536	10,399,663	2,856,790	1,643,910
Total primary government	<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>	<u>\$ 16,379,143</u>	<u>\$ 15,958,845</u>	<u>\$ 30,993,556</u>	<u>\$ 27,045,566</u>	<u>\$ 28,746,574</u>



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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>One Percent Sales Tax (1965)</b>	<b>Additional One Percent Sales Tax (1987)</b>	<b>Employee's Pay Quarter cent Sales Tax (1995)</b>
2007	\$ 6,536,673	\$ 19,604,922	\$ 19,604,747	\$ 4,901,540
2008	6,612,603	20,048,716	20,048,779	5,012,194
2009	7,348,241	19,767,418	19,767,417	4,932,015
2010	7,489,471	18,382,454	18,382,454	4,595,619
2011	7,923,348	18,994,509	18,994,509	4,750,340
2012	7,707,653	19,940,426	19,940,425	4,985,113
2013	8,176,273	20,638,460	20,638,461	5,159,621
2014	8,631,895	22,309,909	22,309,909	5,577,484
2015	9,163,826	24,233,672	24,233,672	6,058,418
2016	10,217,089	24,759,696	24,759,696	6,189,924

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.

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

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

2016 15 year quarter cent sales tax began January 2016

<b>One-Quarter Cent Sales Tax Debt Reserve Fund</b>	<b>Riverboat Gaming Tax</b>	<b>Electric Utility Franchise</b>	<b>Gas Utility Franchise</b>	<b>Cable Television Franchise</b>
\$ -	\$ 6,961,367	\$ 4,521,714	\$ 671,183	\$ 628,617
-	8,399,666	5,215,659	632,849	993,758
-	9,099,020	3,964,234	588,931	893,136
-	8,959,034	4,183,356	590,275	929,232
-	9,113,904	4,346,623	483,307	957,127
-	9,713,282	3,463,387	405,302	1,004,902
-	9,691,942	4,009,040	396,650	1,014,911
-	9,664,375	4,442,183	474,212	1,036,511
-	11,054,210	4,339,524	420,979	976,353
4,571,836	10,799,768	4,098,903	360,464	1,013,598

# CITY OF LAKE CHARLES, LOUISIANA

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 1,999,645	\$ 3,289,392	\$ 230,186	\$ 297,834						
Unreserved	29,486,833	28,820,688	28,007,800	25,483,998						
Nonspendable					\$ 486,580	\$ 543,389	\$ 478,983	\$ 525,480	\$ 621,486	\$ 666,530
Committed					2,895,603	2,567,929	2,363,360	2,853,169	2,413,358	2,061,843
Unassigned					21,932,680	22,245,646	23,053,203	25,996,329	28,338,533	27,297,165
Total General Fund	<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>	<u>25,356,964</u>	<u>25,895,546</u>	<u>29,374,978</u>	<u>31,373,377</u>	<u>30,025,538</u>
All other governmental funds										
Reserved	14,060,057	23,285,955	19,013,569	16,022,853						
Unreserved, reported in:										
Special revenue funds	10,620,548	8,778,666	12,922,418	14,598,101						
Capital projects funds	59,084,997	51,085,939	43,174,593	77,320,653						
Nonspendable					27,460	51,623	50,925	30,840	46,917	48,896
Restricted					44,338,979	31,731,731	23,962,211	22,754,774	24,595,560	31,272,991
Committed					51,269,454	50,934,223	57,358,834	57,603,158	65,108,250	72,116,986
Assigned					8,388,325	12,033,195	7,674,979	10,491,959	13,392,519	9,851,745
Total all other governmental funds	<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>	<u>94,750,772</u>	<u>89,046,949</u>	<u>90,880,731</u>	<u>103,143,246</u>	<u>113,290,618</u>
Total all governmental funds	<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>	<u>\$ 120,107,736</u>	<u>\$ 114,942,495</u>	<u>\$ 120,255,709</u>	<u>\$ 134,516,623</u>	<u>\$ 143,316,156</u>

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

\* Note GASB 54 adopted in 2011.

\* GASB 68 adopted in 2015

# CITY OF LAKE CHARLES, LOUISIANA

## Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
<b>Revenues:</b>										
Taxes	\$ 60,340,385	\$ 62,863,828	\$ 63,906,886	\$ 60,681,304	\$ 62,638,371	\$ 65,208,410	\$ 67,508,949	\$ 71,638,915	\$ 77,964,674	\$ 81,278,866
Licenses and permits	6,710,807	7,635,503	6,104,766	6,357,695	6,633,096	5,526,807	6,349,383	6,686,060	6,657,120	9,940,761
Intergovernmental	5,636,828	9,417,429	8,851,035	10,830,886	10,759,547	8,264,523	9,752,774	12,275,671	10,364,017	12,965,781
Charges for services	8,334,042	10,232,457	10,440,834	11,300,612	13,134,106	13,680,453	14,375,194	15,290,879	16,016,725	16,050,508
Fines and forfeitures	276,359	306,694	322,461	338,073	383,267	311,388	247,061	253,920	195,139	186,042
Miscellaneous	9,886,132	6,600,618	4,582,043	2,708,846	2,826,993	2,351,245	1,888,663	1,695,540	3,064,934	1,632,574
Total revenues	91,184,553	97,056,529	94,208,025	92,217,416	96,375,380	95,342,826	100,122,024	107,840,985	114,262,609	122,054,532
<b>Expenditures:</b>										
Current operating:										
General government	2,298,225	2,449,791	2,598,746	2,727,390	2,857,662	2,876,353	2,892,999	2,945,962	3,016,207	3,059,233
Finance	1,392,804	1,352,358	1,389,805	1,496,010	1,488,859	1,498,360	1,524,491	1,594,704	1,610,407	1,739,594
Human Resources	292,767	288,724	317,809	352,726	313,428	312,168	309,113	339,091	367,152	374,721
Fire	12,579,653	12,634,153	13,074,636	12,729,943	12,940,071	13,293,542	13,523,625	14,481,544	14,493,469	14,938,379
Police	14,371,715	14,094,524	15,775,539	15,775,008	16,200,141	17,108,345	18,311,542	17,911,230	18,096,917	18,530,921
Public works	18,974,532	20,648,106	20,039,183	20,272,640	20,324,226	21,183,964	21,449,006	22,045,127	22,093,947	23,986,800
Planning and development	2,515,448	2,805,009	2,305,258	2,596,371	3,028,735	2,785,459	2,793,690	2,535,761	2,679,361	2,521,354
Community services	5,046,085	4,662,889	4,545,957	4,780,142	4,721,208	4,913,007	5,516,244	5,343,835	5,389,074	5,509,270
General services	3,901,466	5,554,769	4,254,079	4,096,854	4,168,195	4,127,074	4,453,969	4,253,097	4,415,871	4,629,048
Capital projects	16,341,943	19,136,059	28,093,724	24,458,504	25,022,530	27,249,392	21,031,285	18,090,669	14,829,729	33,685,525
Debt service:										
Principal retirement	2,500,302	3,637,281	3,991,176	6,427,242	5,449,519	5,836,224	6,947,090	6,790,771	20,400,386	5,722,670
Bond issuance costs	621,817	-	-	1,414,680	147,128	-	-	-	-	-
Interest and fiscal charges	1,393,744	2,905,960	2,758,796	2,109,632	3,982,945	4,247,927	3,603,630	3,398,436	4,862,176	2,854,289
Total expenditures	82,230,501	90,169,623	97,565,708	99,237,142	100,644,647	105,431,815	102,356,684	99,730,227	112,254,696	117,551,804
Excess (deficiency) of revenues over expenditures	8,954,052	6,886,906	(3,357,683)	(7,019,726)	(4,269,267)	(10,088,989)	(2,234,660)	8,110,758	2,007,913	4,502,728
<b>Other financing sources (uses):</b>										
Transfers in	15,728,775	17,610,913	17,216,245	14,552,013	15,153,082	19,551,176	21,967,386	21,798,979	21,876,158	41,585,711
Transfers out	(18,403,411)	(24,489,260)	(25,770,636)	(18,612,300)	(18,982,135)	(22,915,600)	(25,731,311)	(24,694,561)	(26,354,532)	(44,101,497)
Issuance of debt	34,480,000	-	-	57,015,000	3,713,962	-	833,344	98,037	16,731,376	6,812,591
Premium on issuance of debt	1,102,586	-	-	2,174,886	-	4,222,067	-	-	-	-
Payment to refunded bonds	-	-	-	(17,735,000)	-	-	-	-	-	-
Total other financing sources(uses)	32,907,950	(6,878,347)	(8,554,391)	37,394,599	(115,091)	857,643	(2,930,581)	(2,797,545)	12,253,002	4,296,805
Net change in fund balances	\$ 41,862,002	\$ 8,559	\$ (11,912,074)	\$ 30,374,873	\$ (4,384,358)	\$ (9,231,346)	\$ (5,165,241)	\$ 5,313,213	\$ 14,260,915	\$ 8,799,533
Debt service as a percentage of noncapital expenditures	6.19%	9.59%	9.37%	11.18%	12.29%	13.53%	13.24%	12.90%	26.14%	10.47%

## Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property Tax	One Percent Sales Tax ('65)	Additional One Percent Sales Tax ('87)	Employee's Pay Quarter cent Sales Tax ('95)	One-Quarter Cent Sales Tax Debt Reserve Fund	Riverboat Gaming Tax	Electric Utility Franchise	Gas Utility Franchise	Cable Television Franchise
2007	\$ 6,536,673	\$ 19,604,922	\$ 19,604,747	\$ 4,901,540	\$ -	\$ 6,961,367	\$ 4,521,714	\$ 671,183	\$ 628,617
2008	6,612,603	20,048,716	20,048,779	5,012,194	-	8,399,666	5,215,659	632,849	993,758
2009	7,348,241	19,767,418	19,767,417	4,932,015	-	9,099,020	3,964,234	588,931	893,136
2010	7,489,471	18,382,454	18,382,454	4,595,619	-	8,959,034	4,183,356	590,275	929,232
2011	7,923,348	18,994,509	18,994,509	4,750,340	-	9,113,904	4,346,623	483,307	957,127
2012	7,707,653	19,940,426	19,940,425	4,985,113	-	9,713,282	3,463,387	405,302	1,004,902
2013	8,176,273	20,638,460	20,638,461	5,159,621	-	9,691,942	4,009,040	396,650	1,014,911
2014	8,631,895	22,309,909	22,309,909	5,577,484	-	9,664,375	4,442,183	474,212	1,036,511
2015	9,163,826	24,233,672	24,233,672	6,058,418	-	11,054,210	4,339,524	420,979	976,353
2016	10,217,089	24,759,696	24,759,696	6,189,924	4,571,836	10,799,768	4,098,903	360,464	1,013,598

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

Fiscal Year Ended	Tax Year	Real Property and Mobile		Personal, Business Industry	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2007	2006	\$ 286,848,080	\$ 2,869,480,800	\$ 105,860,810	\$ 705,738,733
2008	2007	295,823,700	2,958,237,000	114,102,720	760,684,800
2009	2008	352,041,171	3,520,411,710	116,471,700	776,478,000
2010	2009	362,072,150	3,620,721,500	109,775,460	731,836,400
2011	2010	368,075,460	3,680,756,600	113,615,250	757,435,000
2012	2011	371,813,160	3,718,131,600	111,831,890	745,545,933
2013	2012	408,917,100	4,089,171,000	106,665,010	711,100,067
2014	2013	432,041,780	4,320,417,800	148,418,710	989,458,067
2015	2014	483,192,030	4,831,920,800	168,282,760	1,121,835,067
2016	2015	516,842,790	5,168,427,900	164,358,110	1,095,720,733

Note:

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

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

- (2) All property assessments are made by the Calcasieu Parish Assessor or the Louisiana Tax Commission. Required reassessments of all properties were made in 1996, 2000, 2004, 2008, and 2012.

Source: Calcasieu Parish Sheriff & Tax Collector

Public Utilities		Total all Property		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$ 18,358,980	\$ 73,435,920	\$ 411,067,870	\$ 3,648,622,453	16.09	11.27%
18,450,920	73,803,680	428,377,340	3,792,725,480	16.09	11.29%
18,738,980	74,955,920	487,251,851	4,371,845,630	15.35	11.00%
18,833,580	75,334,320	490,681,190	4,427,892,220	15.35	11.08%
19,094,820	76,379,280	500,785,530	4,514,570,880	15.35	11.09%
16,539,480	66,157,920	500,184,530	4,529,835,453	15.35	11.04%
17,706,110	70,824,440	533,288,220	4,871,095,507	15.35	10.95%
18,114,470	72,457,880	598,574,960	5,382,333,747	15.35	11.12%
17,272,840	71,272,840	669,293,050	6,025,078,707	15.35	11.11%
19,543,930	78,175,720	700,744,830	6,342,324,353	15.35	11.05%

# CITY OF LAKE CHARLES, LOUISIANA

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

Calendar Year	Fiscal Year	City of Lake Charles			Calcasieu Parish School Board			Calcasieu Parish							
		General and	Debt	Total	General	Service	Total	Parish	Road	Gravity	Recreation	Fire	Airport	Parish	Parish
		Special Revenue	Service					Police			and Com		Harbor &	Water &	
		Funds	Funds		Fund	Funds		Jury	Districts	Drainage	Centers	Protection	Terminal	Sewer	Total
2006	2007	16.09	0.00	16.09	18.72	25.50	44.22	47.21	3.88	5.79	7.40	11.54	8.80	20.39	105.01
2007	2008	16.09	0.00	16.09	18.72	27.50	46.22	41.5	3.88	5.79	7.00	11.54	8.80	18.14	96.95
2008	2009	15.35	0.00	15.35	18.72	24.00	42.72	39.28	3.67	5.29	7.00	11.08	8.34	18.46	93.12
2009	2010	15.35	0.00	15.35	18.72	24.00	42.72	33.02	3.67	5.79	5.65	11.08	8.34	15.59	83.14
2010	2011	15.35	0.00	15.35	18.72	24.00	42.72	33.02	3.67	5.79	4.79	11.08	8.34	15.59	82.28
2011	2012	15.35	0.00	15.35	18.72	24.00	42.04	33.82	3.53	5.57	5.77	10.85	8.14	15.37	83.05
2012	2013	15.35	0.00	15.35	18.04	22.60	40.64	34.01	3.53	5.57	5.77	10.85	8.14	15.37	83.24
2013	2014	15.35	0.00	15.35	18.04	22.20	40.24	34.78	4.06	5.57	5.32	10.85	8.14	15.37	84.09
2014	2015	15.35	0.00	15.35	18.04	22.20	40.24	35.46	4.06	5.57	7.40	10.85	8.19	15.37	86.90
2015	2016	15.35	0.00	15.35	17.23	21.00	38.23	32.86	3.88	5.79	7.93	11.54	8.58	12.51	83.09

Source: Information obtained from Calcasieu Parish Tax Assessor

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

# CITY OF LAKE CHARLES, LOUISIANA

## Principal Property Taxpayers

Tax Year December 31, 2015 and December 31, 2006

for Fiscal Year Ended September 30, 2016 and September 30, 2007

Taxpayer	Type of Business	2016		Percentage of Total Valuation	2007		Percentage of Total Valuation
		Assessed Valuation 2015	Rank		Assessed Valuation 2006	Rank	
Golden Nugget Lake Charles LLC	Hotel and Casino	\$56,599,230	1	8.08 %	-	-	-
PNK (Lake Charles) LLC	Hotel and Casino	44,660,400	2	6.37 %	33,163,960	1	7.74 %
Entergy Gulf States Inc.	Electric utility	10,052,540	3	1.29 %	6,319,220	5	1.47 %
Crowley Marine Services		9,031,960	4	0.79 %			-
Pressure Pumping		5,517,170	5	1.43 %			-
OSG 242 LLC		4,665,000	6	0.67 %			-
Wal-Mart Stores	Retail	4,380,130	7	0.63 %	9,880,780	2	2.31 %
JP Morgan Chase Bank NA * Bank One in 2001	Bank	4,065,090	8	0.00 %	3,375,780	8	0.79 %
Bell South Telecommunications	Telephone	3,635,560	9	0.52 %	8,886,950	3	2.07 %
Women's & Children's Hospital	Hospital	3,553,990	10	0.51	2,807,180	10	0.65 %
Harrah's Entertainment Inc * Players in 1998.	Riverboat Casino	-	-	-	5,847,550	6	1.36 %
Capital One NA * Hibernia in 2002	Bank	-	-	-	6,823,020	4	1.59 %
Simon Debartolo Group *Simon, Melvin & Associates in 2001	Real Estate Agent	-	-	-	3,696,090	7	0.86 %
Cameron State Bank	Bank	-	-	-	3,242,380	9	0.76 %
		<u>\$146,161,070</u>		<u>20.29%</u>	<u>\$84,042,910</u>		<u>19.60%</u>

2016 Total city valuation: \$ 700,744,830

2007 Total city valuation: \$ 428,612,770

Source: Calcasieu Parish Tax Collector



# CITY OF LAKE CHARLES, LOUISIANA

## Property Tax Levies and Collections

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Total Tax Levy</b>	<b>Less:</b>	<b>Net Tax Levy</b>
			<b>Cancellations and Reductions</b>	
2007	2006	\$ 6,617,407	\$ 47,920	\$ 6,569,487
2008	2007	6,896,377	83,620	6,812,757
2009	2008	7,483,466	144,030	7,339,436
2010	2009	7,534,395	46,098	7,488,297
2011	2010	7,692,549	60,903	7,631,646
2012	2011	7,648,874	44,979	7,603,895
2013	2012	8,150,758	48,846	8,101,912
2014	2013	8,613,145	47,999	8,565,146
2015	2014	9,142,203	58,897	9,083,306
2016	2015	10,283,298	57,120	10,226,178

Source: Calcasieu Parish Sheriff & Tax Collector

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

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<b>Less:</b>		<b>Net Total Taxes Collected</b>	<b>Percent of Net Taxes Collected</b>	<b>Percent of Delinquent Taxes to Net Levy</b>
<b>Outstanding Delinquent Taxes</b>				
\$	89,299	\$ 6,480,188	98.64 %	1.36 %
	79,015	6,733,742	98.84	1.16
	58,377	7,281,059	99.20	0.80
	48,697	7,439,600	99.35	0.65
	35,458	7,596,188	99.54	0.46
	18,208	7,585,687	99.76	0.24
	21,530	8,080,382	99.73	0.27
	24,951	8,540,195	99.71	0.29
	20,265	9,063,041	99.78	0.22
	34,563	10,191,615	99.66	0.34

# CITY OF LAKE CHARLES, LOUISIANA

Sales Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Calendar Year	Fiscal Year	City of Lake Charles							Calcasieu Parish			State of Louisiana		
		General Fund	Dedicated 1%		Waste Water	Recreation	Capital Project	Employee's Pay	School Board		Law Enforcement	General	Tourism Promotion	Total
			Public Safety	Public Works					General	Salaries				
2007	2008	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2008	2009	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2009	2010	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2010	2011	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2011	2012	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2012	2013	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2013	2014	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2014	2015	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2015	2016	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	<sup>+</sup> 0.25%	1.50%	<sup>*</sup> 1.00%	0.75%	3.97%	0.03%	9.25%
2016	2017	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	<sup>+</sup> 0.50%	1.50%	1.00%	0.75%	<sup>**</sup> 4.97%	0.03%	10.75%

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

<sup>+</sup>Rate increased from 0.25% to 0.50% January 1, 2016

<sup>\*\*</sup>Rate increased from 3.97% to 4.97% April 1, 2016

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

# CITY OF LAKE CHARLES, LOUISIANA

Principal Sales Taxpayers

Tax Year June 30, 2016 and June 30, 2007

for Fiscal Year Ended September 30, 2016 and September 30, 2007

2016				2007		
Type of Business	Tax Paid	Rank	Percentage of Total Valuation	Tax Paid	Rank	Percentage of Total Valuation
Retail	\$5,876,878	1	10.01%	\$6,147,411	1	13.43%
Government	3,102,566	2	5.28%	2,897,834	2	6.33%
Hotel and Casino	1,604,905	3	2.73%	-	-	-
Hotel and Casino	1,074,088	4	1.83%	1,295,179	3	2.83%
Grocery	957,605	5	1.63%	866,503	5	1.89%
Building Supply	867,798	6	1.48%	917,231	4	2.00%
Health Care	761,124	7	1.30%	815,529	6	1.78%
Health Care	740,468	8	1.26%	604,594	9	1.32%
Retail	630,069	9	1.07%	718,294.05	8	-
Retail	591,879	10	1.01%	-	-	0.00%
Building Supply	-	-	-	821,392	7	1.79%
Grocery	-	-	-	579,763	10	1.27%
	<u>\$ 16,207,380</u>		<u>27.61%</u>	<u>\$ 15,663,730</u>		<u>32.64%</u>

2016 Total sales tax: \$ 58,705,582

2007 Total sales tax: \$ 45,788,424

**CITY OF LAKE CHARLES, LOUISIANA**

Ratios of Outstanding Debt

Last Ten Fiscal Years

Fiscal Year	Bonded Debt											Loans			Total of All Debt	Percentage of Personal Income	Per Capita
	Pension Refunding Bonds	LCDA Sewer Refunding Bonds	LCDA Sewer Refunding Bonds	Deferred Amount LCDA Sewer Refunding Bonds	2007	Deferred Amount	2010	Deferred Amount	2014	Deferred Amount	Total Bonded Debt	DEQ Loan	Lake Charles City Court Building	Total Loans Debt			
					LCDA Public Improvement Bonds	LCDA Public Improvement 2007 Bonds	LCDA Public Improvement Bonds	LCDA Public Improvement 2010 Bonds	LCDA Public Improvement Refinancing Bonds	LCDA Public Improvement 2014 Bonds							
2007	\$ 6,775,000	\$ 21,880,000	\$ -	\$ -	\$ 34,480,000	\$ 1,084,210	\$ -	\$ 1,084,210	\$ -	\$ -	\$ 65,303,420	\$ -	\$ -	\$ -	\$ 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	-	-	-	62,353,162	2.63%	869
2009	5,005,000	20,100,000	-	-	32,195,000	973,952	-	973,952	-	-	59,247,904	-	-	-	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	-	-	-	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	92,054,691	3.60%	1,279
2012	1,930,000	-	13,610,000	352,828	28,370,000	808,565	35,960,000	1,470,503	-	-	82,501,896	5,140,268	2,905,000	8,045,268	90,547,164	3.45%	1,255
2013	805,000	-	12,290,000	313,625	26,995,000	753,436	34,165,000	1,370,241	-	-	76,692,302	5,015,612	2,805,000	7,820,612	84,512,914	3.17%	1,150
2014	-	-	10,930,000	274,422	25,565,000	698,307	32,315,000	1,269,979	-	-	71,052,708	4,146,649	2,700,000	6,846,649	77,899,357	2.92%	1,060
2015	-	-	9,535,000	235,219	9,080,000	256,639	30,410,000	1,169,717	15,775,000	854,085	67,315,660	3,934,648	2,590,000	6,524,648	73,840,308	2.75%	986
2016	-	-	8,100,000	196,016	7,530,000	224,560	28,445,000	1,069,455	15,605,000	784,364	61,954,395	10,509,239	2,475,000	12,984,239	74,938,634	2.68%	985

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 for personal income and population data.

# CITY OF LAKE CHARLES, LOUISIANA

## Direct and Overlapping Governmental Activities Debt

As of September 30, 2016

<u>Jurisdiction</u>	<u>Direct Debt</u>	<u>Percentage Applicable to City of Lake Charles</u>	<u>Amount Applicable to Lake Charles</u>
Direct:			
City of Lake Charles	\$ 74,938,634	100%	\$ 74,938,634
Total direct debt	74,938,634		74,938,634
Overlapping:			
Calcasieu Parish School Board	191,990,000	32%	61,621,464
Calcasieu Parish Police Jury	181,352,015	80%	144,624,201
Total overlapping debt	373,342,015		206,245,664
Total Direct and Overlapping Debt	<u>\$ 448,280,649</u>		<u>\$ 281,184,298</u>

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

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city.

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

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

# CITY OF LAKE CHARLES, LOUISIANA

## Computation of Legal Debt Margin

Last Ten Fiscal Years

(amounts expressed in thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 44,185	\$ 51,710	\$ 56,732	\$ 49,305	\$ 50,314	\$ 50,258	\$ 53,554	\$ 60,093	\$ 67,169	\$ 70,314
Total net debt applicable to limit	0	0	0	0	0	0	0	0	0	0
Legal debt margin	<u>\$ 44,185</u>	<u>\$ 51,710</u>	<u>\$ 56,732</u>	<u>\$ 49,305</u>	<u>\$ 50,314</u>	<u>\$ 50,258</u>	<u>\$ 53,554</u>	<u>\$ 60,093</u>	<u>\$ 67,169</u>	<u>\$ 70,314</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 2016

(amounts expressed in thousands)

Assessed value	\$ 700,745
Add back: exempt real property	2,410
Total assessed value	<u>\$ 703,154</u>
Debt limit (10% of total assessed value)	\$ 70,314
Total outstanding General Obligation Bonds of City of Lake Charles	<u>-</u>
Legal capacity of City of Lake Charles for General Obligation Bonds	<u>\$ 70,314</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 \$73,372,761 outstanding bonded debt at September 30, 2015. 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
		Income	Capita	Median	City School	City School	City School	Percentage
		(amts in	Personal		Enrollment	Enrollment	Enrollment	
Year	Population	thousands)	Income (1)	Age	(K-12 Grades)	(K-12 Grades)	(K-12 Grades)	Rate
2006	71,757	\$ 2,371,425	\$ 33,048	36.4	12,952	2,556	15,508	3.0 %
2007	71,757	2,371,425	33,048	35.3	12,735	2,407	15,142	3.4
2008	71,757	2,371,425	33,048	34.5	12,783	2,741	15,524	5.9
2009	71,757	2,371,425	33,048	35.3	12,566	2,575	15,141	7.3
2010	71,993	2,558,631	35,540	35.3	12,034	2,465	14,499	6.3
2011	72,177	2,621,757	36,324	35.9	12,399	3,482	15,881	6.8
2012	73,474	2,668,282	36,316	35.0	13,375	3,099	16,474	6.1
2013	74,024	2,663,458	35,981	35.0	13,539	3,974	17,513	5.6
2014	74,889	2,683,273	35,830	34.1	13,333	4,435	17,768	5.8
2015	76,070	2,795,649	36,751	31.8	13,357	4,430	17,787	4.2

Notes:

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



# CITY OF LAKE CHARLES, LOUISIANA

Principal Employers in the MSA

Calendar Year 2016 and 2007

Employer	Type of Business	2016			2007		
		Number of Employees	Rank	Percentage of Total MSA	Number of Employees	Rank	Percentage of Total MSA
Calcasieu Parish School Board	Education	4,827	1	5.1%	4,000	1	4.6%
Lake Charles Memorial Hospital	Health Care	2,744	2	2.9%	1,700	4	2.0%
L'Auberge Du Lac	Gaming	2,300	3	2.4%	-	-	-
Golden Nugget	Gaming	2,129	4	2.3%	-	-	-
Axiall Corporation (formerly PPG)	Basic Chemical	1,169	5	1.2%	1,500	6	1.7%
Citgo Petroleum	Oil Products	1,139	6	1.2%	2,700	2	3.1%
Christus St. Patrick's Hospital	Health Care	1,117	7	1.2%	1,500	5	1.7%
City of Lake Charles	Government	1,093	8	1.2%	973	8	0.01
Isle of Capri Casino	Gaming	1,000	9	1.1%	-	-	-
McNeese State University	University	894	10	1.0%	-	-	-
Pinnacle Entertainment	Gaming	-	-	-	2,000	3	2.3%
Conoco	Oil Products	-	-	-	1,200	7	1.4%
Calcasieu Parish Police Jury	Government	-	-	-	950	9	1.1%
Stine Lumber Company	Building Material	-	-	-	660	10	0.8%
		<u>18,412</u>		<u>19.6%</u>	<u>17,183</u>		<u>19.8%</u>

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

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

	2016	2007
Total employment: Calcasieu Parish	94,105	86,667

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

<b><u>Functions/Programs</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
General government	46	46	47	48.5	46.5	46.5	46.5	46.5	46.5	46.5
Finance (includes										
Water business office)	30	30	30	30	30	30	30	30	30	30
Human Resources	5	5	5	5	4	4	4	4	4	4
Public safety										
Fire	190	190	190	190	182	182	182	182	182	182
Police	194	194	192	192	189	189	189	189	196	196
Public works	166	166	166	167	157	157	157	157	165.5	165.5
Waste water	64	64	64	65	65	65	65	65	65.5	65.5
Transit	19	19	19	19	19	19	19	19	19.5	19.5
Water utility	57	57	57	56	56	56	56	56	58.5	58.5
Planning and development	27	24	24	25	24	24	24	24	25	25
General services	30	33	33	30.5	27.5	27.5	27.5	27.5	29	29
Community Services	78	78	77	77	71	71	71	71	86.5	86.5
<b>Total</b>	<b><u>906</u></b>	<b><u>906</u></b>	<b><u>904</u></b>	<b><u>905</u></b>	<b><u>871</u></b>	<b><u>871</u></b>	<b><u>871</u></b>	<b><u>871</u></b>	<b><u>908</u></b>	<b><u>908</u></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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government										
* Legal: request for legal action			239	199	90	51	96	102	103	87
Printing/communication:										
* Number of mail pieces metered			67,550	72,701	130,336	175,019	100,651	121,273	85,851	79,967
Risk Management										
Accident reports/investigations	595	626	544	632	443	377	415	457	503	553
Claims	302	277	178	289	208	186	205	226	249	273
Finance/includes Water Business										
Checks issued	15,553	15,356	15,543	14,760	14,927	23,699	19,750	12,025	11,652	13,520
Occupational licenses processed	5,917	5,431	6,273	6,031	6,027	5,845	5,382	5,134	5,193	5,206
Purchase orders processed	4,064	3,738	3,290	2,881	2,785	2,800	2,825	2,653	2,694	2,938
Water: number of customers	28,422	28,147	28,124	28,886	28,775	28,926	29,704	30,042	29,980	30,226
Water: Average daily consumption (millions of gallons per day)	9.53	10.79	9.33	8.87	9.05	9.03	8.65	8.42	8.75	8.68
Human Resources										
Applications received	725	711	961	1,000	1,327	1,250	1,328	1,100	971	1,011
New hires	436	483	462	425	432	364	436	325	416	412
Employee Health Fair Participation	238	268	285	300	320	325	375	450	530	450
Public safety										
Fire: Calls for service	2,503	2,571	2,588	2,790	2,863	2,768	2,807	2,996	3,299	3,619
* Fire: Code inspections	3,194	2,775	3,594	4,465	7,305	4,000	7,386	2,929	2,929	2,929
Police: Calls for service	96,659	93,886	90,995	96,732	107,100	108,064	125,161	121,384	106,110	130,060
Public works										
Solid Waste										
* Tons garbage collected	29,320	26,324	26,320	25,814	24,515	23,951	25,018	25,563	25,855	26,782
* Tons incinerated	2,146	3,338	2,322	2,905	4,857	4,163	4,340	8,343	4,920	4,761
* Tons trash collected	18,869	10,682	9,583	7,930	5,957	6,208	6,212	7,053	7,032	7,295
* Streets: Work orders	960	647	1,289	1,863	2,708	1,234	1,370	1,734	1,556	2,054
* Transit: Bus riders	188,175	178,889	175,875	190,834	219,802	223,407	228,068	267,126	265,459	258,442
* Vehicle Maintenance: Work orders	5,815	3,530	4,291	5,867	5,689	5,841	5,877	5,498	6,078	6,598
* Waste water: Work orders	4,584	3,337	9,508	11,100	5,490	6,000	12,371	11,898	11,787	13,823
Planning and development										
Building permits issued	9,438	6,287	4,162	6,395	6,073	4,356	4,762	4,122	4,603	4,840
Community Development										
* Down Payment Assistance	21	22	17	22	15	24	17	14	17	11
* Rehab/Reconstruction	15	8	8	9	12	13	12	8	5	3
* Street Projects	6	6	3	0	1	2	2	1	0	0
Community Services										
Recreation and parks										
* Athletic teams			279	292	311	313	877 <sup>+</sup>	913 <sup>+</sup>	823	808
* Summer camp attendance	460	470	219	480	472	447	425	430	355	355
* Civic Center: Events	309	356	377	358	368	353	352	340	356	344
Golf Course: Rounds of golf	34,221	32,969	36,464	23,852	31,900	30,318	36,317	36,641	33,000	32,780
Art Center/museum										
* Art exhibits		13	9	11	16	16	15	15	16	15
* Concerts/Events		43	35	100	119	25	24	19	28	26

Source: Various city departments

\* Prior year statistics not available.

+ Includes tournament teams

# CITY OF LAKE CHARLES, LOUISIANA

## Capital Assets Statistics by Function Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Public safety										
Fire Stations in City limits	8	8	8	8	8	8	8	8	8	8
Fire Stations outside City limits				2	2	2	2	2	2	2
Police:										
Stations	4	4	4	4	4	4	4	4	3	4
Patrol Units	90	92	92	92	92	98	94	111	87	114
Public works										
Solid Waste/Recycling										
Collection trucks	33	32	30	34	32	32	32	33	33	33
Streets										
Streets (miles)	460	460	460	460	460	503	534	534	535	549
*   Streetlights	9,285	9,285	9,285	9,285	9,285	14,000	10,000	10,000	11,000	11,000
*   Traffic Signals	64	66	66	66	66	68	66	62	64	66
Transit										
Public Buses	7	7	7	7	7	4	5	4	4	5
Para-transit buses	2	2	4	4	4	2	2	2	2	2
Trolley	-	-	-	1	1	1	1	1	1	1
Waste water										
Sanitary sewers (miles)	600	600	600	600	600	600	600	600	600	600
Storm sewers (miles)	425	425	425	425	425	425	425	425	425	425
*   Maximum daily treatment capacity (millions of gallons per day)		13	13	18	18	18	18	18	18	18
Water utility										
*   Water mains (miles)	450	455	458	458	460	465	430	470	473	480
*   Fire hydrants	2,800	2,820	2,850	2,850	2,900	2,954	3,000	3,000	3,050	3100
*   Maximum daily capacity (millions of gallons per day)	22	22	22	22	22	22	22	22	22	22
Community Services										
Recreation and parks										
**   Park acreage	256	256	466	466	466	465	502	502	502	502
Parks	34	34	34	34	34	33	33	33	33	33
Swimming Pools	2	2	2	2	2	2	2	2	2	2
***   Spray parks	1	1	3	2	2	2	2	2	2	2
Tennis courts	6	17	17	17	17	15	11	11	11	11
Community Centers	12	12	12	12	12	12	13	13	13	13
Civic Center	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Art Center/museum	2	2	2	2	2	2	2	2	2	2

Source: Various city departments

\* Prior year statistics not available.

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

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

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