

CITY OF LAKE CHARLES, LOUISIANA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the  
Fiscal Year Ended  
September 30, 2018



Prepared by  
Department of Finance



**CITY OF LAKE CHARLES**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended September 30, 2018**

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## CITY OF LAKE CHARLES

NICHOLAS E. HUNTER  
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 27, 2019

Honorable Nicholas Hunter, 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, 2018. This report has been prepared by the City's Finance Department in conformity with generally accepted accounting principles (GAAP), and the basic financial statements contained herein have been independently audited in accordance with generally accepted auditing standards. However, the completeness and reliability of all information presented in this report remains the responsibility of the City's management. McElroy, Quirk, and Burch (APC), a firm of licensed certified public accountants, have audited the City of Lake Charles's financial statements. The purpose of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on these financial statements. The independent auditor's report is presented as the first component of the financial section of this report.

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

### City Profile

The City of Lake Charles was incorporated in 1867 and is the principal city and trade center of Southwest Louisiana, which is comprised of a five parish area with a population of 299,229. 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 77,117 as of July 2017. The corporate limits of the City include 55 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

*United for Progress and Prosperity*

## 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 "uniform guidance" 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 the 12th busiest seaport in the U.S. and the 7th fastest growing port in the nation. It is estimated the total number of jobs generated in Louisiana by the Calcasieu Ship Channel is nearly 37,000. 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 and restaurant 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.

According to *The Louisiana Economic Outlook: 2019 and 2020* The Lake Charles Municipal Statistical Area (MSA), which consists of Calcasieu and Cameron Parishes, is the fastest growing MSA in the country for 2013 - 2018. Lake Charles is expected to continue in its role as the fastest growing MSA in the state, adding an estimated 4,000 jobs (an increase of 3.3 percent) in 2019 and another 5,300 jobs (and increase of 4.3 percent) in 2020.

The City of Lake Charles is working to capture the momentum generated by the development. The Port Wonder lakefront development project was announced in November 2018. This proposed \$20 million project will house the Children's Museum of Lake Charles and potentially the Louisiana Department of Wildlife and Fisheries' Science Center and Educational Complex. Both governmental and private pledges have been combined to contingently fund the project. Additionally, there are plans to replace the boardwalk along the lakefront and recondition the parking garage, both of which were effected by Hurricane Rita in 2005. It is anticipated that these projects will be the anchor upon which retail and restaurants will come to take advantage of the beautiful lakefront.

In an effort to capitalize on the tens of thousands of vehicles that flow through our city via Interstate 10, the City recently adopted ordinances creating three Economic Development Districts: Lakefront, I-10 Corridor and Enterprise Boulevard. The incremental increase in existing sales taxes of the City will be used to develop and formulate economic development plans that may include financial incentives to public and private entities for projects in each district.

Downtown Lake Charles continues to expand with a \$42 million Erdace residential project scheduled to be completed by the end of 2019. This facility will have 272 residential units composed of a mix of studio, one and two-bedroom market rate units. The impact of more residents within the area will serve to support an already thriving commercial, government, restaurant and retail district.

The City continues to feel the impact of the growth and recently adopted a \$52 million capital budget which includes major infrastructure improvements to streets, water and wastewater systems. Drainage rehabilitation projects are underway throughout the City, with \$10.9 million budgeted within the last two years. The City continues to annex outlying areas and will work to provide infrastructure to those areas. More information on various capital projects will follow.

## Industrial Projects

The Southwest Louisiana (SWLA) Economic Development Alliance recently reported that \$44 billion in projects are nearing completion in the five-parish area. This year could see projects totaling over \$35 billion begin construction with another \$30 billion in announced projects beginning as early as 2020. The overall development total of \$109 billion leads the nation. These projects are expected to create over 18,000 permanent jobs, now and in the future.

The status of five industrial projects underway are ranked by cost and described below as obtained from various sources, including the 2018 SWLA Project Year End Report (SWLA Economic Development Alliance), The Louisiana Economic Outlook: 2019 and 2020 (prepared by Loren C. Scott, Professor Emeritus in Economics and Judy S. Collins, Managing Editor as published by Economics & Policy Research Group, Louisiana State University, September 2018). Information on all of the projects in Southwest Louisiana, whether pending, under construction or completed, can be found in these sources as well.

- Cheniere Energy in Cameron Parish began world-wide exporting of Liquid Natural Gas (LNG) in the summer of 2016. This \$20 billion project, known as Sabine Pass LNG, is the largest single capital investment project in Louisiana's history. Up to six natural gas liquefaction trains will transport affordable natural gas around the world from Louisiana. Four of the trains are operational with the fifth train scheduled to be in service by the second quarter of 2019. All regulatory approvals have been received to construct and operate Train 6, and FID (final investment decision) is expected to be reached upon obtaining commercial contracts and financing sufficient to support construction. The project has generated approximately 4,500 construction jobs. Once complete, 148 will be employed earning an average of \$100,000 annually. The Cheniere Energy 2017 Annual Report stated that to date, approximately 300 cumulative LNG cargoes have been exported from the SPL Project, with deliveries to 25 countries and regions worldwide.
- SASOL Ltd. Construction of an \$11 billion world-scale petrochemical Ethane Cracker Complex in Westlake is 85 percent complete as of July 2018. The project, originally estimated at \$8.9 billion, will triple Sasol's chemical production capacity in the U.S. The first of the seven production facilities achieved beneficial operations mid-February. The unit is one of two polyethylene plants at the site. The second is scheduled to come online later this year. The remaining Lake Charles Chemicals Project manufacturing units are expected to reach beneficial operations throughout 2019 and early 2020. 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. Sasol will start with 500 permanent jobs at \$88,000 yearly, 358 contractor jobs and 200 more Sasol workers over 2019-2020.
- Sempra-Cameron LNG began construction in 2014 on a \$10 billion, 500 acre gas liquefaction facility at the company's Cameron LNG terminal in Hackberry, formulating a dual-purpose import/export terminal. The company announced in November 2018 that all major construction activities have been completed to begin the commissioning and start-up process to produce LNG from the first liquefaction train. All three trains are expected to be producing LNG in 2019. The project currently employs approximately 5,500 workers each day. Expected permanent employment is 190 jobs at \$80,000 annually.
- Lotte' Chemical Corporation is a \$3 billion suite of facilities that will be world-scale ethane cracker and ethylene derivatives plants. KPLC TV recently reported that Lotte' announced start-up of its ethylene glycol manufacturing facility on February 5 as a success. The cracker facility (\$1.9 billion) is one part of the \$3 billion facility in Calcasieu Parish. Lotte' joined with Axiall and Westlake Chemical in separate projects to build ethane crackers. Lotte' is also moving its headquarters from Houston to Lake Charles. In addition to the approximate 1,250 construction workers, the new Lotte' plant will employ 215 permanent workers at \$76,000 a year and 50 new jobs at the headquarters.
- Venture Global a \$4.25 billion LNG export terminal is planned on 938 acres at the mouth of the Calcasieu Ship Channel in Cameron Parish. Pending the Final Investment Decision construction would start in 2019 and anticipated operations by early 2022. The design, engineering and construction of the project will create approximately 1,500 jobs at peak construction. The expected number of long-term, direct jobs is 130 at \$75,000 a year once built.

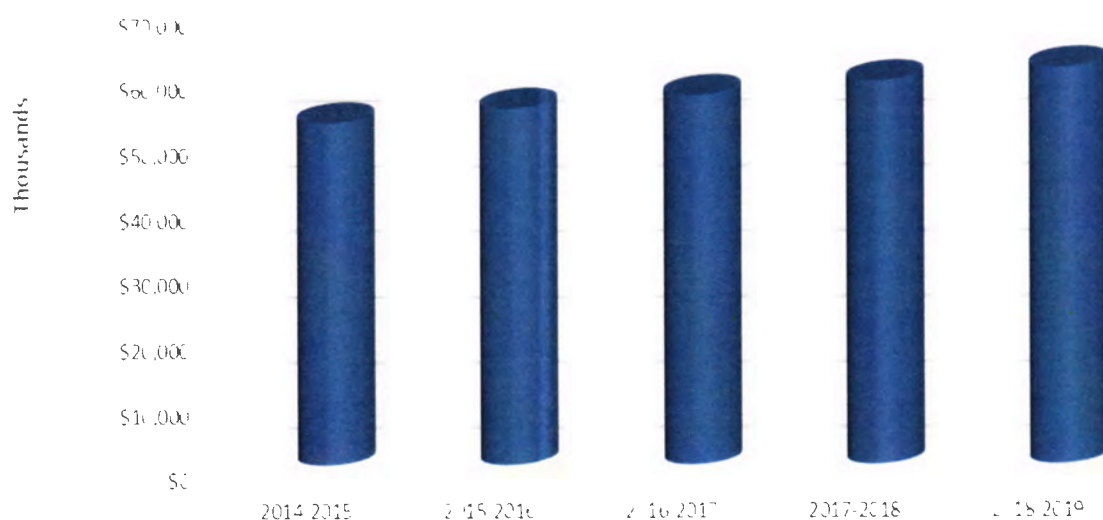
### Impact of Industrial Growth

Traffic congestion is the most common complaint within Southwest Louisiana, which is being exacerbated by a year-long construction project on the Interstate 210 Bridge. The labor market is competitive, with industries offering top dollars to attract needed workers. Housing demands are evident, given the number of extended stay hotels recently constructed in the area. Sales tax revenues and local employment statistics are quantifiable indicators of the economic impact of the industrial growth. Growth has steadily increased for both indicators during the last several years.

Sales taxes are the City's largest revenue source, accounting for 45 percent of all governmental revenue and 65 percent of the General Fund's revenues in 2018. Collections of an additional one-quarter cent tax levy was effective in January 2016. Fiscal year 2017 was a full year of collections, with 75 percent of the tax deposited in the General Fund and 25 percent into the Debt Reserve Special Revenue Fund. Sales tax collections increased by 4.4 percent in fiscal year 2018, following an increase of 3.8 percent in fiscal year 2017.

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 2016 tax levy is not included in the table below. The trend for the four month period of the current fiscal year indicates that City revenues have increased by 1.1 percent over the same period last year, which was anticipated revenue growth in the adopted fiscal year 2019 budget.

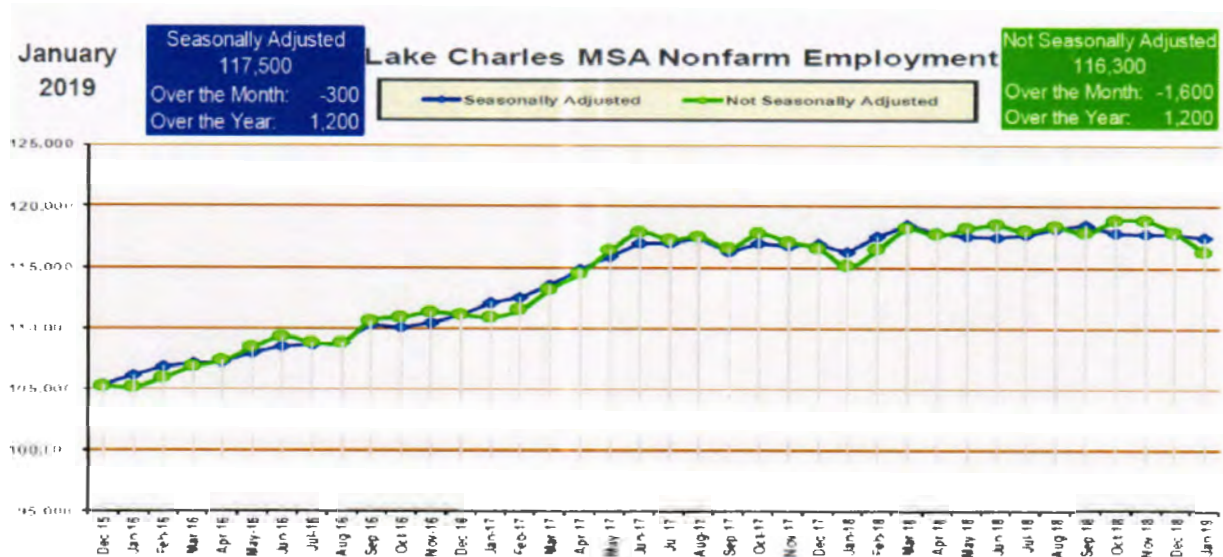
City of Lake Charles Sales Tax Collections: March through February



The influx of construction workers is evident in the number of parking lots that have been opened to accommodate the workers that are bussed to the various worksites. License plates from around the country can be spotted coming from the sites. The Louisiana Workforce report dated March 11, 2019 estimated the nonfarm Lake Charles MSA employment was 116,300 for January 2019. This shows a gain of 1,200 jobs over the last year, following 4,700 jobs added in the previous year. The report stated that Lake Charles MSA has added jobs over the year for 91 consecutive months. The construction, trade, transportation and utilities sectors have lost jobs over the year as some projects are nearing completion. However, the professional and business services sector added jobs over the year. The unemployment for Lake Charles MSA was estimated at 4.1 percent for January 2019.



## TRANSMITTAL LETTER



Affordable housing is a concern amongst citizens. Many new hotels and apartment complexes have been built. As per the City's Planning Department, in 2017 there were 393 single-family dwelling and 51 multi-family dwelling units permitted for a total of 655 units with a value of \$144.6 million. In 2018 there were 335 single-family dwelling and 37 multi-family dwelling units permitted for a total of 651 units with a value of \$86 million. All are in various stages of construction or have been completed.

### Tourism

Tourism is Southwest Louisiana's second largest economic driver. Located within the City are two resort-style casino facilities with pools, golf courses, restaurants, conference accommodations and high-end entertainment. L'Auberge Casino, which opened in 2005, had average monthly gross gaming revenues of \$27 million in 2018 and \$26.4 million per month in 2017.

Golden Nugget Casino opened their \$700 million complex in December of 2014. A new \$85 million hotel tower opened in the fall of 2017 and added 300 rooms, bringing the property's total room count to more than 1,000. This casino had average monthly gross gaming revenues of \$27.2 million in 2018 and \$24 million per month in 2017.

The Calcasieu Gaming District also receives funds from racetrack gaming and an additional riverboat located within the parish. Total taxable gaming proceeds increased by 4.6 percent in 2018.

According to the Southwest Louisiana Convention and Visitors Bureau, SWLA 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. The City recently joined with other agencies to enhance our recreation facilities. Approximately \$4.5 million will be spent to upgrade and provide artificial turf at no less than nine baseball and softball fields in order to continue competing for state, regional and national tournaments. The City and Chennault Industrial Airpark are currently constructing a golf course in a new neighborhood development that will replace the City's existing course adjacent to the Chennault campus. The City has initiated the "Partner in Parks" program which allows City funds to be combined with private partnerships to improve various recreation facilities.

## TRANSMITTAL LETTER

### Current and Future Financial Plans

The City's primary operating account, the General Fund had an ending fund balance of \$39.8 million at September 30, 2018, which represents 58 percent of 2018 expenditures and operating transfers. The fund balance increase of \$4.8 million was added to a fund balance of \$35 million from the end of fiscal year 2017. The City was able to transfer \$6 million from the General Fund to the Capital Projects fund for needed infrastructure improvements.

The adopted General Fund Budget for fiscal year 2019 projects that operating revenues of \$78.7 million will exceed departmental expenditure and operational transfers of \$77.3 million. The administration and City Council adopted a budget that provides for accumulated fund balance reserves of \$5.5 million to be transferred to the Capital Project funds to pay for ongoing improvements, primarily to the City's wastewater system basins and to pay for additional drainage projects. As budgeted, the fund balance at the end of fiscal year 2019 would total \$35.7 million.

All full time City employees received across the board pay increases in January of each year since 2015 through 2019. 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 \$46 million account for 64 percent of the General Fund departmental expenditure budget of \$72 million. Overtime is budgeted at \$2.5 million for all General Fund departments, however in fiscal year 2018 the Fire Department was paid nearly \$2 million in overtime and the Police Department's General Fund total was \$1.3 million. Current trends indicate the same level for 2019.

The fund balance in the General Fund is \$39.8 million which represents 58 percent of the 2018 actual expenditures and non-capital transfers. It is the City's policy to maintain a 30 percent minimum fund balance target for the General Fund.

### Capital Improvements:

As previously mentioned, the City recently adopted the largest capital budget in its history. Funding for infrastructure projects include participation from the Calcasieu Parish Police Jury for major road projects. 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 and for a \$20 million DHH Revolving Loan that would be used for a new water treatment plant and distribution lines. Sales tax revenues not needed to repay the bonded debt, combined with gaming revenues and use of accumulated reserves will be used to fund various projects. 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:

- Wastewater Treatment Plant B/C - \$42 million various City funding sources, DEQ State Revolving Loan and Priority 1 State Capital Outlay funds
- Lake Street Construction from McNeese Street to Waverly Street - \$4.8 million City capital and bond funds, Parish Transportation funds
- 2016 and 2017 Asphalt Overlays - \$3.9 million
- Southwest Water Treatment Plant Ground Storage Tank - \$3.2 million City water funds
- Power Center Lift Station & Forcemain - \$2.6 million
- 6<sup>th</sup> Avenue reconstruction phase I - \$2.5 million
- Annual Wastewater Basin Rehabilitation for Plant A - \$2 million
- Wastewater Treatment Plant Administration Building - \$1.6 million City capital funds and FEMA funds

## TRANSMITTAL LETTER

- Various sidewalk projects - \$1.5 million City capital funds and Parish funds (Lagrange Street, Creole Street, West McNeese Street, 5<sup>th</sup> Avenue (CDBG), and 2018 City Wide Sidewalk Repairs)
- Various Drainage projects - \$2.5 million (Fitzenreiter Road – Riverside Park Entrance Road, River Lane, Ory Street, West Lagrange Street, Cathy and Guinn Intersection, Rose Street, 1<sup>st</sup> Avenue, South Roosevelt Street, Division Street, Legendre Street phase I, and Fairway and Muirfield Drainage)
- Wastewater System Improvement projects – \$5.2 million (Holly Hill Sewer Line Rehabilitation, Wastewater Treatment Plant B/C Demolition and Forcemain Extension – phase I, Wastewater Treatment Plant A Trunkline Rehabilitation, Sunset Acres Lift Station, Madeline and Hodges Street Collection System Repairs, Nelson Road Sewer Forcemain, and Wastewater Treatment Plant D Emergency Generator Replacement)
- Water System Improvement projects - \$2.8 million (Southwest Water Treatment Plant Filter Rehabilitation, Center West and Chennault Elevated Storage Tank Rehabilitation, George West G12 Water Well Replacement, West Prien Lake Road Utility Extension)
- Other Governmental Projects - \$800 thousand (Transit Facility 2<sup>nd</sup> Floor Buildout, Tuten Park Nature Lab, and Civic Center Elevators)

### Projects currently in design phase or under construction:

- Prien Lake Road Phase 1 (Cove Lane to Ihles Road) - \$21 million City and Parish funds will be used
- Various road and sidewalk projects - \$6.5 million City capital funds (Sally Mae Street, Comeaux Street, North Grace and Highway Streets, Kirkman and Opelousas Intersection, 2018 City Wide Sidewalks, 2018 City Wide Striping, Ihles Road Widening, I-10 Corridor Beautification, and City Wide 2019 Asphalt Overlays)
- 1<sup>st</sup> Ave Multi-Use Trail – \$1.2 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
- Various drainage projects – \$5.5 million City capital funds (City Wide Closed Circuit Television (CCTV), general drainage and lateral maintenance, Enterprise Boulevard, River Road, Broadmoor Terrace)
- Various Utility - \$3.0 million City capital funds (Trunkline Rehabilitation, University Area Sewer and Country Club Water)
- Wastewater Treatment Plant A Basin Rehabilitation - \$2.8 million City capital funds
- Lift Station Improvements - \$2.4 million City capital funds
- Wastewater Treatment Plant B/C Demolition phase II - \$1.3 million City capital funds
- Sallier Street –City capital and Parish Transportation funds
- Wastewater Loop – Study and design phase with City capital funds and possible participation by the Parish
- Water Treatment Plant Improvements - \$5.4 million City water funds (Southwest Ground Storage Tank #2, McNeese Plant Sedimentation, George West Plant Transmission Main Extension, Southwest Water Plant Pressure Filter Rehabilitation phase II, and Southwest Water Plant Chlorine Containment)

## TRANSMITTAL LETTER

- New Water Treatment Plant & Distribution Lines - \$26 million will be funded by accumulated reserves in the Water Utility Fund and a potential loan from the Department of Health Drinking Water Revolving Loan Fund
- George West Water Treatment Plant – Pressure Filter System Improvements - \$2.8 million City water funds
- Various Community Services and Recreation projects - \$1.2 million City capital funds and donations (Partners in Parks, North Beach Improvements, Goodman Road Recreation Storage Building)
- New municipal golf course - currently under construction at the Morganfield development to replace Mallard Cove which is closing to allow for the expansion of the Chennault International Airport and will be funded primarily by Chennault, along with City participation
- North Lake Charles business incubator - will provide a satellite office to the SWLA Entrepreneurial and Economic Development Center located on the McNeese Campus

Annually the City completes a five year capital improvement plan. This serves as the basis for budgeting and planning for future City capital improvement projects. The Planning Department and Engineering Division study infrastructure needs for Lake Charles and the surrounding areas beyond the required five year plan.

Major 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.

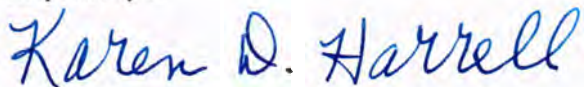
### Awards and Acknowledgements

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, 2017. The City also received this award for its reports of the preceding thirty-three 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. We also wish to acknowledge Mayor Hunter and the new administration, who have been in office since July 2017. They, along with the City Council members, take an active role in planning and conducting the financial affairs of the City and are effective and conscientious stewards of City funds. We truly appreciate their interest and support.

Respectfully submitted,



Karen Domingue 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, 2017**

*Christopher P. Morill*

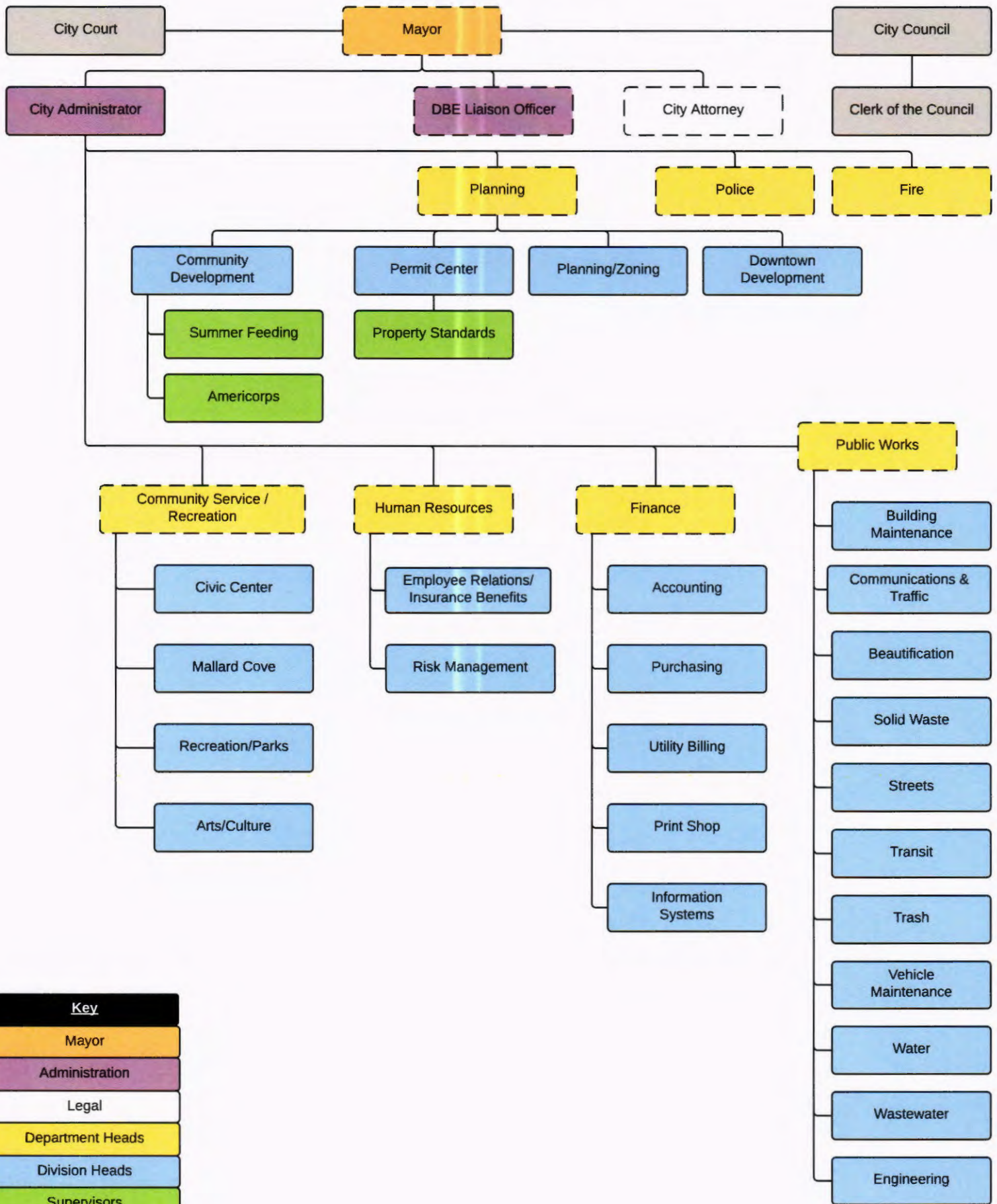
Executive Director CEO

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# City of Lake Charles Organization Chart



## Key

Mayor

Administration

Legal

Department Heads

Division Heads

Supervisors

City Charter Positions

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**CITY OF LAKE CHARLES  
ELECTED CITY OFFICIALS**

	<u>PRESENT TERM BEGINS</u>	<u>PRESENT TERM EXPIRES</u>	<u>BEGAN AS MEMBER</u>
<u><b>MAYOR</b></u>			
Nicholas Hunter	July 1, 2017	June 30, 2021	July 2017
<u><b>CITY COUNCIL</b></u>			
Mark Eckard, President	July 1, 2017	June 30, 2021	July 2009
Luvertha August, Vice-President	July 1, 2017	June 30, 2021	January 2008
Rodney Geyen	July 1, 2017	June 30, 2021	July 1997
John Ieyoub	July 1, 2017	June 30, 2021	July 2009
Mary Morris	July 1, 2017	June 30, 2021	July 2013
Johnnie Thibodeaux	July 1, 2017	June 30, 2021	July 2017
Stuart Weatherford	July 1, 2017	June 30, 2021	July 2005
<u><b>CITY JUDGES</b></u>			
Jamie B. Bice	January 1, 2015	December 31, 2020	January 2015
John S. Hood	January 1, 2015	December 31, 2020	January 1985
<u><b>WARD 3 MARSHAL</b></u>			
Victor Salvador	December 19, 2018	December 31, 2020	December 2018

**CITY OF LAKE CHARLES  
DEPARTMENT HEADS**

<b><u>EMPLOYEE</u></b>	<b><u>DEPARTMENT</u></b>
John Cardone	Mayor's Office
David Morgan	Legal
Karen Harrell	Finance
Wendy Goodwin	Human Resources
Keith Murray	Fire
Shawn Caldwell	Police
Jeff Jones	Public Works
Percy Brown	Community Services
Mike Huber	Planning

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor Nicholas Hunter  
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, 2018, 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, 0.7 percent and 1.7 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, 2018, 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.

### **Emphasis of a Matter**

As described in Note 4 to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for the year ended September 30, 2018. The new standard requires the City to recognize and report its total other postemployment benefit liability, measured according to actuarial methods and approaches prescribed within the standard along with certain disclosures. Our opinion is not modified with respect to this matter.

### **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 schedule of changes in total other post-employment liability and related ratios, 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 27, 2019, 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.

A handwritten signature in blue ink that reads "McElroy, Quirk + Burch". The signature is written in a cursive, flowing style.

Lake Charles, Louisiana  
March 27, 2019

## **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, 2018, 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 2018 was \$506 million, compared to the September 30, 2017 balance of \$484 million. Per the Statement of Activities, total Governmental and Business-Type Activities revenues of \$149 million were used to cover total expenses of \$127 million, primarily public safety and public works related activities.
- Total revenue from both governmental and business-type activities was \$149 million, which was an increase of 1.6 percent from the previous year total of \$146.6 million. The sales tax revenue of \$67.8 million accounts for 45 percent of total revenues. Those revenues increased by \$3.2 million in 2018 from the prior year's total of \$64.6 million.
- In the fund financial statements, total governmental fund balances of \$138.5 million is an increase of \$6 million in 2018 from \$132.5 million in 2017. The General Fund accounted for the largest increase in reserves due to additional revenues and expenditures being under budget, primarily in the Public Works Department. Additional discussion of the General Fund will follow.
- The 2018 governmental fund revenues of \$126.9 million are an increase of less than 2 percent above the \$124.8 million collected in 2017. The increase in taxes was offset by a reduction in intergovernmental revenues, which were received in 2017 for capital expenditure reimbursements. The increase in miscellaneous revenue is primarily due to additional interest earnings across all funds.
- Governmental fund expenditures totaled \$140.6 million in 2017 and included \$28 million for the City's new wastewater treatment plant. The 2018 expenditures of \$118.2 million reflect the return to a more normal annual expenditure amount.
- The General Fund operating revenues of \$79.5 million exceeded expenditures of \$74.7 million resulting in a total fund balance increase of \$4.8 million from the previous fiscal year. The ending fund balance was \$39.8 million at September 30, 2018 compared to \$35 million at the end of fiscal year 2017.

### The Financial Statements

This report encompasses a series of financial statements consisting of the following components:

1. The government-wide financial statements are designed to provide an organization-wide overview similar in nature to the form of reporting used for private-sector businesses. The two components of this presentation are:
  - The Statement of Net Position is roughly equivalent to a private business balance sheet, summarizing all of the City's assets and liabilities and reporting the difference between the two as "net position." Changes in net position over time may provide an indication of either an improving or declining financial position.
  - The Statement of Activities is an organization-wide operating statement which accounts for changes in fund net position during the City's 2018 fiscal year. This statement takes into account all revenues and expenses accrued for that year, regardless of when cash is received or paid.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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 fourteen 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 90 of this report. There are nine special revenue funds which are aggregated into a single display on those schedules 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 - 88 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 nine non-major governmental funds and two internal service funds, is presented immediately following the Required Supplemental Information.
6. The statistical section contains primarily trend data and non-financial information about the City's various activities.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## City-wide Financial Analysis

As shown on the government-wide financial statements, the City's net position at the end of 2018 was \$505,877,899, with 75 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 18 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.

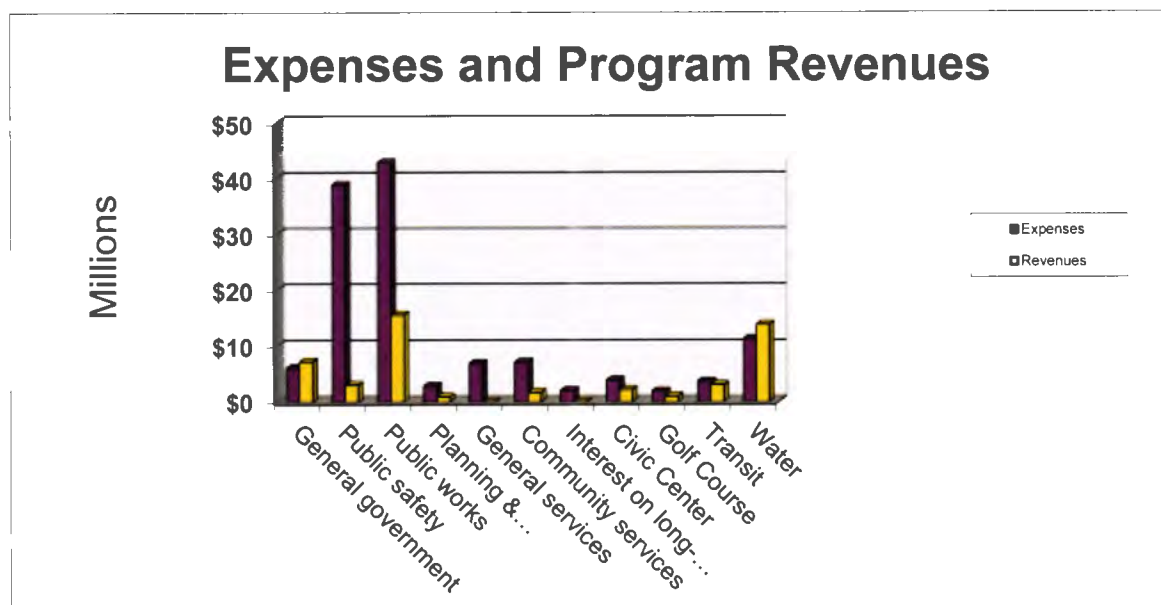
<b>NET POSITION</b> <b>(in thousands)</b>						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 175,482	\$ 167,675	\$ 31,338	\$ 32,382	\$ 206,820	\$ 200,057
Capital assets	377,382	371,620	73,313	69,202	450,695	440,822
Total assets	552,864	539,295	104,651	101,584	657,515	640,879
Deferred outflows of resources	13,879	15,650	1,194	1,565	15,073	17,215
Long-term liabilities	132,745	141,797	5,395	5,494	138,140	147,291
Current and other liabilities	20,778	20,920	3,089	2,997	23,867	23,917
Total liabilities	153,523	162,717	8,484	8,491	162,007	171,208
Deferred inflows of resources	4,488	2,928	215	100	4,703	3,028
Net position:						
Net investment in capital assets	307,134	294,028	73,313	69,202	380,447	363,230
Restricted	32,950	33,409	-	-	32,950	33,409
Unrestricted	68,648	61,863	23,833	25,356	92,481	87,219
Total net position	\$ 408,732	389,300	\$ 97,146	94,558	\$ 505,878	483,858
Effects of GASB's 75 implementation		155		23		178
Net position - restated for 2017		\$ 389,455		\$ 94,581		\$ 484,036

Total net position of \$505,877,899 is an increase of \$21,841,966 or 4.5 percent from the 2017 restated net position of \$484,035,933. The change in net position for governmental activities was a 4.9 percent increase, while business-type activities experienced a 2.7 percent increase. Explanations of the changes are outlined in the pertinent sections below. The City of Lake Charles implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)", which replaces GASB 45. The restatement resulted in the reduction of the City's OPEB obligation and therefore increased the Net Position for September 30, 2017 by \$177,527.



## 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 2018 were \$106.5 million for governmental activities and \$20.6 million for business-type activities. The portions not covered by program revenues, or net costs funded by taxes and other general revenues, were \$78 million for governmental activities. The public safety function (fire and police) historically accounts for the largest share of net cost, with \$35.8 million in excess expenses over program revenues during 2018. Total expenses of \$127 million are a 3 percent increase over 2017 expenses of \$124 million.

The City's total revenue for 2018 was \$149 million, a 1.6 percent increase from 2017 revenues of \$146.6 million. Sales tax revenue for the Governmental Activities increased by \$3.2 million or 5 percent over 2017 collections. Capital grants and contribution's decrease of \$1.7 million is related to funding for the wastewater treatment plant.

The Statement of Activities for 2018 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 2018 fiscal year.

<b>CHANGES IN NET POSITION</b>						
(in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 21,427	\$ 20,435	\$ 16,011	\$ 15,282	\$ 37,438	\$ 35,717
Operating grants & contributions	4,522	5,143	3,044	2,752	7,566	7,895
Capital grants & contributions	2,408	4,839	982	262	3,390	5,101
General revenues:						
Property taxes	10,863	10,616	-	-	10,863	10,616
Sales taxes	67,840	64,596	-	-	67,840	64,596
Utility franchise taxes	5,878	5,723	-	-	5,878	5,723
Riverboat gaming taxes	10,736	10,658	-	-	10,736	10,658
Other general revenues	4,862	6,057	406	252	5,268	6,309
Total revenues	128,536	128,067	20,443	18,548	148,979	146,615
Expenses:						
General government	6,062	5,813	-	-	6,062	5,813
Public safety	38,772	37,723	-	-	38,772	37,723
Public works	42,804	42,253	-	-	42,804	42,253
Planning and development	2,821	2,656	-	-	2,821	2,656
General services	6,876	6,507	-	-	6,876	6,507
Community services	7,111	6,159	-	-	7,111	6,159
Interest in long-term debt	2,055	3,150	-	-	2,055	3,150
Civic Center	-	-	3,899	3,789	3,899	3,789
Golf Course	-	-	1,874	1,718	1,874	1,718
Transit	-	-	3,656	3,362	3,656	3,362
Water	-	-	11,207	10,845	11,207	10,845
Total expenses	106,501	104,261	20,636	19,714	127,137	123,975
Excess before transfers	22,035	23,806	(193)	(1,166)	21,842	22,640
Transfers	(2,758)	(2,936)	2,758	2,936	-	-
Increase (decrease) net position	19,277	20,870	2,565	1,770	21,842	22,640
Net position - beginning	389,455	368,430	94,581	92,788	484,036	461,218
Net position - ending	<u>\$ 408,732</u>	<u>389,300</u>	<u>\$ 97,146</u>	<u>94,558</u>	<u>\$ 505,878</u>	<u>483,858</u>
Effects of GASB's 75 implementation		155		23		178
Net position - restated for 2017		<u>\$ 389,455</u>		<u>\$ 94,581</u>		<u>\$ 484,036</u>

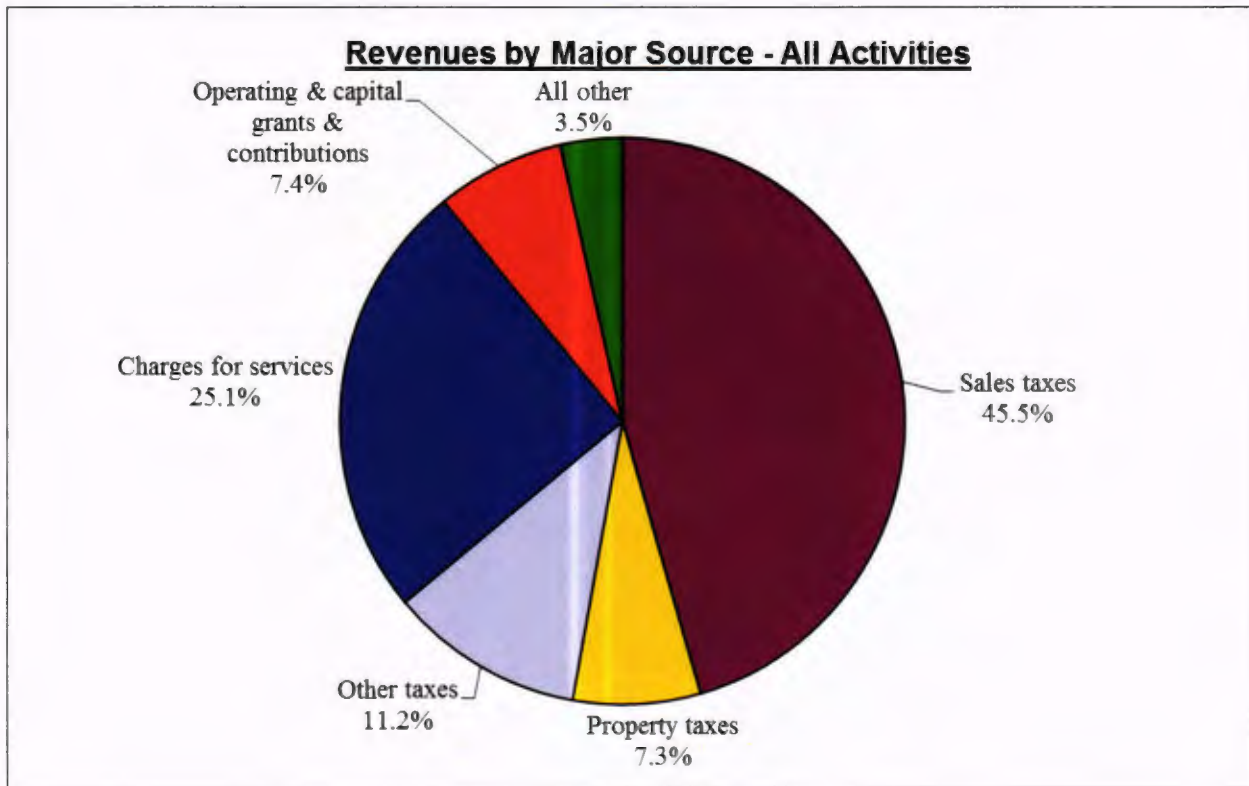
As indicated by the above table and the following chart, sales taxes are the City's largest single revenue source, accounting for 45 percent of all government-wide revenue in 2018. Collections of \$67.8 million are an increase of \$3.2 million from 2017. The City began collecting an additional one-quarter cent sales tax in January 2016 and that revenue amounted to \$6.6 million in 2018 and compares to \$6.4 million in 2017, the first full year of collections. The current trend for the past 4 month's collections indicates an increase of 1.1 percent when compared to the actual collections for the same 4-month period in fiscal year 2018.

The capital grant and contribution funds reflect a decrease of \$1.7 million in 2018 and are due to reductions in state funding for various projects, such as the wastewater treatment plant.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Property taxes account for 7.3 percent of total revenues and increased by 2 percent in 2018. Gaming tax revenue accounts for 7.2 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 2018 increased slightly from the prior year. Current revenue trends show flat or slightly declined revenue growth.

Other General Revenues include revenues from interest and investment earnings and miscellaneous revenue. The primary reduction of \$1 million in this category are related to the following. Miscellaneous revenue in 2017 included \$2 million in developer donated infrastructure but there were no donations for 2018 which accounts for the reduction in that category. However, interest and investment earnings were increased to \$2.6 million in 2018 compared to \$1.4 million in 2017. The increase is due to a large sales tax settlement, which resulted in payment of interest on past due sales taxes.



Total expenses increased by 3 percent to \$127 million compared to \$124 million in 2017. The public safety category reflects the largest categorical increase of \$1 million.

### 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, which represent a longer-term picture of resources and liabilities.

The City's governmental funds had a combined fund balance of \$138,530,138 at the end of fiscal year 2018, an increase of \$6 million from fiscal year 2017 balance of \$132.5 million. The fund balance in the General Fund was \$39.8 million at year end, an increase of \$4.8 million and accounts for most of the increase.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's proprietary funds' net position increased to \$97,145,987 in 2018 compared to the restated value of \$94,581,382. The Water Fund's net position increased by \$2.6 million as the City continues to accumulate funds for future capital improvements and expansions to the City's water system, primarily a new water treatment plant with supporting transport lines.

### General Fund Summary

The General Fund is the City's principal operating fund, accounting for more than half of all revenue received by the City and 63 percent of revenue for all governmental funds.

The City anticipated an increase in fund balance reserves of the General Fund in 2017 and therefore adopted a budget for fiscal year 2018 that include a transfer of \$4.1 million for capital projects. As illustrated in the Required Supplemental Information section of this report, the adopted budget projected a \$3.5 million deficit between operating revenues and expenditures and transfers. The budget was amended during the year to allow for additional transfer of \$890,000 from reserves for needed capital improvements.

The General Fund revenues of \$79,533,814 were an increase of \$3.6 million or 4.8 percent over fiscal year 2017 collections of \$75,905,138. Total sales tax revenues of \$51.4 million accounts for 65 percent of all General Fund revenues and increased by \$2.2 million or 4.4 percent. Property taxes account for 12 percent of General Fund revenues and increased to \$9.6 million, an increase of 2 percent.

Actual General Fund operating expenditures of \$64,515,764 were increased by less than 1 percent over prior year expenditures of \$64,037,881. Salaries of \$27 million accounts for 41 percent of total expenditures and were up \$678,000 or 2.6 percent from prior year. Effective both January 1, 2017 and 2018, all full time employees received a two percent across the board increase. In both years, this was in addition to the two percent longevity pay for eligible employees. Entry level pay for all firemen and police officers were adjusted to reflect the across the board increases. Starting pay for non-public safety positions was also increased. The City has not increased staffing level since 2011 but have less vacant positions throughout the year due to progressively increased pay scales since 2015. Overtime increased to \$3.6 million in 2018 compared to \$3.4 million in 2017, of which 92 percent is for the Fire and Police Departments.

For the period July, 1 2017 through June 30, 2018, retirement contribution rates were 26.5 percent for the Fire Department and 30.75 percent for the Police Department and 13.25 percent for all other employees. Contribution expenses for all retirement systems were increased to \$6.3 million in 2018 compared to \$6 million in the 2017 fiscal year. Contribution rates for two systems were increased again, effective July 1, 2018.

The General Fund had operating transfers which are necessary to subsidize the grant funds and the proprietary funds totaled \$4.2 million in fiscal year 2018 compared to \$4 million in 2017. When funds are available from current excess of revenues over expenditures the City may elect to fund needed capital projects. In fiscal year 2018 the City transferred \$6 million to the Capital Project Fund, primarily for wastewater system improvements and drainage projects. The capital transfer in 2017 was \$2.8 million for wastewater system improvements.

In summary, current year operating revenues of \$79.5 million were more than expenditures and transfers of \$74.7 million resulting in a fund balance increase of \$4.8 million. The General Fund's ending balance in 2018 was \$39,792,758, which represents 53 percent of total expenditures and all transfers made from the fund that year. The fund balance amount at 2017 fiscal year end was \$35,009,807.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Other Major Fund Summary

The revenues recorded in the Riverboat Gaming Special Revenue Fund of \$10.8 million have varied little since the initial increase following the opening of the Golden Nugget Casino in December 2014. The gaming taxes received by the City each year are first and primarily dedicated to the repayment of a portion of the City's debt obligations. Remaining funds are used to fund one-time capital improvements. Revenues of \$10.8 million exceeded transfers of \$10.4 million and increased fund balance reserves to \$1.2 million for fiscal year end 2018.

The Wastewater Special Revenue Fund revenues were \$18.5 million in fiscal year 2018 and compared to \$17.6 million in 2017. Sales tax receipts of 16 percent of one cent are dedicated to wastewater and increased by 4.4 percent to \$4.3 million. Sewer user fees are the primary source of revenue and increased to \$13.8 million, or 3.6 percent from the prior year. The increase is due to increased usage, as rates have not increased since 2014. A new rate schedule was recently adopted for water and sewer fees and will be phased in over the next several years.

Wastewater operating expenses of \$10 million is unchanged from last fiscal year. Additionally, each year funds are transferred 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 are considered when determining a rate structure. Total transfers in both fiscal years 2018 and 2017 were \$6.8 million, and included \$3.5 million for capital improvements and \$3.3 million for debt service payments. Fund balance reserves from 2017 of \$4.4 million were increased by \$1.8 million in 2018 to \$6.2 million.

The Debt Service Fund expenditures of \$9.3 million in 2018 is essentially unchanged from 2017, although the breakdown between principal and interest varies, as interest payments are slightly less as principal balances are being reduced. The fiscal year 2017's financial statements reflected the transactions of a May 2017 bond refunding. Other financing sources of \$24 million were used for refunding the remainder of the Public Improvement Bonds originally issued in 2007 and a portion of the Public Improvement Bonds originally issued in 2010. Par amount of \$5,920,000 of the 2007 Public Improvement Bonds were refunded and \$19,720,000 of the 2010 Public Improvement Bonds were refunded. Additional bond proceeds were used to cover costs of issuance and future interest costs. Transfers of \$9 million into the debt service funds come primarily from the Wastewater, Gaming and Capital Project funds.

The Capital Projects Fund expenditures of \$50 million in fiscal year 2017 included \$28 million for the completion of a new wastewater treatment plant. The expenditures of \$27 million in 2018 reflect an amount of expenses more in line with previous year expenditures. Proceeds of \$8 million from the 2011 DEQ loan for sewer plant improvements are reflected in 2017, with the final amount of \$102.818 being recorded in 2018.

The 2018 transfers of \$18 million into the fund come from the General, Riverboat Gaming, Wastewater and other special revenue funds. The funds are used for improvements to streets and drainage, wastewater system improvements and other general capital projects. Transfers from other funds totaled \$15 million in 2017. Fund balance was decreased by \$16 million to \$77.4 million in 2017 and was relatively unchanged at \$77 million at fiscal year end 2018.

The business-type activities revenues of \$16 million are increased by 5 percent from fiscal year 2017, primarily from charges for services in the Water Fund. Operating expenses, less depreciation, increased by 4 percent over the previous year. Nonoperating revenue and capital contributions and transfers increased by \$1 million to \$7.2 million in fiscal year 2018, primarily in the Transit Fund, which reflects FTA funds used to purchase new buses. Total net position increased by \$2.6 million from the prior year, most of which is attributable to the Water Fund as they continue to build reserves for a new water plant.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Capital Assets

The City's total net investment in capital assets of \$451 million at the end of the 2018 fiscal year was an increase of 2 percent from \$441 million at the end of 2017. The completion of the wastewater treatment plant accounts for most of the increase in Improvements other than Buildings, with a value of \$42 million, most of which was included as Construction in Progress in 2017. The increase in equipment included the purchase of two new fire trucks with a total cost of \$1.8 million in the Governmental Activities and \$1 million in the Business-type Activities for new buses. Construction in progress increased by \$5 million in the Business-type Activities due to on-going water system improvement projects. On-going construction projects in the Governmental Activities include streets and wastewater system improvements.

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

- Wastewater system improvements account for \$9 million in construction in progress, including lift station improvements, basin repairs, sewer lines extensions and forcemains.
- Various street projects under construction total \$15 million, some of the larger projects are Lake Street, 6<sup>th</sup> Avenue and asphalt overlay projects throughout the City.
- Various water system improvement projects total \$7 million and include new storage tanks, distribution lines miscellaneous rehabilitation projects.

Components of the City's capital assets are summarized in the following table. As previously noted, reported value for infrastructure is limited to projects completed since 1975. Additional detail is provided by the financial statements and notes thereto (Note 4-C).

Net Investment in Capital Assets as of September 30, 2018						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 16,180	\$ 16,180	\$ 2,185	\$ 2,105	\$ 18,365	\$ 18,285
Construction in progress	26,300	60,899	7,770	2,740	34,070	63,639
Buildings	27,414	27,974	5,772	5,754	33,186	33,728
Improvements other than buildings	77,425	37,643	53,826	55,348	131,251	92,991
Equipment	14,885	12,894	3,760	3,255	18,645	16,149
Infrastructure	215,178	216,030	-	-	215,178	216,030
Total	<u>\$ 377,382</u>	<u>\$ 371,620</u>	<u>\$ 73,313</u>	<u>\$ 69,202</u>	<u>\$ 450,695</u>	<u>\$ 440,822</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Debt Administration

As of September 30, 2018, the City's Governmental Activities reported \$133 million in non-current liabilities compared to \$142 million in the previous year. Bonded debt of \$51.7 million is reduced from \$57.7 million in fiscal year 2017 and is payable from future annual appropriations, all 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. Statutory debt limits are not applicable to any of the City's current outstanding debt.

As per notification by Standard and Poor's on February 2018, all City of Lake Charles debt was upgraded one notch following new criteria application; therefore, all debt was upgraded from "AA-" to "AA".

The voters of Lake Charles approved a \$90 million bond issue in November 2006. Through the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA), the City has issued bonds in 2007 and in 2010 totaling \$75 million. 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.

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 issued \$24,140,000 in Revenue Refunding Bonds in May 2017. The proceeds were used to refund the remaining 2007 Public Improvement Bonds and to advance refund a portion of the outstanding 2010 Public Improvement Bonds. The Series 2017 Bonds were assigned a rating of "AA-" (stable outlook) by Standard and Poor's.

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 of Lake Charles was approved in 2011 by the Louisiana Department of Environmental Quality (DEQ) for a \$21,000,000 loan from the State Revolving Loan Fund for improvements to the City's wastewater system. During fiscal year 2018 the City received the remaining loan proceeds. To date they have repaid \$4,344,000, leaving a principal balance of \$16,656,000. 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 DEQ 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.

The City has been approved for a \$20 million loan from the Department of Health Drinking Water Revolving Loan Fund in anticipation of future major water system expansions. Interest and administration fees will total 2.45 percent and would be repaid over a 20-year period.

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Economic Outlook and Next Year's Budget

As discussed the last several years, Southwest Louisiana continues to be a booming metropolitan statistical area with over \$109 billion in projects announced for the area, primarily made up of LNG export terminals and gas-to-liquid facilities. Of those announced, approximately \$44 billion of those projects are completed/near completion or under construction with some of the largest projects being the Sabine Pass LNG by Cheniere Energy, \$20 billion; Sasol Ethane Cracker Plant, \$11 billion; Sempra's Cameron LNG, \$10 billion and Lotte Chemical's ethane cracker and derivatives plant, \$3 billion. The additional \$65 billion of announced projects are at various stages of the permitting process and have construction schedules projected out as far as 2025. Venture Global LNG, Inc. has issued a contract to begin design and engineering of a \$4.25 billion project in Cameron Parish. Lake Charles LNG is an \$11 billion permit ready project to expand their existing facility at the Port of Lake Charles.

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 several years, and this pace could continue for several more years. 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: City of Lake Charles sales taxes revenue increased by 4.4 percent in fiscal year 2018 compared to a 3.8 percent increase in 2017. The 2018 revenues exceeded the adopted budget, which resulted in a positive revenue variance and an increase in fund balance reserves. The 2019 budget projects an increase of 1 percent over last year's actual collections, which is the current trend for the first four months of fiscal year 2019 when compared to the same period in fiscal year 2018.
- Gaming industry: The Golden Nugget Casino opened in December 2014, and has grown the market making Lake Charles the largest casino market in Louisiana. Collections of admission taxes have had little fluctuation from \$10.8 million in 2017. Current gaming trends indicate a moderate decrease in the market but is being carefully monitored as bridge repairs on the interstate are having an impact on visitors. The 2019 adopted budget of \$10.5 million anticipates a decrease in revenue.
- Labor market trends: The Louisiana Workforce Commission report dated March 11, 2019 for January 2019 reflected a Civilian Labor Force statewide unemployment rate of 4.9 percent and the United States unemployment rate of 4.0. The Not Seasonally Adjusted unemployment rate for the Lake Charles MSA was estimated at 4.1 percent for January 2019 compared to 3.9 percent in January 2018. The report stated that the Lake Charles MSA added 1,200 jobs over the year but there has been some loss of jobs during recent months. It should be noted that 4,700 jobs were added in 2017 and 5,600 jobs gained in 2016, mostly in the construction sector.

The above items and other economic indicators were considered when preparing the budget for the 2019 fiscal year.

The City adopted a 2019 General Fund budget with revenue projections of \$78.7 million which will be used to cover operational expenses and transfers of \$77.3 million. Additionally, the budget authorized the use of \$5.5 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 and drainage improvements.

The Capital Project budget of \$51.6 million is the largest budget ever adopted by the City. The increase over the \$32.7 million budget from 2017 relates to funding for projects from other sources. The street projects total \$17.8 million and includes \$8 million from the Calcasieu Parish Police Jury for the Prien Lake Road Project. Wastewater projects total \$9.8 million and includes funding from a new DEQ loan. The water project total of \$10.5 million includes funding from a DHH loan. The City added \$5.7 million for drainage projects in 2019, which follows a \$5.3 million allocation in 2018. Community Services budget of \$3.2 million identified funds for lakefront development. Sources of funding include sales tax revenues of \$7.6 million from the 1986 Sales Tax referendum that was renewed in November 2016. Transfers from other funds to pay for capital improvements include \$6.7 million from the Riverboat Gaming Fund, \$5.5 million from the General Fund and \$5 million from the Wastewater Fund. Prior year sales tax revenue of \$1.7 million from the new 2016 levy, that was not needed to repay debt in 2017, 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.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The City has recently begun the study and design phase for a new Water Treatment Plant, with supporting distribution lines. This project is estimated to be near \$30 million and will be funded by accumulated reserves in the Water Utility Fund and a potential loan from the Department of Health Drinking Water Revolving Loan Fund.

Mayor Hunter and other state and local officials announced Port Wonder in November 2018. This proposed \$20 million lakefront project will house the Children's Museum of Lake Charles and potentially the Louisiana Department of Wildlife and Fisheries' Science Center and Educational Complex. Both governmental and private partners have combined pledgees to contingently fund the project.

### 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, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	City Court	City Marshal
<b>ASSETS</b>					
Cash and cash equivalents	\$ 67,165,292	\$ 3,608,864	\$ 70,774,156	\$ 1,123,693	\$ 677,730
Investments	93,746,407	23,249,275	116,995,682	-	-
Receivables (net of allowance for uncollectables)	13,387,180	2,320,875	15,708,055	-	-
Internal balances	(130,551)	130,551	-	46,258	-
Inventories	318,344	319,088	637,432	-	-
Prepays	995,910	13,412	1,009,322	-	-
Restricted assets:					
Cash and cash equivalents	-	1,695,569	1,695,569	1,074,735	-
Capital assets not being depreciated:					
Land	16,180,010	2,185,506	18,365,516	-	-
Construction in progress	26,299,681	7,769,822	34,069,503	-	-
Capital assets net of accumulated depreciation:					
Building	27,414,049	5,771,596	33,185,645	-	-
Improvements other than buildings	77,424,618	53,825,700	131,250,318	-	-
Equipment	14,885,525	3,760,592	18,646,117	348,131	138,275
Infrastructure	215,178,228	-	215,178,228	-	-
Total assets	<u>552,864,693</u>	<u>104,650,850</u>	<u>657,515,543</u>	<u>2,592,817</u>	<u>816,005</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charges on debt refundings	1,437,564	-	1,437,564	-	-
Deferred outflows related to net pension liab	12,441,127	1,194,213	13,635,340	71,089	-
	<u>13,878,691</u>	<u>1,194,213</u>	<u>15,072,904</u>	<u>71,089</u>	<u>-</u>
<b>LIABILITIES</b>					
Accounts payable & other current liabilities	5,877,646	1,389,028	7,266,674	1,234	4,371
Liabilities payable from restricted assets	-	1,695,527	1,695,527	-	-
Noncurrent liabilities:					
Claims payable within one year	7,007,662	-	7,007,662	-	-
Claims payable in more than one year	1,175,434	-	1,175,434	-	-
Due within one year	7,893,136	5,000	7,898,136	-	-
Due in more than one year	67,350,839	644,976	67,995,815	-	-
OPEB payable due in more than one year	2,062,779	256,704	2,319,483	-	-
Net pension liability due in more than one year	62,156,220	4,493,152	66,649,372	613,012	-
Total liabilities	<u>153,523,716</u>	<u>8,484,387</u>	<u>162,008,103</u>	<u>614,246</u>	<u>4,371</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to net pension liab	<u>4,487,755</u>	<u>214,689</u>	<u>4,702,444</u>	<u>12,001</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	307,133,505	73,313,216	380,446,721	348,131	138,275
Restricted for:					
Capital projects	27,920,353	-	27,920,353	-	-
Debt service	5,030,144	-	5,030,144	-	-
Unrestricted	<u>68,647,910</u>	<u>23,832,771</u>	<u>92,480,681</u>	<u>1,689,528</u>	<u>673,359</u>
Total net position	<u>\$ 408,731,912</u>	<u>\$ 97,145,987</u>	<u>\$ 505,877,899</u>	<u>\$ 2,037,659</u>	<u>\$ 811,634</u>

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

# CITY OF LAKE CHARLES, LOUISIANA

## Statement of Activities

For the Year Ended September 30, 2018

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	\$ 6,062,340	\$ 6,469,760	\$ 258,345	\$ 444,645	\$ 1,110,410	\$ -	\$ 1,110,410	\$ -	\$ -
Public safety	38,772,282	62,013	2,947,052	-	(35,763,217)	-	(35,763,217)	-	-
Public works	42,804,319	14,110,034	35,090	1,432,283	(27,226,912)	-	(27,226,912)	-	-
Planning and development	2,820,828	359,507	546,806	-	(1,914,515)	-	(1,914,515)	-	-
General services	6,875,525	2,066	-	-	(6,873,459)	-	(6,873,459)	-	-
Community services	7,110,893	423,793	734,709	531,218	(5,421,173)	-	(5,421,173)	-	-
Interest in long-term debt	2,054,636	-	-	-	(2,054,636)	-	(2,054,636)	-	-
Total governmental activities	106,500,823	21,427,173	4,522,002	2,408,146	(78,143,502)	-	(78,143,502)	-	-
Business-type activities:									
Civic center	3,899,346	1,033,378	1,158,003	-	-	(1,707,965)	(1,707,965)	-	-
Golf Course	1,873,811	988,757	-	-	-	(885,054)	(885,054)	-	-
Transit	3,655,630	187,114	1,885,537	982,009	-	(600,970)	(600,970)	-	-
Water	11,206,906	13,802,115	-	-	-	2,595,209	2,595,209	-	-
Total business-type activities	20,635,693	16,011,364	3,043,540	982,009	-	(598,780)	(598,780)	-	-
Total primary government	\$ 127,136,516	\$ 37,438,537	\$ 7,565,542	\$ 3,390,155	\$ (78,143,502)	\$ (598,780)	\$ (78,742,282)	\$ -	\$ -
<b>Component units:</b>									
City Court	\$ 804,263	\$ 196,850	\$ 588,514	\$ 204,110				\$ 185,211	\$ -
City Marshal	1,224,949	1,228,362	-	-				-	3,413
Total component units	\$ 2,029,212	\$ 1,425,212	\$ 588,514	\$ 204,110	-	-	-	\$ 185,211	\$ 3,413
General revenues:									
Property taxes					10,862,457	-	10,862,457	-	-
Sales taxes					67,840,226	-	67,840,226	-	-
Franchise taxes					5,878,166	-	5,878,166	-	-
Riverboat taxes					10,735,679	-	10,735,679	-	-
Grants and contributions not restricted to specific programs					230,435	-	230,435	-	-
Interest and investment earnings					2,206,510	405,633	2,612,143	17,134	-
Miscellaneous					2,425,142	-	2,425,142	10,674	-
Transfers					(2,757,752)	2,757,752	-	-	-
Total general revenues and transfers					97,420,863	3,163,385	100,584,248	27,808	-
Change in net position					19,277,361	2,564,605	21,841,966	213,019	3,413
Net position - beginning - as restated					389,454,551	94,581,382	484,035,933	1,824,640	808,221
Net position - ending					\$ 408,731,912	\$ 97,145,987	\$ 505,877,899	\$ 2,037,659	\$ 811,634

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

# CITY OF LAKE CHARLES, LOUISIANA

## Balance Sheet Governmental Funds September 30, 2018

	<b>General</b>	<b>Riverboat Gaming Special Revenue</b>
<b>ASSETS</b>		
Cash (Note 4-A)	\$ 13,940,313	\$ -
Investments (Note 4-A)	22,067,251	585,164
Receivable (net of allowance for uncollectable)		
Accounts (Note 4-B)	6,961,143	1,183,045
Special Assessments	-	-
Accrued interest	9,947	-
Intergovernmental (Note 4-B)	81,236	-
Due from other funds (Note 4-F)	448,145	49,939
Inventory	318,344	-
Prepaid items	250,236	-
Total assets	<u>\$ 44,076,615</u>	<u>\$ 1,818,148</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 2,432,102	\$ 630,307
Contracts payable	-	-
Escrow	633,829	-
Due to other funds	1,209,271	-
Unearned revenue	-	-
Other liabilities	8,655	-
Total liabilities	<u>4,283,857</u>	<u>630,307</u>
<b>FUND BALANCES</b>		
Nonspendable:		
Inventory	318,344	-
Prepaid items	250,236	-
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	4,145,634	190,630
Assigned:		
Community services	-	-
Public safety	-	-
Disaster recovery	-	-
Capital projects	-	997,211
Unassigned	35,078,544	-
Total fund balances	<u>39,792,758</u>	<u>1,187,841</u>
Total liabilities and fund balances	<u>\$ 44,076,615</u>	<u>\$ 1,818,148</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>
\$ 3,614,255	\$ 5,006,043	\$ 21,457,364	\$ 7,558,633	\$ 51,576,608
622,729	25,658	54,709,342	1,318,809	79,328,953
2,199,568	-	630,722	337,262	11,311,740
-	-	196,865	-	196,865
-	-	133,314	-	143,261
-	118,012	293,620	576,486	1,069,354
-	27,023	989,170	188,396	1,702,673
-	-	-	-	318,344
39,028	2,200	95,000	15,307	401,771
<u>\$ 6,475,580</u>	<u>\$ 5,178,936</u>	<u>\$ 78,505,397</u>	<u>\$ 9,994,893</u>	<u>\$ 146,049,569</u>
\$ 298,598	\$ 27,023	\$ 362,205	\$ 334,584	\$ 4,084,819
11,449	-	1,084,386	-	1,095,835
9,677	-	-	9,652	653,158
1,507	-	-	370,186	1,580,964
-	-	95,000	1,000	96,000
-	-	-	-	8,655
<u>321,231</u>	<u>27,023</u>	<u>1,541,591</u>	<u>715,422</u>	<u>7,519,431</u>
-	-	-	-	318,344
39,028	2,200	95,000	15,307	401,771
-	-	27,920,354	-	27,920,354
-	5,030,144	-	-	5,030,144
-	-	40,014,740	-	40,014,740
6,115,321	-	8,688,249	-	14,803,570
-	119,569	-	-	119,569
-	-	-	1,824,970	6,161,234
-	-	-	727,676	727,676
-	-	-	741,713	741,713
-	-	-	2,950,096	2,950,096
-	-	245,463	3,028,832	4,271,506
-	-	-	(9,123)	35,069,421
<u>6,154,349</u>	<u>5,151,913</u>	<u>76,963,806</u>	<u>9,279,471</u>	<u>138,530,138</u>
<u>\$ 6,475,580</u>	<u>\$ 5,178,936</u>	<u>\$ 78,505,397</u>	<u>\$ 9,994,893</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.	377,377,714
Other long-term assets are not available to pay for current-period expenditures.	96,000
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.	22,174,995
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.	(138,837,871)
Deferred outflows and inflows of resources are not available to pay current period expenditures and therefore are not reported in the government funds	9,390,936
Net position of governmental activities	<u>\$ 408,731,912</u>

**CITY OF LAKE CHARLES, LOUISIANA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For Fiscal Year Ended September 30, 2018**

	<u>General</u>	<u>Riverboat Gaming Special Revenue</u>
<b>Revenues:</b>		
Taxes	\$ 64,459,717	\$ 10,735,679
Licenses and permits	6,963,073	-
Intergovernmental	3,140,270	-
Charges for services	2,758,605	-
Fines and forfeitures	275,630	-
Miscellaneous	1,936,519	76,909
Total revenues	<u>79,533,814</u>	<u>10,812,588</u>
<b>Expenditures:</b>		
Current operating:		
General government	3,425,711	-
Finance	1,757,188	-
Human Resources	390,668	-
Fire	16,619,281	-
Police	19,578,266	-
Public works	15,766,115	-
Planning and development	2,147,825	-
Community services	-	-
General services	4,830,710	-
Capital projects	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total expenditures	<u>64,515,764</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>15,018,050</u>	<u>10,812,588</u>
<b>Other financing sources (uses):</b>		
Transfers in	-	-
Transfers out	(10,235,099)	(10,369,663)
Issuance of debt	-	-
Total other financing sources (uses)	<u>(10,235,099)</u>	<u>(10,369,663)</u>
Net change in fund balances	4,782,951	442,925
Fund balance at beginning of year	<u>35,009,807</u>	<u>744,916</u>
Fund balance at end of year	<u>\$ 39,792,758</u>	<u>\$ 1,187,841</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>
\$ 4,293,402	\$ -	\$ 7,513,454	\$ 5,007,308	\$ 92,009,560
-	-	-	-	6,963,073
-	216,982	2,159,664	1,598,064	7,114,980
13,844,421	-	-	163,090	16,766,116
-	-	-	-	275,630
335,520	69,488	949,972	370,921	3,739,329
<u>18,473,343</u>	<u>286,470</u>	<u>10,623,090</u>	<u>7,139,383</u>	<u>126,868,688</u>
-	-	-	10,336	3,436,047
-	-	-	-	1,757,188
-	-	-	-	390,668
-	-	-	-	16,619,281
-	-	-	523,859	20,102,125
9,365,733	-	-	-	25,131,848
-	-	-	593,806	2,741,631
-	-	-	6,019,381	6,019,381
-	-	-	-	4,830,710
820,466	-	27,089,385	-	27,909,851
-	6,833,190	-	-	6,833,190
-	2,450,417	-	-	2,450,417
<u>10,186,199</u>	<u>9,283,607</u>	<u>27,089,385</u>	<u>7,147,382</u>	<u>118,222,337</u>
<u>8,287,144</u>	<u>(8,997,137)</u>	<u>(16,466,295)</u>	<u>(7,999)</u>	<u>8,646,351</u>
316,000	8,899,170	18,040,000	1,867,579	29,122,749
(6,823,246)	-	(2,102,494)	(2,350,000)	(31,880,502)
-	-	102,818	-	102,818
<u>(6,507,246)</u>	<u>8,899,170</u>	<u>16,040,324</u>	<u>(482,421)</u>	<u>(2,654,935)</u>
1,779,898	(97,967)	(425,971)	(490,420)	5,991,416
<u>4,374,451</u>	<u>5,249,880</u>	<u>77,389,777</u>	<u>9,769,891</u>	<u>132,538,722</u>
<u>\$ 6,154,349</u>	<u>\$ 5,151,913</u>	<u>\$ 76,963,806</u>	<u>\$ 9,279,471</u>	<u>\$ 138,530,138</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, 2018**

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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	\$ 5,991,416
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.	5,766,015
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(5,000)
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.	7,304,566
Net effect of pension liability recognition	(1,995,627)
Deferred charge on debt refunding, net current year amortization	(168,339)
Internal service funds are used by management to charge the costs of insurance to individual funds. The net expenses of certain activities of internal service funds is reported within the governmental activities.	<u>2,384,330</u>
Change in net position of governmental activities	<u><u>\$ 19,277,361</u></u>

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

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# CITY OF LAKE CHARLES, LOUISIANA

## Statement of Net Position

### Proprietary Funds

September 30, 2018

	Business-type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Civic Center	Golf Course	Public Transit	Water Utility	Totals 2018	
<b>ASSETS</b>						
Current assets:						
Cash	\$ 397,899	\$ 365,152	-	\$ 2,845,813	\$ 3,608,864	\$ 15,588,684
Investments	3,598,821	-	40,488	19,609,966	23,249,275	14,417,454
Restricted cash:						
Customer deposits	-	-	-	1,695,569	1,695,569	-
Accounts receivable (net of allowance for uncollectible)	34,994	-	12,763	1,404,747	1,452,504	629,107
Accrued interest receivable	2,104	-	-	25,966	28,070	36,853
Intergovernmental receivables	-	-	840,301	-	840,301	-
Due from other funds	-	15,312	-	-	15,312	-
Inventories	24,214	40,718	-	254,156	319,088	-
Prepaid items	4,958	-	2,267	6,187	13,412	594,139
Total current assets	<u>4,062,990</u>	<u>421,182</u>	<u>895,819</u>	<u>25,842,404</u>	<u>31,222,395</u>	<u>31,266,237</u>
Capital assets:						
Land	-	1,065,697	806,824	312,985	2,185,506	-
Buses	-	-	3,686,152	-	3,686,152	-
Buildings and structures	18,768,595	2,123,406	4,529,761	706,056	26,127,818	-
Improvements	20,477,844	2,798,078	134,089	78,018,199	101,428,210	-
Construction in Progress	584,133	-	13,950	7,171,739	7,769,822	-
Equipment, furniture and fixtures	3,552,339	369,952	946,787	2,392,126	7,261,204	35,257
Total capital assets	<u>43,382,911</u>	<u>6,357,133</u>	<u>10,117,563</u>	<u>88,601,105</u>	<u>148,458,712</u>	<u>35,257</u>
Less accumulated depreciation	<u>32,807,849</u>	<u>2,607,250</u>	<u>3,386,832</u>	<u>36,343,565</u>	<u>75,145,496</u>	<u>30,860</u>
Total capital assets (net of accumulated depreciation)	<u>10,575,062</u>	<u>3,749,883</u>	<u>6,730,731</u>	<u>52,257,540</u>	<u>73,313,216</u>	<u>4,397</u>
Total assets	<u>14,638,052</u>	<u>4,171,065</u>	<u>7,626,550</u>	<u>78,099,944</u>	<u>104,535,611</u>	<u>31,270,634</u>
<b>DEFERRED OUTFLOW OF RESOURCE:</b>						
Deferred amounts related to net pension liabilities	<u>232,487</u>	<u>107,505</u>	<u>186,944</u>	<u>667,277</u>	<u>1,194,213</u>	<u>123,922</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 2018</b>	
<b>LIABILITIES</b>						
Current liabilities :						
Accounts payable	88,393	39,846	253,591	586,310	968,140	35,179
Contracts payable	56,677	-	-	324,306	380,983	-
Customer deposits payable	-	-	-	1,695,527	1,695,527	-
Escrow	28,306	11,599	-	-	39,905	-
Due to other funds	19,734	-	104,329	12,946	137,009	13
Total current liabilities	193,110	51,445	357,920	2,619,089	3,221,564	35,192
Non-current liabilities:						
Compensated absences	122,754	55,576	110,493	361,153	649,976	138,840
OPEB liability	43,679	45,321	29,972	137,732	256,704	20,012
Net pension liability	874,720	404,483	703,363	2,510,586	4,493,152	466,251
Accrued insurance claims	-	-	-	-	-	6,682,662
Incurred-not reported claims	-	-	-	-	-	325,000
Accrued insurance claims-noncurrent	-	-	-	-	-	1,175,434
Total non-current liabilities	1,041,153	505,380	843,828	3,009,471	5,399,832	8,808,199
Total liabilities	1,234,263	556,825	1,201,748	5,628,560	8,621,396	8,843,391
<b>DEFERRED INFLOW OF RESOURCES</b>						
Deferred amounts related to net pension liabilities	41,795	19,327	33,608	119,959	214,689	22,278
<b>NET POSITION</b>						
Net investment in capital assets	10,575,062	3,749,883	6,730,731	52,257,540	73,313,216	4,397
Unrestricted	3,019,419	(47,465)	(152,593)	20,761,162	23,580,523	22,524,490
Total net position	\$ 13,594,481	\$ 3,702,418	\$ 6,578,138	\$ 73,018,702	96,893,739	\$ 22,528,887
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					252,248	
Net position of business-type activities					\$ 97,145,987	

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, 2018**

	<b>Business-type</b>	
	<b>Civic Center</b>	<b>Golf Course</b>
Operating revenues:		
Charges for services	\$ 1,006,464	\$ 973,051
Other	26,742	12,936
Total operating revenues	<u>1,033,206</u>	<u>985,987</u>
Operating expenses:		
Personal services	1,369,697	790,070
Materials and supplies	265,124	475,999
Maintenance	259,172	184,374
Utilities	530,379	46,050
Transportation	-	-
General and administration	319,180	159,971
Claims and losses paid	-	-
Depreciation	1,203,916	236,483
Total operating expenses	<u>3,947,468</u>	<u>1,892,947</u>
Operating income (loss)	<u>(2,914,262)</u>	<u>(906,960)</u>
Nonoperating revenues (expenses):		
Operating grants-governmental agencies	1,158,003	-
Interest	52,645	4,388
Gain (loss) on retirement or transfer of capital assets	172	2,770
Other	-	-
Total nonoperating revenues	<u>1,210,820</u>	<u>7,158</u>
Income (loss) before operating transfers	<u>(1,703,442)</u>	<u>(899,802)</u>
Capital contributions and transfers:		
Capital contributions - governmental agencies	-	-
Transfers in (out)	721,887	588,560
Total capital contributions and transfers	<u>721,887</u>	<u>588,560</u>
Change in net position	<u>(981,555)</u>	<u>(311,242)</u>
Net position at beginning of year - as restated	14,576,036	4,013,660
Net position at end of year	<u><u>\$ 13,594,481</u></u>	<u><u>\$ 3,702,418</u></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>2018</b>	<b>Internal</b>
			<b>Service Funds</b>
\$ 90,584	\$ 13,141,879	\$ 15,211,978	\$ 15,770,668
94,460	637,646	771,784	373,911
185,044	13,779,525	15,983,762	16,144,579
1,087,436	3,769,593	7,016,796	773,700
136,466	1,351,472	2,229,061	15,308
231,573	491,800	1,166,919	-
42,536	918,773	1,537,738	-
231,965	-	231,965	-
1,538,614	3,187,293	5,205,058	1,922,147
-	-	-	10,993,331
532,686	1,729,543	3,702,628	4,058
3,801,276	11,448,474	21,090,165	13,708,544
(3,616,232)	2,331,051	(5,106,403)	2,436,035
1,885,537	-	3,043,540	-
6,318	342,282	405,633	402,768
2,070	22,590	27,602	-
-	-	-	-
1,893,925	364,872	3,476,775	402,768
(1,722,307)	2,695,923	(1,629,628)	2,838,803
982,009	-	982,009	-
1,137,805	309,500	2,757,752	-
2,119,814	309,500	3,739,761	-
397,507	3,005,423	2,110,133	2,838,803
6,180,631	70,013,279		19,690,084
\$ 6,578,138	\$ 73,018,702		\$ 22,528,887
Adjustments to reflect the consolidation of			
internal service fund activities related			
to enterprise funds		454,472	
Change in net position of business-type activities		\$ 2,564,605	

# CITY OF LAKE CHARLES, LOUISIANA

## Statement of Cash Flows

### Proprietary Funds

Fiscal Year Ended September 30, 2018

	<b>Civic Center</b>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 1,018,635
Receipts from interfund charges for risk management services	-
Payments to employees	(1,287,212)
Payments to suppliers	(1,502,171)
Internal activity - payments from other funds	-
Internal activity - payments to other funds	(266,679)
Net cash provided by operating activities	<u>(2,037,427)</u>
<b>Cash flow from noncapital financing activities:</b>	
Operating subsidies	521,887
Shared revenue from governmental agencies	1,158,003
Net cash provided by noncapital financing activities	<u>1,679,890</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchases/sale of capital assets	(52,379)
Contracts payable	(335,466)
Capital subsidies from governmental agencies - current year	-
Capital subsidies from governmental agencies - prior year receivable	-
Capital transfers	200,000
Net cash provided (used for) capital and related financing activities	<u>(187,845)</u>
<b>Cash flow from investing activities:</b>	
Purchase of investment securities	(33,435)
Proceeds from sale and maturities of investment securities	-
Interest on investments	68,931
Net cash provided (used for) investing activities	<u>35,496</u>
Net increase (decrease) in cash and cash equivalents	(509,886)
Cash and cash equivalents at beginning of year	907,785
Cash and cash equivalents at end of year	<u>\$ 397,899</u>
<b>Reconciliation of operating (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	\$ (2,914,262)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	1,203,916
(Increase) decrease in accounts receivable	(14,571)
(Increase) decrease in due from other funds	290
(Increase) decrease in inventories	4,793
(Increase) decrease in prepaid items	292
(Increase) decrease in deferred outflows of resources	72,255
Increase (Decrease) in accounts payables	(157,031)
Increase (Decrease) in miscellaneous payables	21,832
Increase (Decrease) in customer deposit account	-
Increase (Decrease) in compensated absences payable	14,726
Increase (Decrease) in OPEB liability	(180)
Increase (Decrease) in NP liability	(24,786)
Increase (Decrease) in due deferred inflows of resources	22,268
Increase (Decrease) in due to other funds	(266,969)
Total adjustments	<u>876,835</u>
Net cash provided (used) by operating activities	<u>\$ (2,037,427)</u>

#### Noncash investing and capital activities:

Assets retired/transferred cost \$171,009 and had accumulated depreciation of \$171,009, loss of \$0.  
Change in the fair value of investments resulted in an unrealized loss of \$129,872 at year end 2018  
and an unrealized loss of \$85,899 at year end 2017.

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



Business-type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
Golf Course	Transit	Water Utility	Totals 2018	
\$ 986,240	\$ 172,281	\$ 13,665,226	\$ 15,842,382	\$ 1,183,708
-	-	-	-	15,354,830
(746,612)	(1,017,212)	(3,546,411)	(6,597,447)	(725,365)
(870,345)	(1,994,208)	(6,315,162)	(10,681,886)	(13,006,731)
(15,312)	105	-	(15,207)	-
(193,150)	(407,852)	(385,150)	(1,252,831)	(5)
(839,179)	(3,246,886)	3,418,503	(2,704,989)	2,806,437
588,560	1,037,805	309,500	2,457,752	-
-	1,793,098	-	2,951,101	-
588,560	2,830,903	309,500	5,408,853	-
(18,906)	2,070	(1,260,555)	(1,329,770)	-
(3,262)	(1,196,570)	(4,627,834)	(6,163,132)	-
-	982,009	-	982,009	-
-	37,205	-	37,205	-
-	100,000	-	300,000	-
(22,168)	(75,286)	(5,888,389)	(6,173,688)	-
-	(637)	(152,771)	(186,843)	(3,067,012)
-	-	-	-	-
4,388	6,318	391,582	471,219	460,918
4,388	5,681	238,811	284,376	(2,606,094)
(268,399)	(485,588)	(1,921,575)	(3,185,448)	200,343
633,551	485,588	6,462,957	8,489,881	15,388,341
\$ 365,152	\$ -	\$ 4,541,382	\$ 5,304,433	\$ 15,588,684
\$ (906,960)	\$ (3,616,232)	\$ 2,331,051	\$ (5,106,403)	\$ 2,436,035
236,483	532,686	1,729,543	3,702,628	4,058
253	(12,763)	(223,114)	(250,195)	393,959
(15,312)	105	-	(14,917)	-
(235)	-	3,458	8,016	-
269	(25)	(787)	(251)	(17,312)
33,412	58,100	207,382	371,149	38,514
(13,050)	190,177	(359,978)	(339,882)	(47,049)
8,644	-	-	30,476	(9,922)
-	-	108,815	108,815	-
11,908	11,089	15,603	53,326	9,560
(277)	(147)	(1,094)	(1,698)	(59)
(11,461)	(19,930)	(71,139)	(127,316)	(13,212)
10,297	17,906	63,913	114,384	11,870
(193,150)	(407,852)	(385,150)	(1,253,121)	(5)
67,781	369,346	1,087,452	2,401,414	370,402
\$ (839,179)	\$ (3,246,886)	\$ 3,418,503	\$ (2,704,989)	\$ 2,806,437

## NOTES TO FINANCIAL STATEMENTS

### CITY OF LAKE CHARLES, LOUISIANA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2018

### 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 provides and maintains 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, 2017.

##### *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 maintains 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, 2017. Complete financial statements of the individual component units are available from the City of Lake Charles at 326 Pujoe 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 and other gaming.

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 non-operating 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 uncollectable 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 1 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 2018 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 the acquisition value on 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. Capital assets are often financed on a pay-as-go basis. However, the City has 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 2016 for improvements to the City's wastewater plant. All current debt will be repaid by 2027.

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, 2018.

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 or 20 year of service, where accumulated sick pay hours up to six hundred (600) are payable to qualified employees. 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, 2018. 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, 2018.

At September 30, 2018 the total liability reported on the Statement of Net Position for accrued vacation, sick and compensatory time was \$4,039,146 for Governmental Activities, which includes \$138,840 from the Internal Service Funds. The amount recorded in Business-Type Activities equaled \$649,976.

### **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 \$1,437,564 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 \$13,635,340.

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 \$4,702,444.

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 incurred.

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

## 2. Reconciliation of Government-Wide Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance of 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 \$138,837,871 difference are as follows:



# NOTES TO FINANCIAL STATEMENTS

2009 Revenue Refunding Bonds payable	\$ 5,045,000
Premium on 2009 LCDA Bonds payable (to be amortized over the life of the debt)	117,609
2010 LCDA Bonds payable	4,550,000
Premium on 2010 LCDA Bonds payable (to be amortized over the life of the debt)	172,849
2014 LCDA Refunding Bonds payable	13,710,000
Premium on 2014 LCDA Refunding Bonds payable (to be amortized over the life of the debt)	644,921
2017 LCDA Refunding Bonds payable	24,140,000
Premium on 2017 LCDA Refunding Bonds payable (to be amortized over the life of the debt)	3,318,955
Cooperative endeavor-Sales Tax Dist. No. 3	614,492
Compensated absences	3,900,308
Other post employee benefits (OPEB) payable	2,042,767
Net pension liability	61,689,969
LC City Court building project	2,235,000
DEQ loan -- sewer plant rehabilitation	16,656,001
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u>\$ 138,837,871</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 \$9,390,936 difference are as follows:

Deferred outflows on charges on bond refunds	\$ 1,437,564
Deferred outflows of resources - related to net pension liability	12,441,127
Deferred inflows of resources - related to net pension liability	<u>(4,487,755)</u>
Net adjustment to increase fund balance to arrive at net position - governmental activities	<u>\$ 9,390,936</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 \$5,766,015 are as follows:

Capital outlays	\$ 22,399,994
Depreciation expense	(16,205,685)
Loss on retirement of capital assets	<u>(428,294)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 5,766,015</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 \$7,304,566 are as follows:

Principal repayment:	
2009 Revenue refunding bonds	\$ 1,555,000
2010 LCDA public improvement bonds	2,135,000
2014 LCDA public improvement refunding bonds	1,720,000
Compensated absences	(59,757)
OPEB liabilities	13,019
Cooperative endeavor - Sales Tax Dist. No. 3	350,000
Proceeds from premium on 2009 Revenue refunding bonds	
(to be amortized as interest over the life of the debt)	39,203
Proceeds from premium on 2010 Revenue refunding bonds	
(to be amortized as interest over the life of the debt)	86,424
Proceeds from premium on 2014 public improvement refunding bonds	
(to be amortized as interest over the life of the debt)	69,722
Proceeds from premium on 2017 public improvement refunding bonds	
(to be amortized as interest over the life of the debt)	368,773
Lake Charles City Court building loan	125,000
DEQ loan - sewer plant improvements	902,182
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 7,304,566</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 \$252,248 are as follows:

Internal payable representing costs in excess of charges to the business-type activities - prior year	\$ (202,224)
Internal payable representing costs in excess of charges to the business-type activities - current year	<u>454,472</u>
Net adjustment to decrease net position - enterprise funds to arrive at net position - business-type activities	<u>\$ 252,248</u>

## NOTES TO FINANCIAL STATEMENTS

### 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 is published in accordance with statutory requirements.
3. The proposed budget is subject to one or more public hearings before the City Council prior to adoption by ordinance, which must occur no later than September 15. The City Charter requires a two-thirds vote of the City Council to amend the proposed budget submitted by the Mayor.
4. Expenditures are legally restricted to budgetary appropriations at the department level within the General Fund and at the fund level for Special Revenue Funds, which are not departmentalized. Revisions, which alter the total expenditures of any such department or fund, must be approved by budget amendment ordinance adopted by the City Council at the request of the Mayor. Transfers of budgeted amounts between expenditure objects or programs within the same department and fund are authorized to be made administratively by the Director of Finance.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Capital Projects Fund, which is budgeted on a project basis. Formal budgetary integration is not employed in the Debt Service Funds because effective budgetary control is alternatively achieved through the respective bond indentures and provisions.
6. Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Comparisons of budgeted and actual results of operation are presented for the General Fund and Special Revenue Funds in the accompanying financial statements. The Capital Projects Fund is not included in this budget, and actual comparison, as the capital budget which encompasses that fund, is presented on the basis of cumulative as opposed to annual budget amounts.
7. All budgetary appropriations, except capital project budgets, lapse at the end of each fiscal year.
8. Budgeted amounts are as originally adopted or as amended by the City Council. The originally adopted General Fund expenditure budget of \$79,336,149 was amended during the fiscal year to include an additional transfer of \$890,000 for capital projects, bringing the total expenditure budget to \$80,226,149.

The originally adopted amount of all Special Revenue Funds was \$39,993,915. Amendments reduced the budget by \$1,188,215 and resulted in the final total Special Revenue Fund budget of \$38,805,700. 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 64. The total amount reserved for encumbrances in all funds at fiscal year ended September 30, 2018 are as follows:

Major Funds:	
Capital Projects	\$ 7,317,793
Proprietary Funds:	
Civic Center	125,113
Water Utility	2,793,158
Total Proprietary Funds	2,918,271
Total Reserved for Encumbrances	
Fiscal Year ended September 30, 2018	\$ 10,236,064

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

There was a deficit fund balance of \$9,123 in the Morganfield Economic Development District Special Revenue Fund at fiscal year ended September 30, 2018. This fund was established to account for the collection of one percent (1%) sales and use tax collected within the boundaries of the Morganfield Economic Development District. The various administration fees paid by the City, on behalf of the district, exceeded the revenues collected. It is anticipated that revenues in the current year will be sufficient to recover those costs. This economic district was created during the fiscal year. Proceeds and expenditures in this fund were considered immaterial and were not included in the budget amendment.

### D. Unfavorable Revenue Variance

The gaming taxes received in the Riverboat Gaming Special Revenue Fund were less than budgeted and although miscellaneous revenues exceeded budget, the total revenues of \$10,812,588 were \$412 less than budgeted. The revenue of the Disaster Recovery Special Revenue Fund was \$12,502 which was \$22 less than the \$12,524 budgeted amount. The revenue of the Community Development Special Revenue Fund was \$531,349 which was \$21,283 less than the \$552,632 budgeted amount. These unfavorable variances in these special revenue funds 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. None of the variances were large enough to require an amendment to those budgets.

## 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, 2018 was \$71,110,566 (carrying amount \$67,125,662).

The total includes restricted cash in the amount of \$1,695,569 from customer deposits in the Water Utility Enterprise Fund. The amounts do not include petty cash of \$24,275 or \$4,474,901 that is on deposit with a third party for bond reserves and the administration of the City's insurance claims. It also does not include a cash overdraft of \$844,887 reported as accounts payable in the Riverboat Gaming Special Revenue Fund, Morganfield Economic Development District Special Revenue Fund and Transit Enterprise Fund.

The carrying amounts of cash deposits for component units at their respective balance sheet dates were \$1,123,693 for City Court and \$677,730 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.

#### Fair Value Reporting - Investments

Investments are stated at fair value and are categorized within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value. Level 1 inputs are observable in active markets; Level 2 inputs are those included within Level 1 that are either directly or indirectly observable; Level 3 inputs are unobservable inputs.

The City utilizes the market-based approach for determining the fair value of investments. Level 1 investments are valued using prices quoted for identical assets in active markets. Level 2 investments are valued using quoted prices in active markets for similar investments, or other valuations based on matrix, cost, or market pricing techniques. The city has no Level 3 investments. Louisiana Asset Management Pool (LAMP) is excluded from fair value assessment. As of September 30, 2018, the City had the following investments and maturities:

## NOTES TO FINANCIAL STATEMENTS

Investment type	Maturity	Fair Value/ Net Asset Value
U.S. agencies non-callable	Less than 1 year	\$ 2,393,064
Federal Home Loan Bank (Level 2)		418,343
Federal Farm Credit Bank (Level 2)		99,751
United States Treasury Bonds (Level 1)		1,874,970
U.S. agencies callable	1 - 5 year	68,067,975
Federal Farm Credit Bank (Level 2)		15,829,380
Federal Home Loan Bank (Level 2)		5,995,830
Federal Home Loan Mortgage Corporation (Level 2)		27,589,075
Federal National Mortgage Association (Level 2)		18,653,690
Louisiana Asset Management Pool (Net Asset Value)		46,534,643
		<u>\$ 116,995,682</u>

### Credit Risk – Investments

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

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

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.

## NOTES TO FINANCIAL STATEMENTS

### 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:

<b>Governmental-type Activities</b>	<b>General</b>	<b>Riverboat Gaming</b>	<b>Wastewater</b>	<b>Debt Service</b>
Receivables:				
Accounts	\$ 3,779,906	\$ -	\$ 2,347,910	\$ -
Taxes	4,334,130	1,183,045	360,412	-
Property standards & special assessment	-	-	-	-
Interest	9,947	-	-	-
Intergovernmental	81,236	-	-	118,012
Gross receivables	8,205,219	1,183,045	2,708,322	118,012
Less: allowance for uncollectable	(1,152,893)	-	(508,754)	-
Net total receivables	\$ 7,052,326	\$ 1,183,045	\$ 2,199,568	\$ 118,012

<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	\$ -	\$ 17,439	\$ 629,107	\$ 6,774,362
Taxes	630,722	319,824		6,828,133
Property standards & special assessment	196,865	-	-	196,865
Interest	133,314	-	36,853	180,114
Intergovernmental	293,620	1,264,430		1,757,298
Gross receivables	1,254,521	1,601,693	665,960	15,736,772
Less: allowance for uncollectable	-	(687,945)	-	(2,349,592)
Net total receivables	\$ 1,254,521	\$ 913,748	\$ 665,960	\$ 13,387,180

# NOTES TO FINANCIAL STATEMENTS

Receivables as of year-end for the City of Lake Charles's individual enterprise funds in the aggregate including the applicable allowances for uncollectable accounts are as follows:

Business-type Activities	Civic Center	Golf Course	Public Transit	Water	Total Business-Type Activities	Total Government
Receivables:						
Accounts	\$ 34,994	\$ -	\$ 12,763	\$ 1,916,318	\$ 1,964,075	\$ 8,738,437
Taxes	-	-	-	-	-	6,828,133
Property standards & special assessment	-	-	-	-	-	196,865
Interest	2,104	-	-	25,966	28,070	208,184
Intergovernmental	-	-	840,301	-	840,301	2,597,599
Gross receivables	37,098	-	853,064	1,942,284	2,832,446	18,569,218
Less: allowance for uncollectable	-	-	-	(511,571)	(511,571)	(2,861,163)
Net total receivables	\$ 37,098	\$ -	\$ 853,064	\$ 1,430,713	\$ 2,320,875	\$ 15,708,055

Intergovernmental receivables consisted of the following, net of uncollectable allowance of \$1,909,654:

<b>Governmental-type activity:</b>	
Calcasieu Parish Policy Jury	\$ 102,753
Calcasieu Parish District Attorney	830
Calcasieu Parish Tax Assessor	21,868
Lake Charles City Court	118,012
U.S. Department of Justice	36,383
Community Development Grant	265,762
LA Department of Treasury	30,810
LA Department of Transportation	73,991
LA Commission on Law Enforcement and Admin. Of Criminal Justice Grant	24,185
LA Department of Military Affairs	388,368
LA Department of Health and Hospitals	500
Housing and Urban Development Emergency Solutions Grant	2,891
Department of Culture and Recreation	3,000
Total Government-type activities	1,069,353
<b>Business-type activity:</b>	
LA Department of Transportation	840,301
Total Business-type activities	840,301
Total Primary government	\$ 1,909,654



# NOTES TO FINANCIAL STATEMENTS

## C. Capital Assets

Capital asset activity for the fiscal year ended September 30, 2018 was as follows:

### Primary Government

Governmental Activities:

Asset	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets - not being depreciated:				
Land	\$ 16,180,010	\$ -	\$ -	\$ 16,180,010
Construction in progress	60,898,839	15,434,845	(50,034,003)	26,299,681
Total capital assets - not being depreciated	77,078,849	15,434,845	(50,034,003)	42,479,691
Capital assets - being depreciated:				
Buildings	55,652,970	1,757,008	(4,950)	57,405,028
Improvements	72,044,795	42,940,493	(1,971,531)	113,013,757
Machinery & Equipment	38,260,031	5,417,426	(2,758,253)	40,919,204
Infrastructure	347,590,588	6,884,225	-	354,474,813
Total capital assets - being depreciated	513,548,384	56,999,152	(4,734,734)	565,812,802
Less accumulated depreciation for:				
Buildings	(27,678,500)	(2,317,429)	4,950	(29,990,979)
Improvements	(34,402,191)	(2,784,142)	1,597,194	(35,589,139)
Machinery & Equipment	(25,366,354)	(3,371,620)	2,704,295	(26,033,679)
Infrastructure	(131,560,032)	(7,736,553)	-	(139,296,585)
Total accumulated depreciation	(219,007,077)	(16,209,744)	4,306,439	(230,910,382)
Total capital assets - being depreciated, net	294,541,307	40,789,408	(428,295)	334,902,420
Governmental activities capital assets, net	\$ 371,620,156	\$ 56,224,253	\$ (50,462,298)	\$ 377,382,111

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 \$30,860. Remaining value of assets at September 30, 2018 equaled \$4,397; 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	\$ 81,000	\$ -	\$ 2,185,506
Construction in progress	2,739,964	5,944,922	(915,064)	7,769,822
Total capital assets - not being depreciated	4,844,470	6,025,922	(915,064)	9,955,328
Capital assets - being depreciated:				
Buildings	25,881,046	246,771	-	26,127,817
Improvements	100,354,059	1,092,151	(18,000)	101,428,210
Machinery & Equipment	9,755,361	1,364,173	(172,178)	10,947,356
Total capital assets - being depreciated	135,990,466	2,703,095	(190,178)	138,503,383
Less accumulated depreciation for:				
Buildings	(20,127,587)	(228,634)	-	(20,356,221)
Improvements	(45,005,535)	(2,614,977)	18,000	(47,602,512)
Machinery & Equipment	(6,499,926)	(859,017)	172,178	(7,186,765)
Total accumulated depreciation	(71,633,048)	(3,702,628)	190,178	(75,145,498)
Total capital assets, being depreciated, net	64,357,418	(999,533)	-	63,357,885
Business-type activities capital assets, net	\$ 69,201,888	\$ 5,026,389	\$ (915,064)	\$ 73,313,213

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

<b>Governmental activities:</b>	
General government	\$ 265,199
Public safety	1,850,555
Public works	12,176,706
Planning and development	33,573
General services	360,620
Community services	1,519,032
Capital assets held by the government's internal service funds are charges to the various functions based on their usage of the assets	4,059
Total depreciation expense - governmental activities	<u>\$ 16,209,744</u>
<b>Business-type activities:</b>	
Civic Center	\$ 1,203,916
Golf Course	236,483
Transit	532,686
Water	1,729,543
Total depreciation expense - business-type activities	<u>\$ 3,702,628</u>

NOTES TO FINANCIAL STATEMENTS

**D. Discretely Presented Component Units**

Capital asset activity for the year ended December 31, 2017 was as follows for City Court:

<b>Governmental activities</b>	<b>Balance 1/01/2017 Restated</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2017</b>
Governmental activities:				
Equipment	\$ 182,105	\$ -	\$ -	\$ 182,105
Furniture and fixtures	82,827	-	-	82,827
Software	-	192,457	-	192,457
Total at historical cost	264,932	192,457	-	457,389
Less accumulated depreciation:				
Equipment	(68,954)	(7,563)	-	(76,517)
Furniture and fixtures	(29,505)	(3,236)	-	(32,741)
Total accumulated depreciation	(98,459)	(10,799)	-	(109,258)
Governmental activities capital assets, net	\$ 166,473	\$ 181,658	\$ -	\$ 348,131

Capital asset activity for the year ended December 31, 2017 was as follows for City Marshal:

<b>Governmental activities</b>	<b>Balance 1/01/2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 12/31/2017</b>
Governmental activities:				
Automobiles & equipment	\$ 623,324	\$ 2,308	\$ (20,510)	\$ 605,122
Furniture and fixtures	13,763	-	-	13,763
Buildings & improvements	42,268	-	-	42,268
Totals at historical cost	679,355	2,308	(20,510)	661,153
Less accumulated depreciation:				
Automobiles & equipment	(482,237)	(47,140)	20,510	(508,867)
Furniture and fixtures	(7,853)	(1,966)	-	(9,819)
Buildings & improvements	(3,135)	(1,057)	-	(4,192)
Total accumulated depreciation	(493,225)	(50,163)	20,510	(522,878)
Governmental activities capital assets, net	\$ 186,130	\$ (47,855)	\$ -	\$ 138,275

## NOTES TO FINANCIAL STATEMENTS

### E. Construction Commitments

The City had total commitments of \$10,196,755 with contractors for unfinished construction projects as of September 30, 2018 categorized as follows:

Project type	Expended to date	Remaining commitment
Streets and storm drainage	\$ 6,541,356	\$ 4,016,159
Waterlines	-	128,105
Water Facilities	3,773,034	2,625,744
Sanitary sewer rehabilitation	4,933,549	1,319,540
Wastewater facilities	43,179,829	1,982,094
Civic Center Improvements	250,671	125,113
Total	\$ 58,678,439	\$ 10,196,755

All remaining commitments are financed from City revenues previously received.

### F. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2018 is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Civic Center Fund	\$ 19,734
	Waste Water Fund	1,507
	Water Fund	3,776
	Transit Fund	104,329
	Risk Management Fund	13
	Non-major Governmental Funds	318,786
Debt Service Fund	General Fund	27,023
Capital Projects Fund	General Fund	980,000
	Water Fund	9,170
Riverboat Gaming Fund	Non-major Governmental Funds	49,939
Non-Major Governmental Funds	General Fund	186,935
	Non-Major Governmental Funds	1,461
Golf Course	General Fund	15,312
Total		\$ 1,717,985

# NOTES TO FINANCIAL STATEMENTS

## Interfund Transfers:

<b>Transfer out:</b>	<b>General Fund</b>	<b>Riverboat Fund</b>	<b>Wastewater Fund</b>	<b>Capital Project Fund</b>	<b>Other Special Revenue Funds</b>
<b>Transfer in:</b>					
Debt Service	\$ 293,190	\$ 3,180,240	\$ 3,323,246	\$ 2,102,494	\$ -
Capital Projects	5,890,000	6,300,000	3,500,000	-	2,350,000
Non-major Governmental	1,178,157	689,423	-	-	-
Civic Center	521,887	200,000	-	-	-
Golf Course	588,560	-	-	-	-
Transit	1,137,805	-	-	-	-
Water	309,500	-	-	-	-
Waste Water	316,000				
Total	\$ 10,235,099	\$ 10,369,663	\$ 6,823,246	\$ 2,102,494	\$ 2,350,000

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

## NOTES TO FINANCIAL STATEMENTS

### G. Long-Term Debt

Bonds payable as of September 30, 2018 are comprised of the following individual issues and are entirely related to governmental activities:

<u>\$ 17,735,000</u> <u>2009 Revenue Refunding Bonds - LCDA</u> Original issue was for construction of sewer treatment facility due in amounts of \$1,270,000 to \$1,750,000 through 2021; interest rates of 2% to 4%.	\$ 5,045,000
<u>\$ 39,280,000</u> <u>2010 Fixed Rate Revenue Bonds - LCDA</u> 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%.	4,550,000
<u>\$ 15,825,000</u> <u>2014 Fixed Rate Revenue Refunding Bonds - LCDA</u> 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%.	13,710,000
<u>\$ 24,140,000</u> <u>2017 Fixed Rate Revenue Refunding Bonds - LCDA</u> Original issue was for City of Lake Charles Public Improvement Projects (roads, utilities, downtown/lakefront development, economic development and parks) due in the annual amounts of \$1,715,000 to \$3,050,000 through 2027; interest rates of 4% to 5%.	24,140,000
Total bonds payable	<u>\$ 47,445,000</u>

The Revenue Bonds are subject to arbitrage rules. Arbitrage calculations are done as required.

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

Governmental Activities			
Year ending September 30:	Principal	Interest	Total
2019	5,635,000	2,025,956	7,660,956
2020	5,875,000	1,785,425	7,660,425
2021	6,145,000	1,528,925	7,673,925
2022	4,410,000	1,284,825	5,694,825
2023	4,760,000	1,088,075	5,848,075
2024	4,840,000	853,575	5,693,575
2025	5,055,000	634,400	5,689,400
2026	5,255,000	439,650	5,694,650
2027	5,470,000	224,500	5,694,500
Total	\$ 47,445,000	\$ 9,865,331	\$ 57,310,331

# NOTES TO FINANCIAL STATEMENTS

## Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2018 was as follows:

	Balance as restated 10/01/2017	Additions	Reductions	Balance 9/30/2018	Due within one year
<b>Governmental activities:</b>					
<b>Bonds payable:</b>					
Revenue Refunding Bonds	\$ 6,600,000	\$ -	\$ (1,555,000)	\$ 5,045,000	\$ 1,615,000
Deferred amount of revenue bonds	156,813	-	(39,203)	117,610	39,203
Revenue Bonds LC Public Imp 2010	6,685,000	-	(2,135,000)	4,550,000	2,235,000
Deferred amount of revenue bonds	259,273	-	(86,424)	172,849	86,439
Revenue Refunding Bonds					
LC Public Imp 2014	15,430,000	-	(1,720,000)	13,710,000	1,785,000
Deferred amount of revenue bonds	714,643	-	(69,721)	644,922	69,721
Revenue Refunding Bonds					
LC Public Imp 2017	24,140,000	-	-	24,140,000	-
Deferred amount of revenue bonds	3,687,728	-	(368,773)	3,318,955	368,773
Total bonds payable	57,673,457	-	(5,974,121)	51,699,336	6,199,136
Compensated absences	3,969,831	509,131	(439,815)	4,039,147	200,000
Other post-employment benefits	2,075,857	134,767	(147,845)	2,062,779	-
Net pension liability	63,286,225	9,312,567	(10,442,572)	62,156,220	-
Lake Charles City Court building loan	2,360,000	-	(125,000)	2,235,000	130,000
DEQ loan	17,558,183	102,818	(1,005,000)	16,656,001	1,014,000
Cooperative endeavor - Sales Tax Dist. 3	964,492	-	(350,000)	614,492	350,000
Long-term liabilities	\$ 147,888,045	\$ 10,059,283	\$ (18,484,353)	\$ 139,462,975	\$ 7,893,136
<b>Business-type activities:</b>					
Compensated absences	\$ 596,650	\$ 67,934	\$ (14,608)	\$ 649,976	\$ 5,000
Other post-employment benefits	258,402	20,358	(22,056)	256,704	-
Net pension liability	4,620,468	645,125	(772,441)	4,493,152	-
Long-term liabilities	\$ 5,475,520	\$ 733,417	\$ (809,105)	\$ 5,399,832	\$ 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, \$138,840 of internal service compensated absences; \$20,012 OPEB liabilities and \$466,251 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
\$ 422,192	\$ 14,870	\$ 2,574

In the current and prior years, other post-employment benefits and net pension liabilities are paid primarily from the General Fund.

### Refunding of Bonds

The City has issued 2014 and 2017 Revenue Refunding Bonds. In both transactions, the reacquisition price exceeded the net carrying amount of the old debt. This amount of \$1,437,564 is being reported as a deferred outflow of resources and amortized over the life of the new debt, which is the same as the old debt. The amount includes \$817,594 from the 2014 Revenue Refunding Bonds and \$619,970 from the 2017 Revenue Refunding Bonds. Amortization for 2018 was \$77,496 and \$90,843 for each respective issue.

### Defeasance of Debt

The City of Lake Charles defeased certain revenue bonds by placing the proceeds of the new bond in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of September 30, 2018, \$19,720,000 of outstanding bonds refunded during the current fiscal year are considered defeased.

## 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 other 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 \$1 million for all employees.



## NOTES TO FINANCIAL STATEMENTS

Total net position at September 30, 2018 was \$15,075,522. 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, 2018 was \$7,453,365. The amount of risk retained by the fund during 2018 was limited to \$135,000 per claimant through use of purchased stop-loss coverage.

Changes in the balances of claims liabilities during the past year are as follows:

	<b>Risk Management</b>	<b>Employee Insurance</b>	<b>Totals</b>
Unpaid claims, beginning of fiscal year 2017:	\$ 6,988,475	\$ 1,750,000	\$ 8,738,475
Incurred and adjusted claims	2,552,462	6,080,311	8,632,773
Claim payments	(2,997,919)	(6,180,311)	(9,178,230)
Unpaid claims, beginning of fiscal year 2018:	6,543,018	1,650,000	8,193,018
Incurred and adjusted claims	2,364,389	8,619,020	10,983,409
Claim payments	(2,774,311)	(8,219,020)	(10,993,331)
Total unpaid claims September 30, 2018:			
Current claims due within one year	4,957,662	2,050,000	7,007,662
Long-term claims due one year or more	1,175,434	-	1,175,434
Total unpaid claims September 30, 2018:	\$ 6,133,096	\$ 2,050,000	\$ 8,183,096

## NOTES TO FINANCIAL STATEMENTS

### B. Property Tax

The City levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the City on property values assessed by the Calcasieu Parish Tax Assessor and approved by the State of Louisiana Tax Commission. All millages except the General Alimony tax were reauthorized in 2016 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 2018 and 2017:

Tax	Fiscal year 2018	Fiscal year 2017
General Alimony	6.02	6.02
Special recreation	1.69	1.69
Employee salary	5.23	5.23
Special street improvement	2.29	2.29
Total Millage	15.23	15.23

### 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, 2018, 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 to renew for additional 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 2018 payment was \$469,778.

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 2018 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 2018, the Parish remitted \$2,296,992 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.

## NOTES TO FINANCIAL STATEMENTS

### **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, the Town of Iowa and the Town of Westlake. 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 \$10,735,679 during fiscal year 2018 as a result of this agreement.

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

For the fiscal year ended September 30, 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement addresses the fact that certain postemployment benefits other than pensions, which for the City consists 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.

Plan Description: The City provides certain continuing healthcare benefits for its retired employees. The City OPEB Plan is a single employer defined benefit plan administered by the City. 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. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No.75.

Benefits Provided: 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.

For coverage under the plan prior to age 65, retirees pay 100% of the blended active premium. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which for 2018 consisted of \$585 per month for retiree only and \$1,170 for retiree and dependent coverage. After age 65, retirees may participate in a retiree-pay-all Medicare Advantage plan. Three optional plans are administered by Blue Cross Blue Shield and are completely paid by the retiree. Pharmacy benefits are included. Therefore, there is no post- retirement benefit increase/liability to the City after age 65.

## NOTES TO FINANCIAL STATEMENTS

Employees Covered by Benefit Terms: The September 30, 2018 total OPEB liability was determined using the October 1, 2016 actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	35
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>812</u>
Total	847

### Total OPEB Liability

The City's total OPEB liability of \$2,319,483 was measured at September 30, 2018 and was determined by an actuarial valuation as of October 1, 2016.

### Actuarial Assumptions and Other Inputs:

The total OPEB liability in October 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

- Inflation rate was 3%.
- Salary Increase Rate was 3.5%.
- Discount Rate was 3.2% net of expenses. The discount rate was based on the Bond Buyer 20-Bond General Obligation Index for the measurement dates.
- Health Care Cost Trend rate was a level 5.50%.
- Mortality Rate was based on the RP – 2014 Total Table with Projection MP-2016.

### Changes in the Total OPEB Liability

Balance at September 30, 2017	<u>\$ 2,334,259</u>
Change for the year:	
Service Cost	80,569
Interest Cost	74,556
Benefit payments	( 169,901)
Net Changes	( 14,776)
Balance at September 30, 2018	<u>\$ 2,319,483</u>

The amount of total OPEB liability estimated to be due and payable within one year is \$171,146.

### Sensitivity Analysis:

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate.

	<b>1% Decrease (2.2%)</b>	<b>Current Discount Rate (3.2%)</b>	<b>1% Increase (4.2%)</b>
Total OPEB liability	<u>\$ 2,510,020</u>	<u>\$ 2,319,483</u>	<u>\$ 2,145,459</u>

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate* – The following table presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare trend rates.

## NOTES TO FINANCIAL STATEMENTS

	<b>1% Decrease (4.5%)</b>	<b>Current Healthcare Cost Trend Rate (5.5%)</b>	<b>1% Increase (6.5%)</b>
Total OPEB liability	\$ 2,107,923	\$ 2,319,483	\$ 2,568,451

For the year ended September 30, 2018, the City recognized OPEB expense of \$155,125. At September 30, 2018, the City's actuarial valuation did not report any deferred outflows of resources and deferred inflows of resources related to OPEB.

### **G. 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. 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 full-time 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

## NOTES TO FINANCIAL STATEMENTS

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, defined benefit pension plan. 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 include 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 LRS 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

## NOTES TO FINANCIAL STATEMENTS

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.

Final average compensation is the average monthly earnings during the highest 60 consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

### 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 percent) 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 percent 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 with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3.333 percent of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable

## NOTES TO FINANCIAL STATEMENTS

over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

### 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 percent to 3.5 percent 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 percent accrual rate, hazardous duty plan a 3.33 percent accrual rate, and judges a 3.5 percent accrual rate. Act 992 eliminated the extra 1 percent 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. 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 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



## NOTES TO FINANCIAL STATEMENTS

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 has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are 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 less than 30 percent 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

## NOTES TO FINANCIAL STATEMENTS

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 at 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 percent of final compensation for an injury received in the line of duty; or 75 percent of his accrued retirement benefit with a minimum of 25 percent 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 percent 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 percent 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 percent 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 becomes 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 percent 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 percent 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 percent 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 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 percent or more than 60 percent of the deceased member's final average compensation. There is no requirement for minimum years of creditable service. If the MPERS member is fatally injured in the line of duty, the surviving spouse shall receive a benefit equal to 100 percent 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 percent of deceased member's final average compensation or \$200 per month, whichever is greater. Benefits for a surviving child cease upon the

## NOTES TO FINANCIAL STATEMENTS

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 fatally injured 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 percent 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 percent nor more than 60 percent 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 percent of average final compensation (not to exceed 100 percent 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 disabled 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 percent 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 percent 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.

FRS is authorized to grant retired members and widows of members who have retired an annual cost of living increase up to 3 percent of their current benefit, and all retired members and widows who are 65 year of age and older a 2 percent increase in their annual benefits. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to finding status and interest earnings.

The present value of future 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, 2018 the employer contribution rate for MERS Plan B was 14.00%; MPERS was 32.25%; FRS was 26.50%; and LASERS was 40.10% & 39.00% for those hired after January 1, 2011. Employer contributions to MERS, MPERS, FRS, and LASERS were \$2,345,721; \$2,802,380; \$2,288,325; and \$13,682 respectively, for the year ended September 30, 2018. 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, 2018, the City of Lake Charles recognized revenue as a result of support received from non-employer contributing entities of \$591,481 for its participation in MERS; \$598,834 for its participation in MPERS; \$944,966 for its participation in the FRS; and \$5,735 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, 2018, the City of Lake Charles reported a liability for MERS, MPERS, FRS, and LASERS of \$19,925,284, \$25,654,711, \$20,942,867, and \$126,510, respectively, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2018 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, 2017, the City of Lake Charles's proportion for MERS was 23.681348% and decreased by 0.124318% to 23.55703% for June 30, 2018. The City's proportion of MPERS at June 30, 2017 was 3.038824%, and decreased by 0.004222% to 3.034602% at June 30, 2018. The City's proportion of FRS was 3.620155% at June 30, 2017 and increased by 0.020767% to 3.640922% at June 30, 2018. At June 30, 2017, the City of Lake Charles's proportion for LASERS was 0.001940% and decreased by 0.000080% to 0.00186% for June 30, 2018.

For the year ended September 30, 2018, the City of Lake Charles recognized pension expense, for which there were no forfeitures, as follows:

# NOTES TO FINANCIAL STATEMENTS

Pension Plan	Pension Expense
MERS	\$ 4,557,053
MPERS	3,904,027
FRS	3,549,293
LASERS	10,328
Total	\$ 12,020,701

At September 30, 2018, the City of Lake Charles reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources					
	MERS	MPERS	FRS	LASERS	Total
Differences between expected and actual experience	\$ 53,385	\$ 115,652	\$ -	\$ -	\$ 169,037
Changes in assumptions	745,624	1,676,520	1,460,974	1,287	3,884,405
Net difference between projected and actual earnings on pension plan investments	3,238,528	1,229,830	1,361,807	1,640	5,831,805
Changes in Proportion and differences between employer contributions and proportionate share of contributions	675,051	527,256	721,963	-	1,924,270
Employer contributions subsequent to measurement date	583,251	667,609	571,560	3,402	1,825,822
Total	\$ 5,295,839	\$ 4,216,867	\$ 4,116,304	\$ 6,329	\$ 13,635,339

# NOTES TO FINANCIAL STATEMENTS

Deferred Inflows of Resources					
	MERS	MPERS	FRS	LASERS	Total
Differences between expected and actual experience	\$ 897,435	\$ 1,311,008	\$ 1,593,986	\$ 1,419	\$ 3,803,848
Changes in assumptions	-	-	3,318	-	3,318
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	-
Changes in Proportion and differences between employer contributions and proportionate share of contributions	54,624	120,052	720,602	-	895,278
Employer contributions subsequent to measurement date	-	-	-	-	-
Total	\$952,059	\$1,431,060	\$2,317,906	\$1,419	\$4,702,444

During the year ended September 30, 2018, employer contributions totaling \$583,251; \$667,609; \$571,560; and \$3,402 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, 2019. 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
2019	\$ 2,167,536	\$ 1,655,520	\$ 1,145,724	\$ 3,592
2020	1,198,881	1,124,512	349,181	1,472
2021	293,649	(706,510)	(661,779)	(3,092)
2022	100,465	44,676	196,498	(463)
2023			172,622	
2024			24,592	
Total	\$ 3,760,531	\$ 2,118,198	\$ 1,226,838	\$ 1,509

## 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, 2018 are as follows:

NOTES TO FINANCIAL STATEMENTS

	<b>MERS Plan B</b>	<b>MPERS</b>
Total pension liability	\$ 245,867,981	\$ 3,007,181,318
Plan fiduciary net position	161,284,802	2,161,775,206
Total net pension liability	<u>\$ 84,583,179</u>	<u>\$ 845,406,112</u>
	<b>FRS</b>	<b>LASERS</b>
Total pension liability	\$ 2,279,256,967	\$ 19,103,640,164
Plan fiduciary net position	1,704,049,168	12,283,713,118
Total net pension liability	<u>\$ 575,207,799</u>	<u>\$ 6,819,927,046</u>

The City of Lake Charles's allocation is 23.557030% of the Total Net Pension Liability for MERS; 3.034602% of the Total Net Pension Liability for MPERS; 3.640922% of the Total Net Pension Liability for the FRS, and 0.001860% of the Total Net Pension Liability for LASERS.

The total pension liabilities for MERS, MPERS, FRS, and LASERS in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	MERS	MPERS								
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost								
Expected remaining service lives	3 years	4 years								
Investment rate of return	7.275%, net of investment expense	7.2% , net of investment expense								
Inflation rate	2.6%	2.6%								
Projected salary increases	5.00% (2.6% inflation, 2.4% 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, RP-2000 Employees Sex Distinct Tables (set back 2 years were used.) RP-2000 Disabled Lives Mortality Table (set back 5 years for males and set back 3 years for females) was selected for disabled annuitants	Mortality Rate assumptions were based off an experience study performed from July 1, 2009 - June 30, 2014. For Healthy Annuitant & Beneficiaries - RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct tables were used (set back 1 year for females). For Employees - RP-2000 Employee table was used (set back 4 years for males and back 3 years for females). For Disabled Annuitants - RP2000 Disabled Lives table was used (set back 5 years for males and back 3 years for females).								

# NOTES TO FINANCIAL STATEMENTS

	FRS	LASERS												
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost												
Expected remaining service lives	7 years	3 years												
Investment rate of return	7.3%, net of investment expense	7.65%, net of investment expense												
Inflation rate	2.7%	2.75%												
Projected salary increases	Vary from 15% in the first two years of service to 4.75% with 25 or more years of experience.	<table><tr><td>Member Type</td><td>Lower to Upper Range</td></tr><tr><td>Regular</td><td>3.8% - 12.8%</td></tr><tr><td>Judges</td><td>2.8% - 5.3%</td></tr><tr><td>Corrections</td><td>3.4% - 14.3%</td></tr><tr><td>Hazardous Duty</td><td>3.4% - 14.3%</td></tr><tr><td>Wildlife</td><td>3.4% - 14.3%</td></tr></table>	Member Type	Lower to Upper Range	Regular	3.8% - 12.8%	Judges	2.8% - 5.3%	Corrections	3.4% - 14.3%	Hazardous Duty	3.4% - 14.3%	Wildlife	3.4% - 14.3%
Member Type	Lower to Upper Range													
Regular	3.8% - 12.8%													
Judges	2.8% - 5.3%													
Corrections	3.4% - 14.3%													
Hazardous Duty	3.4% - 14.3%													
Wildlife	3.4% - 14.3%													
Cost of living adjustments	Only those previously granted	Only those previously granted												
Mortality	Mortality Rate assumptions were based off an experience study performed from July 1, 2009 - June 30, 2014. The data was then combined with standard tables to produce current levels of mortality. For Employees, Annuitants & Beneficiaries - RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct tables were used projected to 2031. For Disabled Annuitants - the RP-2000 Disabled Lives mortality table was used (set back 5 years for males and set back 3 years for females).	For Non-Disabled Members - RP-2000 Combined Healthy mortality table was used with mortality improvement projected to 2015. For Disabled Members - RP-2000 Disabled Retiree mortality table was used with no projection for mortality improvement. Termination, disability, and retirement assumptions were projected based off a 5 year experience study for the System's members.												

The MERS actuarial assumptions used in the June 30, 2018 valuation were based on the results of an experience study for the period July 1, 2009 through June 30, 2014. The MPERS and FRS actuarial assumptions used in the June 30, 2018 valuation 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 7.00%, MPERS is 8.03%, FRS is 8.09%, and LASERS is 8.83% for the year ended June 30, 2018.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for MERS, MPERS, FRS and LASERS as of June 30, 2018 are summarized in the following table:



# NOTES TO FINANCIAL STATEMENTS

Asset Class	Target Allocations				Long Term Expected Real Rate of Return			
	MERS	MPERS	FRS	LASERS	MERS	MPERS	FRS	LASERS
Equity	50%	52%	54%	n/a	2.20%	3.58%	3.81%	n/a
Fixed income	35%	22%	26%	n/a	1.50%	0.46%	0.46%	n/a
Alternatives	15%	20%	10%	n/a	0.60%	1.07%	0.61%	n/a
Other	0%	6%	10%	n/a	0.00%	0.17%	0.46%	n/a
Subtotal	100%	100%	100%	n/a	4.30%	5.28%	5.34%	5.58%
Inflation adjustment					2.70%	2.75%	2.75%	3.25%
Total					7.00%	8.03%	8.09%	8.83%

## Discount Rates

The discount rate used to measure the total pension liability for MERS was 7.275%, MPERS was 7.20%, and FRS was 7.30%. The discount rate used to measure the total pension liability for LASERS was 7.65%. 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 7.275% for MERS, 7.20% for MPERS, 7.30% for FRS, and 7.65% 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 (6.275% for MERS, 6.20% for MPERS, 6.30% for FRS, and 6.65% for LASERS ) or one percentage-point higher (8.275% for MERS, 8.20% for MPERS, 8.30% for FRS, and 8.65% for LASERS) than the current rate:

Pension Plan	1% Decrease	Current Discount	1% Increase
MERS	\$ 26,149,497	\$ 19,925,284	\$ 14,634,158
MPERS	36,051,970	25,654,711	16,931,810
FRS	30,560,594	20,942,867	12,860,666
LASERS	159,664	126,510	97,956
Total	\$ 92,921,725	\$ 66,649,372	\$ 44,524,590

## NOTES TO FINANCIAL STATEMENTS

### Payables to the Pension Plans

At September 30, 2018, payables to MERS, MPERS, FRS, and LASERS were \$258,061, \$296,740, \$261,435, and \$1,482 respectively, for September 30, 2018 employee and employer legally-required contributions.

### H. Federally Assisted Grant Programs

The City participates in a number of federally assisted grant programs, with the principal grantor agencies being the U.S. Department of Transportation, the Department of Housing and Urban Development, and the U.S. Department of Military Affairs. These programs are subject to compliance audits by the grantors or their representatives, and the City's compliance with applicable grant requirements for the year ended September 30, 2018 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 Uniform Guidance Supplemental Reports. The compliance audit report is not included within this report but will be issued as a separate supplementary report.

During fiscal year 2018 the following amounts were recorded in the accompanying financial statements under various federal and state pass-through entitlements:

Fund	Fiscal year 2018
General Fund	\$ 4,500
Community Development	518,824
Grant Fund	991,329
Capital Projects Fund	1,105,177
Transit Enterprise Fund	2,731,797
Recreation Fund	1,250
Disaster Recovery Fund	10,926

### I. Dedication of Proceeds and Flow of Funds - Two and One-Half 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 (2018 collections \$26,833,765; 2017 collections \$25,695,368; 2016 collections \$24,759,696;) 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 (2018 collections \$26,833,765; 2017 collections \$25,695,368; 2016 collections \$24,759,696) 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, 2018 totaled \$6,708,442, \$6,423,849 in fiscal year 2017, and \$6,189,202 in 2016.

### 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 September 30, 2018 totaled \$6,635,894, September 30, 2017 collections totaled \$6,372,112 and for the nine month period of fiscal year 2016 totaled \$4,571,836. Funds are deposited into the General Fund and the Sales Tax Reserve Fund.

# NOTES TO FINANCIAL STATEMENTS

## J. Schedule of Compensation Paid to Governing Board

	Salary	Vehicle Usage	Per Diem	Total
Mayor:				
Nicholas Hunter	\$ 136,170	\$ 7,200	\$ 76	\$ 143,446
Councilmen:				
Luvertha August	18,000			18,000
Mark Eckard	18,000			18,000
Rodney Geyen	18,000			18,000
John Ieyoub	18,000			18,000
Mary Morris	18,000			18,000
Johnnie Thibodeaux	18,000			18,000
Stuart Weatherford	15,000			15,000
Total	\$ 259,170	\$ 7,200	\$ 76	\$ 266,446

## K. Prior Period Adjustment

The City of Lake Charles adopted Governmental Accounting Standards Board (GASB) Statement Number 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions – an amendment of GASB Statement No. 45*. The net effect to the entity-wide Statement of Net Position for the prior year that resulted from the adoption of GASB 75 is \$ 177,527.

The City reported a prior period adjustment in fiscal year ended September 30, 2017 as follows:

Statement of Net Positions	Governmental Activities	Business-Type Activities	Total
Total Net Position, September 30, 2017 As previously reported	\$389,300,322	\$94,558,084	\$483,858,406
Effects of GASB's 75 implementation:			
Change in OPEB Liability at September 30, 2017	(154,229)	(23,298)	(177,527)
Net effects of GASB's 75 implementation	154,229	23,298	177,527
Total Net Position, September 30, 2017, Restated	\$389,454,551	\$94,581,382	\$484,035,933

# REQUIRED SUPPLEMENTAL INFORMATION



# CITY OF LAKE CHARLES, LOUISIANA

## General Fund

### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For Fiscal Year Ended September 30, 2018

	<b>Budgeted Amounts</b>		<b>2018</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Taxes	\$62,793,656	\$62,793,656	\$64,459,717	\$1,666,061
Licenses and permits	6,350,650	6,350,650	6,963,073	612,423
Intergovernmental	2,881,090	2,881,090	3,140,270	259,180
Charges for services	2,727,309	2,727,309	2,758,605	31,296
Fines and forfeitures	220,400	220,400	275,630	55,230
Miscellaneous	801,850	801,850	1,936,519	1,134,669
Total revenues	<u>75,774,955</u>	<u>75,774,955</u>	<u>79,533,814</u>	<u>3,758,859</u>
<b>Expenditures:</b>				
Current:				
General government	3,658,932	3,658,932	3,425,711	233,221
Finance	1,997,740	1,997,740	1,757,188	240,552
Human Resources	439,012	439,012	390,668	48,344
Fire	17,223,133	17,223,133	16,619,281	603,852
Police	20,326,611	20,326,611	19,578,266	748,345
Public works	18,057,116	18,057,116	15,766,115	2,291,001
Planning	2,466,358	2,466,358	2,147,825	318,533
General services	5,800,645	5,800,645	4,830,710	969,935
Total expenditures	<u>69,969,547</u>	<u>69,969,547</u>	<u>64,515,764</u>	<u>5,453,783</u>
Excess (deficiency) of rev over exp	<u>5,805,408</u>	<u>5,805,408</u>	<u>15,018,050</u>	<u>9,212,642</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(9,366,602)</u>	<u>(10,256,602)</u>	<u>(10,235,099)</u>	<u>21,503</u>
Total other financing sources (uses)	<u>(9,366,602)</u>	<u>(10,256,602)</u>	<u>(10,235,099)</u>	<u>21,503</u>
Net change in fund balances	<u>(3,561,194)</u>	<u>(4,451,194)</u>	<u>4,782,951</u>	<u>9,234,145</u>
Fund balance at beginning of year	<u>35,009,807</u>	<u>35,009,807</u>	<u>35,009,807</u>	<u>-</u>
Fund balance at end of year	<u><u>\$31,448,613</u></u>	<u><u>\$30,558,613</u></u>	<u><u>\$39,792,758</u></u>	<u><u>\$9,234,145</u></u>

**CITY OF LAKE CHARLES, LOUISIANA**  
**Riverboat Gaming Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For Fiscal Year Ended September 30, 2018**

	<b>Budgeted Amounts</b>		<b>2018</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Taxes	\$ 10,800,000	10,800,000	10,735,679	(64,321)
Miscellaneous	13,000	13,000	76,909	63,909
Total revenues	<u>10,813,000</u>	<u>10,813,000</u>	<u>10,812,588</u>	<u>(412)</u>
<b>Expenditures:</b>				
Other services and charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>10,813,000</u>	<u>10,813,000</u>	<u>10,812,588</u>	<u>(412)</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>(10,488,965)</u>	<u>(10,488,965)</u>	<u>(10,369,663)</u>	<u>119,302</u>
Total other financing sources (uses)	<u>(10,488,965)</u>	<u>(10,488,965)</u>	<u>(10,369,663)</u>	<u>119,302</u>
Excess (deficiency) of rev and other sources over exp and other uses	324,035	324,035	442,925	118,890
Fund balance at beginning of year	<u>744,916</u>	<u>744,916</u>	<u>744,916</u>	<u>-</u>
Fund balance at end of year	<u><u>\$1,068,951</u></u>	<u><u>\$1,068,951</u></u>	<u><u>1,187,841</u></u>	<u><u>\$118,890</u></u>

**CITY OF LAKE CHARLES, LOUISIANA**  
**Waste Water Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For Fiscal Year Ended September 30, 2018**

	<b>Budgeted Amounts</b>		<b>2018</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Sales tax revenue	\$ 4,161,600	\$ 4,161,600	\$ 4,293,402	\$ 131,802
Charges for services	13,129,500	13,129,500	13,844,421	714,921
Miscellaneous	84,300	84,300	335,520	251,220
Total revenues	<u>17,375,400</u>	<u>17,375,400</u>	<u>18,473,343</u>	<u>1,097,943</u>
<b>Expenditures:</b>				
Personal services	3,887,970	3,654,570	3,600,995	53,575
Contractual and operational services	3,562,595	3,558,570	3,402,085	156,485
Materials & supplies	1,277,900	1,205,625	982,418	223,207
Special Current Charges	1,429,500	1,431,800	1,380,235	51,565
Capital outlay	1,105,000	1,412,400	820,466	591,934
Total expenditures	<u>11,262,965</u>	<u>11,262,965</u>	<u>10,186,199</u>	<u>1,076,766</u>
Excess (deficiency) of rev over exp	6,112,435	6,112,435	8,287,144	2,174,709
<b>Other financing sources (uses):</b>				
Transfers in	316,000	316,000	316,000	-
Transfers out	(6,823,246)	(6,823,246)	(6,823,246)	-
Total other financing sources (uses)	<u>(6,507,246)</u>	<u>(6,507,246)</u>	<u>(6,507,246)</u>	<u>-</u>
Excess (deficiency) of rev and other sources over exp and other uses	(394,811)	(394,811)	1,779,898	2,174,709
Fund balance at beginning of year	<u>4,374,451</u>	<u>4,374,451</u>	<u>4,374,451</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,979,640</u>	<u>\$ 3,979,640</u>	<u>\$ 6,154,349</u>	<u>\$ 2,174,709</u>



**CITY OF LAKE CHARLES, LOUISIANA**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
For Fiscal Year Ended September 30, 2018**

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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**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**For Fiscal Year Ended September 30, 2018**

<b>Financial Statement Reporting Date</b>	<b>Measurement Date</b>	<b>Service Cost</b>	<b>Interest</b>	<b>Difference between actual and expected experience</b>	<b>Changes of Assumptions</b>	<b>Benefit Payments</b>	<b>Net change in Total OPEB Liability</b>	<b>Total OPEB Liability - Beginning</b>	<b>Total OPEB Liability - Ending</b>	<b>Covered Payroll</b>	<b>Total OPEB Liability as a Percentage of Covered Payroll</b>
9/30/2018	9/30/2018	\$80,569	\$ 74,556	N/A	N/A	\$ (169,901)	\$ (14,776)	\$ 2,334,259	\$ 2,319,483	\$ 31,113,777	7.45%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

There are no assets accumulated in a trust that meets the criteria of Paragraph 4 of GASB 75 for this OPEB plan.

**CITY OF LAKE CHARLES, LOUISIANA**  
**Schedule of Employer's Proportionate Share Of**  
**Net Pension Liability**  
**For Plan Year Ended June 30, 2018**

<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 Payroll</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
<u>MERS:</u>					
2018	23.557030%	\$ 19,925,284	\$ 17,323,152	115.0%	65.6%
2017	23.681348%	20,489,879	17,438,404	117.5%	63.5%
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>					
2018	3.034602%	25,654,711	8,951,135	286.6%	71.9%
2017	3.038824%	26,530,219	9,036,361	293.6%	70.1%
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>					
2018	3.640922%	20,942,867	8,670,196	241.6%	74.8%
2017	3.620155%	20,750,182	8,444,443	245.7%	73.5%
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>					
2018	0.001860%	126,510	34,344	368.4%	64.3%
2017	0.001940%	136,413	34,344	397.2%	62.5%
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, 2018**

<b>Fiscal Year</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractual Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions As a Percent of Covered Payroll</b>
<b>MERS:</b>					
2018	\$ 2,345,618	\$ 2,345,618	\$ -	\$ 17,466,943	13.43%
2017	1,968,428	1,968,428	-	17,072,028	11.53%
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%
<b>MPERS:</b>					
2018	2,800,627	2,800,627	-	9,005,739	31.10%
2017	2,748,475	2,748,475	-	8,705,259	31.57%
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%
<b>FRS:</b>					
2018	2,288,192	2,288,192	-	8,636,937	26.49%
2017	2,189,624	2,189,624	-	8,568,354	25.55%
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%
<b>LASERS:</b>					
2018	13,675	13,675	-	34,344	39.82%
2017	13,065	13,065	-	34,344	38.04%
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



## OTHER SUPPLEMENTAL INFORMATION

**CITY OF LAKE CHARLES, LOUISIANA**  
**Schedule of Total Compensation for Mayor, City of Lake Charles**  
**For Fiscal Year ended September 30, 2018**

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**Compensation for Mayor of City of Lake Charles fiscal year 2018:**

Nicholas Hunter, Mayor October 1, 2017 - September 30, 2018	
Purpose:	Amount
Salary	\$136,170
Vehicle Usage	7,200
Benefits - health insurance	9,553
Benefits - FICA & Medicare	10,587
Benefits - retirement	18,298
Travel	76
Total	\$181,884

# 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.

**Economic Development District** - Accounts for the collection of tax revenue generated from special districts which were created as authorized by Part II of Chapter 27 of Title 33 of the Louisiana Revised Statutes of 1950, as amended.

**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, 2018**

					2015 One-					Total
			Central	Special	Quarter Cent	Economic	Facility	Disaster	Community	Nonmajor
ASSETS	Grants	Recreation	School	Events	Sales Tax	Dev Districts	Renewal	Recovery	Development	Governmental
Cash (Note 1-G)	\$ 756,071	\$ 507,128	\$ 10,156	\$ 107,268	\$ 1,581,636	-	\$ 1,780,468	\$ 2,673,423	\$ 142,483	\$ 7,558,633
Investments (Note 1-G)	60,119	79,714	55,612	-	-	-	1,123,364	-	-	1,318,809
Receivable										
(net of allowance for uncollectable)										
Accounts (Note 1-I)	109	181,511	15,935	89	139,569	49	-	-	-	337,262
Intergovernmental (Note 7-C)	91,378	2,715	-	-	-	-	-	388,369	94,024	576,486
Due from other funds (Note 7-B)	52,491	-	-	-	-	-	125,000	-	10,905	188,396
Prepaid items	-	10,307	-	5,000	-	-	-	-	-	15,307
Total assets	<u>\$ 960,168</u>	<u>\$ 781,375</u>	<u>\$ 81,703</u>	<u>\$ 112,357</u>	<u>\$ 1,721,205</u>	<u>\$ 49</u>	<u>\$ 3,028,832</u>	<u>\$ 3,061,792</u>	<u>\$ 247,412</u>	<u>\$ 9,994,893</u>
<b>LIABILITIES</b>										
Accounts payable	\$ 33,832	\$ 111,085	\$ 3,055	\$ 552	\$ 11	\$ 9,172	\$ -	\$ 111,696	\$ 65,181	\$ 334,584
Escrow	-	225	1,503	50	-	-	-	-	7,874	9,652
Due to other funds	8,252	361,928	-	1	-	-	-	-	5	370,186
Deferred revenues	-	-	-	1,000	-	-	-	-	-	1,000
Total liabilities	<u>42,084</u>	<u>473,238</u>	<u>4,558</u>	<u>1,603</u>	<u>11</u>	<u>9,172</u>	<u>-</u>	<u>111,696</u>	<u>73,060</u>	<u>715,422</u>
<b>FUND BALANCES</b>										
Nonspendable	-	10,307	-	5,000	-	-	-	-	-	15,307
Committed	-	-	44,313	59,463	1,721,194	-	-	-	-	1,824,970
Assigned:										
Community Services	176,371	297,830	32,832	46,291	-				174,352	727,676
Public Safety	741,713									741,713
Disaster Recovery								2,950,096		2,950,096
Capital Projects						-	3,028,832			3,028,832
Unassigned	-	-	-			(9,123)	-	-	-	(9,123)
Total fund balances	<u>918,084</u>	<u>308,137</u>	<u>77,145</u>	<u>110,754</u>	<u>1,721,194</u>	<u>(9,123)</u>	<u>3,028,832</u>	<u>2,950,096</u>	<u>174,352</u>	<u>9,279,471</u>
Total liabilities and fund balances	<u>\$ 960,168</u>	<u>\$ 781,375</u>	<u>\$ 81,703</u>	<u>\$ 112,357</u>	<u>\$ 1,721,205</u>	<u>\$ 49</u>	<u>\$ 3,028,832</u>	<u>\$ 3,061,792</u>	<u>\$ 247,412</u>	<u>\$ 9,994,893</u>



**CITY OF LAKE CHARLES, LOUISIANA**  
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For Fiscal Year Ended September 30, 2018

	Grants	Recreation	Central School	Special Events	2015 One- Quarter Cent Sales Tax	Economic Dev Districts	Facility Renewal	Disaster Recovery	Community Development	Total Nonmajor Governmental Funds
<b>Revenues:</b>										
Taxes	\$ -	\$ 3,347,122	\$ -	\$ -	\$ 1,658,973	\$ 1,213	\$ -	\$ -	\$ -	\$ 5,007,308
Intergovernmental	1,007,463	60,851	-	-	-	-	-	10,926	518,824	1,598,064
Charges for services	-	163,090	-	-	-	-	-	-	-	163,090
Miscellaneous	12,934	17,725	116,354	122,050	36,538	-	51,219	1,576	12,525	370,921
Total revenues	<u>1,020,397</u>	<u>3,588,788</u>	<u>116,354</u>	<u>122,050</u>	<u>1,695,511</u>	<u>1,213</u>	<u>51,219</u>	<u>12,502</u>	<u>531,349</u>	<u>7,139,383</u>
<b>Expenditures:</b>										
Current operating:										
Police	523,859	-	-	-	-	-	-	-	-	523,859
Planning and development	-	-	-	-	-	-	-	-	593,806	593,806
Community services	825,802	4,619,665	144,368	343,274	-	-	-	86,272	-	6,019,381
General services	-	-	-	-	-	10,336	-	-	-	10,336
Capital projects	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>1,349,661</u>	<u>4,619,665</u>	<u>144,368</u>	<u>343,274</u>	<u>-</u>	<u>10,336</u>	<u>-</u>	<u>86,272</u>	<u>593,806</u>	<u>7,147,382</u>
Excess (deficiency) of revenues over expenditures	<u>(329,264)</u>	<u>(1,030,877)</u>	<u>(28,014)</u>	<u>(221,224)</u>	<u>1,695,511</u>	<u>(9,123)</u>	<u>51,219</u>	<u>(73,770)</u>	<u>(62,457)</u>	<u>(7,999)</u>
<b>Other financing sources (uses):</b>										
Transfers in	457,710	1,030,878	10,000	200,000	-	-	125,000	-	43,991	1,867,579
Transfers out	-	(400,000)	-	-	(1,600,000)	-	(350,000)	-	-	(2,350,000)
Total other financing sources (uses)	<u>457,710</u>	<u>630,878</u>	<u>10,000</u>	<u>200,000</u>	<u>(1,600,000)</u>	<u>-</u>	<u>(225,000)</u>	<u>-</u>	<u>43,991</u>	<u>(482,421)</u>
Net change in fund balances	128,446	(399,999)	(18,014)	(21,224)	95,511	(9,123)	(173,781)	(73,770)	(18,466)	(490,420)
Fund balance at beginning of year	<u>789,638</u>	<u>708,136</u>	<u>95,159</u>	<u>131,978</u>	<u>1,625,683</u>	<u>-</u>	<u>3,202,613</u>	<u>3,023,866</u>	<u>192,818</u>	<u>9,769,891</u>
Fund balance at end of year	<u>\$ 918,084</u>	<u>\$ 308,137</u>	<u>\$ 77,145</u>	<u>\$ 110,754</u>	<u>\$ 1,721,194</u>	<u>\$ (9,123)</u>	<u>\$ 3,028,832</u>	<u>\$ 2,950,096</u>	<u>\$ 174,352</u>	<u>\$ 9,279,471</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, 2018**

	<b>Budgeted Amounts</b>		<b>2018</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Intergovernmental:	\$ 1,447,877	\$ 1,016,259	\$ 1,007,463	\$ (8,796)
Miscellaneous	-	-	12,934	12,934
Total revenues	<u>1,447,877</u>	<u>1,016,259</u>	<u>1,020,397</u>	<u>4,138</u>
<b>Expenditures:</b>				
Current:				
Public safety	763,278	546,204	523,859	22,345
Community services	<u>1,077,097</u>	<u>831,637</u>	<u>825,802</u>	<u>5,835</u>
Total expenditures	<u>1,840,375</u>	<u>1,377,841</u>	<u>1,349,661</u>	<u>28,180</u>
Excess of revenues over expenditures	<u>(392,498)</u>	<u>(361,582)</u>	<u>(329,264)</u>	<u>32,318</u>
<b>Other financing source(uses):</b>				
Transfers in	<u>301,354</u>	<u>470,640</u>	<u>457,710</u>	<u>(12,930)</u>
Total other financing sources (uses)	<u>301,354</u>	<u>470,640</u>	<u>457,710</u>	<u>(12,930)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>(91,144)</u>	<u>109,058</u>	<u>128,446</u>	<u>19,388</u>
Fund balance at beginning of year	<u>789,638</u>	<u>789,638</u>	<u>789,638</u>	<u>-</u>
Fund balance at end of year	<u>\$ 698,494</u>	<u>\$ 898,696</u>	<u>\$ 918,084</u>	<u>\$ 19,388</u>

**CITY OF LAKE CHARLES, LOUISIANA**  
**Recreation Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For Fiscal Year Ended September 30, 2018**

	<b>Budgeted Amounts</b>		<b>2018</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Taxes	\$ 3,265,857	\$ 3,265,857	\$ 3,347,122	\$ 81,265
Intergovernmental	50,000	50,000	60,851	10,851
Charges for services	126,200	126,200	163,090	36,890
Miscellaneous	1,100	1,100	17,725	16,625
Total revenues	<u>3,443,157</u>	<u>3,443,157</u>	<u>3,588,788</u>	<u>145,631</u>
<b>Expenditures:</b>				
Personal services	2,904,582	2,904,582	2,565,966	338,616
Contractual and operational	1,141,493	1,141,493	1,370,890	(229,397)
Materials and supplies	558,700	558,700	450,214	108,486
Special charges	20,000	20,000	19,555	445
Capital outlay	633,000	633,000	213,041	419,959
	<u>5,257,775</u>	<u>5,257,775</u>	<u>4,619,666</u>	<u>638,109</u>
Excess (deficiency) of rev over exp	<u>(1,814,618)</u>	<u>(1,814,618)</u>	<u>(1,030,878)</u>	<u>783,740</u>
<b>Other financing sources (uses):</b>				
Transfers in	1,814,618	1,814,618	1,030,878	(783,740)
Transfers out	-	(400,000)	(400,000)	-
Total other financing sources (uses)	<u>1,814,618</u>	<u>1,414,618</u>	<u>630,878</u>	<u>(783,740)</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	(400,000)	(400,000)	-
Fund balance at beginning of year	<u>708,137</u>	<u>708,137</u>	<u>708,137</u>	<u>-</u>
Fund balance at end of year	<u>\$ 708,137</u>	<u>\$ 308,137</u>	<u>\$ 308,137</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, 2018**

	<b>Budgeted Amounts</b>		<b>2018</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Miscellaneous	\$ 86,950	\$ 86,950	\$ 116,354	\$ 29,404
Total revenues	<u>86,950</u>	<u>86,950</u>	<u>116,354</u>	<u>29,404</u>
<b>Expenditures:</b>				
Contractual and operational	116,863	116,863	95,015	21,848
Materials and supplies	26,000	26,000	15,720	10,280
Special charges	30,500	30,500	33,633	(3,133)
Total expenditures	<u>173,363</u>	<u>173,363</u>	<u>144,368</u>	<u>28,995</u>
Excess of revenue over expenditures	<u>(86,413)</u>	<u>(86,413)</u>	<u>(28,014)</u>	<u>58,399</u>
<b>Other financing sources (uses):</b>				
Transfers in	10,000	10,000	10,000	-
Total other financing sources (uses)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>(76,413)</u>	<u>(76,413)</u>	<u>(18,014)</u>	<u>58,399</u>
Fund balance at beginning of year	<u>95,159</u>	<u>95,159</u>	<u>95,159</u>	<u>-</u>
Fund balance at end of year	<u>\$ 18,746</u>	<u>\$ 18,746</u>	<u>\$ 77,145</u>	<u>\$ 58,399</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, 2018**

	<b>Budgeted Amounts</b>		<b>2018</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Miscellaneous	\$ 27.700	\$ 113.700	\$ 122.050	\$ 8,350
Total revenues	27.700	113.700	122.050	8,350
<b>Expenditures:</b>				
Materials and supplies	231.563	319,563	294,774	24,789
Other services and charges	48,500	48,500	48,500	-
Total expenditures	280,063	368,063	343,274	24,789
Excess of revenue over expenditures	(252,363)	(254,363)	(221,224)	33,139
<b>Other financing sources:</b>				
Transfers in	200,000	200,000	200,000	-
Total other financing sources	200,000	200,000	200,000	-
Excess (deficiency) of revenue and other sources over expenditure and other uses	(52,363)	(54,363)	(21,224)	33,139
Fund balance at beginning of year	131,978	131,978	131,978	-
Fund balance at end of year	\$ 79,615	\$ 77,615	\$ 110,754	\$ 33,139

**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, 2018**

	<b>Budgeted Amounts</b>		<b>2018</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Taxes	\$ 1,625,625	\$ 1,625,625	\$ 1,658,973	\$ 33,348
Miscellaneous	5,000	5,000	36,538	31,538
Total revenues	<u>1,630,625</u>	<u>1,630,625</u>	<u>1,695,511</u>	<u>64,886</u>
<b>Expenditures:</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of rev over exp	<u>1,630,625</u>	<u>1,630,625</u>	<u>1,695,511</u>	<u>64,886</u>
<b>Other financing sources (uses):</b>				
Transfers out	(1,600,000)	(1,600,000)	(1,600,000)	-
Total other financing sources (uses)	<u>(1,600,000)</u>	<u>(1,600,000)</u>	<u>(1,600,000)</u>	<u>-</u>
Net change in fund balances	30,625	30,625	95,511	64,886
Fund balance at beginning of year	<u>1,625,683</u>	<u>1,625,683</u>	<u>1,625,683</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,656,308</u>	<u>\$ 1,656,308</u>	<u>\$ 1,721,194</u>	<u>\$ 64,886</u>

# CITY OF LAKE CHARLES, LOUISIANA

## Morganfield Economic Development District

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

Fiscal Year Ended September 30, 2018

	Budgeted Amounts		2018	Variance with
	Original	Final	Actual	Final Budget
<b>Revenues:</b>				
Taxes	\$ -	\$ -	\$ 1,213	\$ 1,213
Total revenues	-	-	1,213	1,213
<b>Expenditures:</b>	-	-	10,336	(10,336)
Excess (deficiency) of rev over exp	-	-	(9,123)	(9,123)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of rev and other sources over exp and other uses	-	-	(9,123)	(9,123)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ (9,123)	\$ (9,123)

# CITY OF LAKE CHARLES, LOUISIANA

## Facility Renewal Special Revenue Fund

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

Fiscal Year Ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>2018</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>Revenues:</b>				
Interest on investments	\$ 15,000	\$ 45,000	\$ 51,219	\$ 6,219
Total revenues	15,000	45,000	51,219	6,219
<b>Expenditures:</b>	-	-	-	-
Excess (deficiency) of rev over exp	15,000	45,000	51,219	6,219
<b>Other financing sources (uses):</b>				
Transfers in	-	-	125,000	125,000
Transfers out	-	(350,000)	(350,000)	-
Total other financing sources (uses)	-	(350,000)	(225,000)	125,000
Excess (deficiency) of rev and other sources over exp and other uses	15,000	(305,000)	(173,781)	131,219
Fund balance at beginning of year	3,202,613	3,202,613	3,202,613	-
Fund balance at end of year	<u>\$ 3,217,613</u>	<u>\$ 2,897,613</u>	<u>\$ 3,028,832</u>	<u>\$ 131,219</u>



**CITY OF LAKE CHARLES, LOUISIANA**  
**Disaster Recovery Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For Fiscal Year Ended September 30, 2018**

	<b>Budgeted Amounts</b>		<b>2018</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Intergovernmental				
(net of allowance for uncollectable)	\$ 1,184,179	\$ 12,524	\$ 10,926	\$ (1,598)
Miscellaneous	394,726	-	1,576	1,576
Total revenues	1,578,905	12,524	12,502	(22)
<b>Expenditures:</b>				
Current:				
Personal services	-	73,748	73,748	-
Contractual and operational	1,578,905	12,524	12,524	-
Total expenditures	1,578,905	86,272	86,272	-
Excess (deficiency) of rev over exp	-	(73,748)	(73,770)	(22)
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of rev and other sources over exp and other uses	-	(73,748)	(73,770)	(22)
Fund balance at beginning of year	3,023,866	3,023,866	3,023,866	-
Fund balance at end of year	\$ 3,023,866	\$ 2,950,118	\$ 2,950,096	\$ (22)

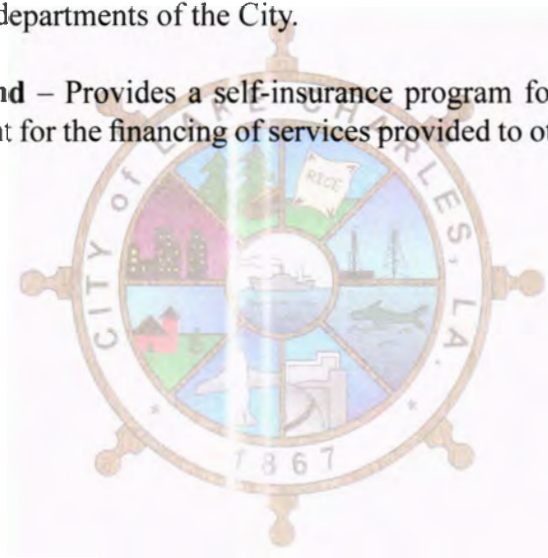
**CITY OF LAKE CHARLES, LOUISIANA**  
**Community Development Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For Fiscal Year Ended September 30, 2018**

	<b>Budgeted Amounts</b>		<b>2018</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>Revenues:</b>				
Intergovernmental	\$ 656,985	\$ 540,432	\$ 518,824	\$ (21,608)
Miscellaneous	-	12,200	12,525	\$ 325
Total revenues	<u>656,985</u>	<u>552,632</u>	<u>531,349</u>	<u>(21,283)</u>
<b>Expenditures:</b>				
Current:				
Personal services	167,115	167,088	166,269	819
Contract and operational	276,223	220,910	199,075	21,835
Material and supplies	7,030	7,030	3,356	3,674
Special current charges	<u>237,890</u>	<u>222,182</u>	<u>225,106</u>	<u>(2,924)</u>
Total expenditures	<u>688,258</u>	<u>617,210</u>	<u>593,806</u>	<u>23,404</u>
Excess (deficiency) of revenues over expenditures	(31,273)	(64,578)	(62,457)	2,121
<b>Other financing sources:</b>				
Transfers in	<u>31,273</u>	<u>31,273</u>	<u>43,991</u>	<u>12,718</u>
Total other financing sources	<u>31,273</u>	<u>31,273</u>	<u>43,991</u>	<u>12,718</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	(33,305)	(18,466)	14,839
Fund balance at beginning of year	<u>192,818</u>	<u>192,818</u>	<u>192,818</u>	<u>-</u>
Fund balance at end of year	<u><u>\$192,818</u></u>	<u><u>\$159,513</u></u>	<u><u>\$174,352</u></u>	<u><u>\$14,839</u></u>

# 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, 2018

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2018</u>
<b>ASSETS</b>			
Current assets:			
Cash	\$ 9,558,324	\$ 6,030,360	\$ 15,588,684
Investments	10,928,711	3,488,743	14,417,454
Receivables:			
Accounts	629,043	64	629,107
Accrued interest	32,701	4,152	36,853
Due from other funds	-	-	-
Prepaid expenses	594,139	-	594,139
Total current assets	<u>21,742,918</u>	<u>9,523,319</u>	<u>31,266,237</u>
Noncurrent assets:			
Capital assets (at cost):			
Machinery & equipment	35,257	-	35,257
Less accumulated depreciation	(30,860)	-	(30,860)
Total capital assets (net of accum. depr.)	<u>4,397</u>	<u>-</u>	<u>4,397</u>
Total assets	<u>21,747,315</u>	<u>9,523,319</u>	<u>31,270,634</u>
Deferred Outflows of resources	<u>123,922</u>	<u>-</u>	<u>123,922</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	15,618	19,561	35,179
Due to other funds	13	-	13
Total current liabilities	<u>15,631</u>	<u>19,561</u>	<u>35,192</u>
Long-term liabilities:			
Accrued leave benefits	138,447	393	138,840
OPEB payable	20,012	-	20,012
Net pension liability	466,251	-	466,251
Accrued insurance claims	4,782,662	1,900,000	6,682,662
Incurred-not reported claims	175,000	150,000	325,000
Accrued insurance claims - noncurrent	1,175,434	-	1,175,434
Total long-term liabilities	<u>6,757,806</u>	<u>2,050,393</u>	<u>8,808,199</u>
Total liabilities	<u>6,773,437</u>	<u>2,069,954</u>	<u>8,843,391</u>
Deferred Inflows of resources	<u>22,278</u>	<u>-</u>	<u>22,278</u>
<b>NET POSITION</b>			
Net investment in capital assets	4,397	-	4,397
Unrestricted	15,071,125	7,453,365	22,524,490
Total net position	<u>\$ 15,075,522</u>	<u>\$ 7,453,365</u>	<u>\$ 22,528,887</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, 2018

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2018</u>
Operating revenues:			
Charges for services	\$ 7,514,376	\$ 8,256,292	\$ 15,770,668
Other revenues	15,055	358,856	373,911
Total operating revenues	<u>7,529,431</u>	<u>8,615,148</u>	<u>16,144,579</u>
Operating expenses:			
Personal services	667,401	106,299	773,700
Materials and supplies	5,738	9,570	15,308
General and administration	1,201,877	720,270	1,922,147
Depreciation	4,058	-	4,058
Claims and losses paid	2,774,311	8,219,020	10,993,331
Total operating expenses	<u>4,653,385</u>	<u>9,055,159</u>	<u>13,708,544</u>
Operating income (loss)	<u>2,876,046</u>	<u>(440,011)</u>	<u>2,436,035</u>
Nonoperating revenues:			
Interest	255,593	147,175	402,768
Total nonoperating revenues	<u>255,593</u>	<u>147,175</u>	<u>402,768</u>
Income (loss) before transfers	<u>3,131,639</u>	<u>(292,836)</u>	<u>2,838,803</u>
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	3,131,639	(292,836)	2,838,803
Net position - beginning of fiscal year - as restated	11,943,883	7,746,201	19,690,084
Net position - ending of fiscal year	<u>\$ 15,075,522</u>	<u>\$ 7,453,365</u>	<u>\$ 22,528,887</u>

# CITY OF LAKE CHARLES, LOUISIANA

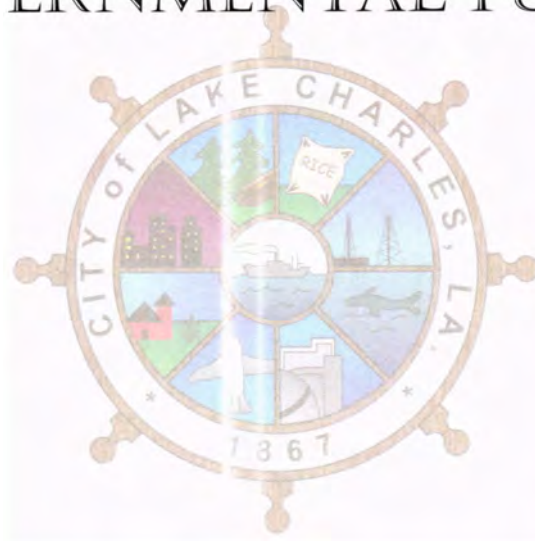
## Internal Service Fund Combining Statement of Cash Flows For the Fiscal Year Ended September 30, 2018

	<b>Risk Management</b>	<b>Employee Insurance</b>	<b>Totals 2018</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 409,056	\$ 774,652	\$ 1,183,708
Receipts from interfund charges for risk management services	7,514,376	7,840,454	15,354,830
Payments to employees	(620,176)	(105,189)	(725,365)
Payments to suppliers and claimants	(4,459,878)	(8,546,853)	(13,006,731)
Internal activity - payments to other funds	(5)	-	(5)
Net cash provided by operating activities	<u>2,843,373</u>	<u>(36,936)</u>	<u>2,806,437</u>
<b>Cash flow from investing activities:</b>			
Purchase of investment securities	(3,033,648)	(33,364)	(3,067,012)
Proceeds from sale and maturities of investment securities	-	-	-
Interest on investments	289,869	171,049	460,918
Net cash provided (used for) investing activities	<u>(2,743,779)</u>	<u>137,685</u>	<u>(2,606,094)</u>
Net increase (decrease) in cash and cash equivalents	99,594	100,749	200,343
Cash and cash equivalents at beginning of year	9,458,730	5,929,611	15,388,341
Cash and cash equivalents at end of year	<u>\$ 9,558,324</u>	<u>\$ 6,030,360</u>	<u>\$ 15,588,684</u>
<b>Reconciliation of operating (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 2,876,046	\$ (440,011)	\$ 2,436,035
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	4,058	-	4,058
(Increase) decrease in accounts receivable	394,001	(42)	393,959
(Increase) decrease in prepaid items	(17,312)	-	(17,312)
(Increase) decrease in deferred outflows of resources	38,514	-	38,514
Increase (Decrease) in accounts payables	(49,773)	2,724	(47,049)
Increase (Decrease) in accrued insurance claims	(409,922)	400,000	(9,922)
Increase (Decrease) in compensated absences payable	9,167	393	9,560
Increase (Decrease) in OPEB liability	(59)	-	(59)
Increase (Decrease) in NP liability	(13,212)	-	(13,212)
Increase (Decrease) in due to other funds	(5)	-	(5)
Increase (Decrease) in due deferred inflows of resources	11,870	-	11,870
Total adjustments	<u>(32,673)</u>	<u>403,075</u>	<u>370,402</u>
Net cash provided by operating activities	<u>\$ 2,843,373</u>	<u>\$ (36,936)</u>	<u>\$ 2,806,437</u>

### Noncash investing, capital and financing activities:

Change in the fair value of investments resulted in an unrealized loss of \$64,287 at year-end 2018 and an unrealized loss of \$26,724 at year-end 2017.

# 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, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Governmental funds capital assets		
Land	\$ 16,180,010	\$ 16,180,010
Buildings	57,405,028	55,652,970
Improvements other than buildings	113,013,757	72,044,795
Machinery and Equipment	40,883,947	38,224,774
Infrastructure	354,474,813	347,590,588
Construction in progress	<u>26,299,681</u>	<u>60,898,839</u>
Total general capital assets	<u>\$ 608,257,236</u>	<u>\$ 590,591,976</u>
Property acquired prior to October 1, 1985, excluding infrastructure	\$ 23,664,442	\$ 23,664,442
Property acquired after September 30, 1985 from:		
Federal grants	37,409,706	36,514,499
State grants	4,933,963	4,933,963
General fund revenues	192,415,270	147,032,526
Capital projects funds	308,474,631	337,067,079
Donations	<u>41,359,224</u>	<u>41,379,467</u>
Total investments in general capital assets	<u>\$ 608,257,236</u>	<u>\$ 590,591,976</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$35,257 at 9/30/2018 and 9/30/2017 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, 2018**

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	-	-	-	23,496	-	-	23,496
Planning and development	-	-	-	96,495	-	-	96,495
Human Resources	-	-	-	15,667	-	-	15,667
Public works	214,700	926,986	187,473	1,840,310	-	-	3,169,469
Information Services	-	-	-	493,724	-	-	493,724
General government buildings	5,094,299	6,176,575	1,660,359	588,139	-	2,157	13,521,529
Total staff agencies	5,308,999	7,103,561	1,847,832	3,057,831	-	2,157	17,320,380
<b>PUBLIC SAFETY</b>							
Police	64,965	1,112,476	1,208,395	7,050,446	-	-	9,436,282
Fire	203,900	7,566,916	1,147,395	13,857,112	-	81,540	22,856,863
Permit Center	-	-	-	260,113	-	-	260,113
Total public safety	268,865	8,679,392	2,355,790	21,167,671	-	81,540	32,553,258
Streets	-	81,870	-	5,141,724	283,002,854	14,905,919	303,132,367
Recreation	9,301,960	5,411,042	26,962,434	2,265,388	-	16,369	43,957,193
Community service	5,000	2,549,579	432,631	2,470	-	2,354,175	5,343,855
Sanitation and waste	1,295,186	28,449,733	81,415,070	9,095,639	71,471,958	8,939,521	200,667,107
	10,602,146	36,492,224	108,810,135	16,505,221	354,474,812	26,215,984	553,100,522
Total capital assets allocated to functions	\$ 16,180,010	\$ 57,405,029	\$ 113,013,757	\$ 40,883,947	\$ 354,474,812	\$ 26,299,681	\$ 608,257,236

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$35,257 at 9/30/2018 and 9/30/2017 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, 2018**

<b>Function and Activity</b>	<b>General Capital Assets 9/30/2017</b>	<b>Additions</b>	<b>Deletions</b>	<b>General Capital Assets 9/30/2018</b>
<b>GENERAL GOVERNMENT</b>				
Legislative	\$ 70,671	\$ -	\$ -	\$ 70,671
Executive	43,586	-	-	43,586
Judicial	5,168,819	-	-	5,168,819
Total general government	<u>5,283,076</u>	<u>-</u>	<u>-</u>	<u>5,283,076</u>
<b>STAFF AGENCIES</b>				
Finance	10,446	13,050	-	23,496
Planning and Development	93,793	2,702	-	96,495
Human Resources	15,667	-	-	15,667
Public Works	2,996,652	218,473	(45,656)	3,169,469
Information Services	438,291	55,433	-	493,724
General Government	<u>13,531,237</u>	<u>15,864</u>	<u>(25,572)</u>	<u>13,521,529</u>
Total staff agencies	<u>17,086,086</u>	<u>305,522</u>	<u>(71,228)</u>	<u>17,320,380</u>
<b>PUBLIC SAFETY</b>				
Police	8,934,306	953,240	(451,264)	9,436,282
Fire	21,213,305	2,091,111	(447,553)	22,856,863
Permit Center	<u>278,220</u>	<u>-</u>	<u>(18,107)</u>	<u>260,113</u>
Total public safety	<u>30,425,831</u>	<u>3,044,351</u>	<u>(916,924)</u>	<u>32,553,258</u>
Streets	291,203,661	13,551,517	(1,622,811)	303,132,367
Recreation	43,603,538	666,742	(299,087)	43,971,193
Community service	5,548,599	-	(204,744)	5,343,855
Sanitation and waste	<u>197,441,185</u>	<u>54,865,865</u>	<u>(51,653,943)</u>	<u>200,653,107</u>
	<u>537,796,983</u>	<u>69,084,124</u>	<u>(53,780,585)</u>	<u>553,100,522</u>
Total capital assets allocated to functions	<u>\$ 590,591,976</u>	<u>\$ 72,433,997</u>	<u>\$ (54,768,737)</u>	<u>\$ 608,257,236</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$35,257 on 9/30/2018 and 9/30/2017 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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities				
Net investment in capital assets	\$ 204,550	\$ 216,618	\$ 223,583	\$ 228,301
Restricted	30,622	60,553	51,978	31,734
Unrestricted	62,216	31,362	44,864	72,112
Total governmental activities net assets	<u>\$ 297,388</u>	<u>\$ 308,533</u>	<u>\$ 320,425</u>	<u>\$ 332,147</u>
Business-Type activities				
Net investment in capital assets	\$ 67,502	\$ 68,319	\$ 66,627	\$ 68,959
Assigned	2,363	2,851	5,584	7,909
Total governmental activities net assets	<u>\$ 69,865</u>	<u>\$ 71,170</u>	<u>\$ 72,211</u>	<u>\$ 76,868</u>
Primary Government				
Net investment in capital assets	\$ 272,052	\$ 284,937	\$ 290,210	\$ 297,260
Restricted	30,622	60,553	51,978	31,734
Unrestricted	64,579	34,213	50,448	80,021
Total governmental activities net assets	<u>\$ 367,253</u>	<u>\$ 379,703</u>	<u>\$ 392,636</u>	<u>\$ 409,015</u>

\* GASB 68 adopted in 2015

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 230,614	\$ 240,382	\$ 243,940	\$ 259,977	\$ 294,028	\$ 307,134
23,169	22,757	24,596	31,273	33,409	32,950
90,900	54,000	72,792	77,180	61,863	68,648
<u>\$ 344,683</u>	<u>\$ 317,139</u>	<u>\$ 341,328</u>	<u>\$ 368,430</u>	<u>\$ 389,300</u>	<u>\$ 408,732</u>
\$ 68,562	\$ 70,785	\$ 69,095	\$ 68,622	\$ 69,202	\$ 73,313
11,729	17,502	22,049	24,166	25,356	23,833
<u>\$ 80,291</u>	<u>\$ 88,287</u>	<u>\$ 91,144</u>	<u>\$ 92,788</u>	<u>\$ 94,558</u>	<u>\$ 97,146</u>
\$ 299,176	\$ 311,167	\$ 313,035	\$ 328,599	\$ 363,230	\$ 380,447
23,169	22,757	24,596	31,273	33,409	32,950
102,629	71,502	94,841	101,346	87,219	92,481
<u>\$ 424,974</u>	<u>\$ 405,426</u>	<u>\$ 432,472</u>	<u>\$ 461,218</u>	<u>\$ 483,858</u>	<u>\$ 505,878</u>

# CITY OF LAKE CHARLES, LOUISIANA

## Change in Net Position

(accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government	\$ 4,428,106	\$ 4,565,486	\$ 4,585,082	\$ 4,644,212	\$ 4,567,288	\$ 4,778,135	\$ 5,316,267	\$ 5,612,894	\$ 5,812,852	\$ 6,062,340
Public safety	30,691,441	29,211,079	28,681,562	30,667,312	31,412,865	32,257,586	33,401,455	36,589,474	37,722,822	38,772,282
Public works	26,204,810	24,948,706	30,294,422	29,047,659	28,841,269	30,295,303	32,980,130	34,279,219	42,253,530	42,804,319
Planning and development	2,420,483	2,855,462	3,195,533	2,981,902	2,991,321	2,663,000	2,672,381	2,521,348	2,656,677	2,820,828
General services	7,819,930	7,327,977	4,384,287	5,428,845	5,687,941	5,659,656	6,021,391	5,838,645	6,507,033	6,875,525
Community services	6,101,747	5,699,264	6,936,038	6,730,143	6,174,061	6,350,062	6,668,047	7,191,241	6,158,706	7,110,893
Interest in long-term debt	2,703,667	3,396,559	3,935,479	4,053,332	3,409,036	3,203,842	3,138,628	2,703,865	3,149,772	2,054,636
Total governmental activities	80,370,184	78,004,533	82,012,403	83,553,405	83,083,781	85,207,584	90,198,299	94,736,686	104,261,392	106,500,823
Business-type activities										
Civic center	3,265,481	3,734,478	3,575,028	3,356,078	3,014,670	3,091,611	3,365,531	3,949,094	3,788,824	3,899,346
Golf course	1,480,511	1,432,343	1,495,425	1,489,217	1,539,186	1,612,629	1,648,783	1,680,137	1,718,210	1,873,811
Transit	2,359,228	2,038,547	2,215,223	2,298,862	2,354,540	2,714,383	2,917,813	3,066,511	3,361,381	3,655,630
Water	9,139,256	8,645,421	8,948,287	8,980,994	9,181,423	9,622,826	9,890,095	10,173,955	10,845,330	11,206,906
Total business-type activities	16,244,476	15,850,789	16,233,963	16,125,151	16,089,819	17,041,449	17,822,222	18,869,697	19,713,745	20,635,693
Total primary government	\$ 96,614,660	\$ 93,855,322	\$ 98,246,366	\$ 99,678,556	\$ 99,173,600	\$ 102,249,033	\$ 108,020,521	\$ 113,606,383	\$ 123,975,137	\$ 127,136,516
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 5,126,923	\$ 5,091,090	\$ 5,432,955	\$ 5,067,281	\$ 5,497,834	\$ 5,423,120	\$ 5,730,156	\$ 5,997,403	\$ 6,195,338	\$ 6,469,760
Public works	8,215,969	9,006,678	10,317,926	11,146,171	11,767,500	12,706,586	13,459,995	13,438,315	13,486,598	14,110,034
Other activities	911,091	1,030,878	1,123,347	1,106,880	1,108,756	996,480	744,123	751,477	753,544	847,379
Operating grants and contributions	3,801,382	4,426,140	4,505,960	5,037,836	5,237,139	4,428,311	4,675,984	4,002,036	5,142,923	4,522,002
Capital grants and contributions	4,913,193	5,685,329	5,843,875	2,991,355	3,949,165	7,243,043	5,516,540	8,346,684	4,838,875	2,408,146
Total govmntl activity prgrm revenues	22,968,558	25,240,115	27,224,063	25,349,523	27,560,394	30,797,540	30,126,798	32,535,915	30,417,278	28,357,321
Business-type activities:										
Charges for services:										
Civic center	1,047,163	930,113	968,296	975,050	941,963	968,322	1,000,078	1,138,735	971,360	1,033,378
Golf course	1,126,764	905,153	928,512	844,392	974,094	1,046,272	1,012,359	992,086	903,040	988,757
Transit	62,810	81,418	98,804	115,597	111,750	189,754	184,332	189,931	191,826	187,114
Water	7,586,073	8,925,396	10,333,108	10,657,748	11,327,208	12,066,695	12,687,985	12,300,282	13,215,887	13,802,115
Operating grants and contributions	1,198,730	1,307,484	1,411,923	1,422,853	1,515,747	1,647,581	2,303,705	2,834,655	2,751,946	3,043,540
Capital grants and contributions	1,510,505	1,698,748	736,314	3,184,780	541,173	7,795,194	801,268	266,752	261,931	982,009
Total busnss-type prgrm revens	12,532,045	13,848,312	14,476,957	17,200,420	15,411,935	23,713,818	17,989,727	17,722,441	18,295,990	20,036,913
Total primary government program	\$ 35,500,603	\$ 39,088,427	\$ 41,701,020	\$ 42,549,943	\$ 42,972,329	\$ 54,511,358	\$ 48,116,525	\$ 50,258,356	\$ 48,713,268	\$ 48,394,234

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (expense)/revenue										
Governmental activities	\$ (57,401,626)	\$ (52,764,418)	\$ (54,788,340)	\$ (58,203,882)	\$ (55,523,387)	\$ (54,410,044)	\$ (60,071,501)	\$ (62,200,771)	\$ (73,844,114)	\$ (78,143,502)
Business-type activities	(3,712,431)	(2,002,477)	(1,757,006)	1,075,269	(677,884)	6,672,369	167,505	(1,147,256)	(1,417,755)	(598,780)
Total primary government net expenses	<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>	<u>\$ (75,261,869)</u>	<u>\$ (78,742,282)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities</b>										
Taxes										
Property taxes	\$ 7,348,241	\$ 7,489,471	\$ 7,923,348	\$ 7,707,653	\$ 8,176,273	\$ 8,631,895	\$ 9,163,826	\$ 10,217,089	\$ 10,616,469	\$ 10,862,457
Sales taxes	45,149,671	41,685,781	43,127,692	45,659,894	46,717,755	50,519,838	54,786,123	60,570,243	64,596,373	67,840,226
Franchise taxes	5,446,301	5,702,863	5,787,057	4,873,591	5,420,601	5,952,906	5,736,856	5,472,965	5,722,675	5,878,166
Riverboat taxes	9,099,020	8,959,034	9,113,904	9,713,282	9,691,942	9,664,375	11,054,210	10,799,768	10,657,944	10,735,679
Grants and contributions not restricted to specific programs	201,846	198,471	190,806	3,462,831	181,836	185,172	180,867	194,470	227,691	230,435
Interest and investment earnings	2,638,358	1,728,068	1,089,127	575,503	62,044	671,283	965,038	834,331	1,162,105	2,206,510
Miscellaneous	859,064	1,206,950	2,194,144	1,479,307	1,922,170	3,024,050	4,722,125	3,730,355	4,666,850	2,425,142
Gain (loss) on sales of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	(6,554,391)	(3,060,758)	(2,746,015)	(3,545,790)	(4,113,925)	(3,645,582)	(2,348,768)	(2,515,786)	(2,935,905)	(2,757,752)
Total governmental activities	<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>	<u>94,714,202</u>	<u>97,420,863</u>
<b>Business-type activities:</b>										
Grants and contributions not restricted to specific programs	200,000	200,000	-	-	-	-	-	-	-	-
Interest and investment earnings	26,597	46,565	52,549	35,695	(12,505)	81,712	227,141	133,929	251,993	405,633
Miscellaneous	-	-	-	-	-	-	113,376	141,451	-	-
Gain (loss) on sales of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	6,554,391	3,060,758	2,746,015	3,545,790	4,113,925	3,645,582	2,348,768	2,515,786	2,935,905	2,757,752
Total business type activities	<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>	<u>3,187,898</u>	<u>3,163,385</u>
Total primary government	<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>	<u>\$ 97,902,100</u>	<u>\$ 100,584,248</u>
<b>Change in Net Assets</b>										
Governmental activities	\$ 6,786,484	\$ 11,145,462	\$ 11,891,723	\$ 11,722,389	\$ 12,535,309	\$ 20,593,893	\$ 24,188,776	\$ 27,102,664	\$ 20,870,088	\$ 19,277,361
Business-type activities	3,068,557	1,304,846	1,041,558	4,656,754	3,423,536	10,399,663	2,856,790	1,643,910	1,770,143	2,564,605
Total primary government	<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>	<u>\$ 22,640,231</u>	<u>\$ 21,841,966</u>

**CITY OF LAKE CHARLES, LOUISIANA**  
Governmental Activities Tax and Other 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>	<b>One-Quarter Cent Sales Tax Debt Reserve Fund</b>
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	4,571,836
2017	10,616,469	25,695,368	25,695,368	6,423,849	6,372,113
2018	10,862,457	26,833,765	26,833,765	6,708,442	6,635,894

\* Sales tax levy above dedicates 28 percent of collections to Capital Projects of which 60 percent can be used for debt service

Notes: 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.  
Golden Nugget Casino opened in December 2014.  
2009 property tax revenues reflect the reassessment of property in 2008.  
2013 property tax revenues reflect the reassessment of property in 2012.  
2017 property tax revenues reflect the reassessment of property in 2016.  
2016 15 year quarter cent sales tax began January 2016

**Monthly Sales Tax Receipts 28% Dedicated to Capital Projects (included in above)**

<b>Collection Month</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
November	\$ 455,770	\$ 392,024	\$ 426,589	\$ 405,728
December	465,968	411,697	420,851	393,645
January	622,484	542,866	553,457	588,320
February	418,689	369,537	386,115	511,944
March	409,673	413,601	420,739	436,991
April	545,560	476,895	478,140	498,970
May	437,274	411,099	438,799	438,287
June	425,190	418,131	423,997	466,481
July	467,518	454,755	467,521	478,381
August	424,589	411,539	426,331	443,114
September	428,762	417,784	443,151	467,114
October	433,399	427,158	432,773	454,344
Total	<u>\$ 5,534,877</u>	<u>\$ 5,147,087</u>	<u>\$ 5,318,463</u>	<u>\$ 5,583,319</u>



<b>TIFF District One Percent Sales Tax (2018)</b>	<b>Riverboat Gaming Tax</b>	<b>Electric Utility Franchise</b>	<b>Gas Utility Franchise</b>	<b>Cable Television Franchise</b>	<b>Charges for Services User Fees Wastewater</b>
\$ -	\$ 9,099,020	\$ 3,964,234	\$ 588,931	\$ 893,136	\$ 8,149,099
-	8,959,034	4,183,356	590,275	929,232	8,934,311
-	9,113,904	4,346,623	483,307	957,127	10,191,203
-	9,713,282	3,463,387	405,302	1,004,902	11,001,880
-	9,691,942	4,009,040	396,650	1,014,911	11,601,657
-	9,664,375	4,442,183	474,212	1,036,511	12,519,677
-	11,054,210	4,339,524	420,979	976,353	13,323,763
-	10,799,768	4,098,903	360,464	1,013,598	13,281,720
-	10,657,944	4,295,722	406,840	1,020,114	13,221,450
1,213	10,735,679	4,378,367	483,545	1,016,254	13,771,766

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
\$ 439,768	\$ 451,838	\$ 529,736	\$ 535,012	\$ 544,564	\$ 595,135
446,902	523,949	541,692	533,725	564,660	560,185
580,761	609,804	702,020	694,329	730,672	763,506
424,817	425,861	500,766	512,445	527,052	550,737
447,863	474,515	514,014	519,495	520,045	563,037
521,802	528,496	617,823	652,316	665,259	690,882
470,869	529,857	540,169	548,264	591,265	599,185
493,820	526,757	547,963	565,631	597,337	640,612
497,303	538,256	598,577	611,634	686,415	682,222
487,062	519,849	577,527	611,509	571,248	633,452
487,685	513,189	549,074	557,614	583,584	603,781
480,117	604,404	566,067	590,743	612,602	630,722
<u>\$ 5,778,769</u>	<u>\$ 6,246,775</u>	<u>\$ 6,785,428</u>	<u>\$ 6,932,717</u>	<u>\$ 7,194,703</u>	<u>\$ 7,513,454</u>

# CITY OF LAKE CHARLES, LOUISIANA

## Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 230,186	\$ 297,834								
Unreserved	28,007,800	25,483,998								
Nonspendable			\$ 486,580	\$ 543,389	\$ 478,983	\$ 525,480	\$ 621,486	\$ 666,530	\$ 684,120	\$ 568,580
Committed			2,895,603	2,567,929	2,363,360	2,853,169	2,413,358	2,061,843	3,561,194	4,145,634
Unassigned			21,932,680	22,245,646	23,053,203	25,996,329	28,338,533	27,297,165	30,764,493	35,078,544
Total General Fund	<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>	<u>35,009,807</u>	<u>39,792,758</u>
All other governmental funds										
Reserved	19,013,569	16,022,853								
Unreserved, reported in:										
Special revenue funds	12,922,418	14,598,101								
Capital projects funds	43,174,593	77,320,653								
Nonspendable			27,460	51,623	50,925	30,840	46,917	48,896	62,165	151,535
Restricted			44,338,979	31,731,731	23,962,211	22,754,774	24,595,560	31,272,991	33,409,232	32,950,498
Committed			51,269,454	50,934,223	57,358,834	57,603,158	65,108,250	72,116,986	55,063,188	56,953,479
Assigned			8,388,325	12,033,195	7,674,979	10,491,959	13,392,519	9,851,745	8,994,330	8,681,868
Total all other governmental funds	<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>	<u>97,528,915</u>	<u>98,737,380</u>
Total all governmental funds	<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>	<u>\$ 132,538,722</u>	<u>\$ 138,530,138</u>

\* Note GASB 54 adopted in 2011.

\* GASB 68 adopted in 2015

\* GASB 75 adopted in 2018

# CITY OF LAKE CHARLES, LOUISIANA

## Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
<b>Revenues:</b>										
Taxes	\$ 63,906,886	\$ 60,681,304	\$ 62,638,371	\$ 65,208,410	\$ 67,508,949	\$ 71,638,915	\$ 77,964,674	\$ 81,278,866	\$ 88,826,340	\$ 92,009,560
Licenses and permits	6,104,766	6,357,695	6,633,096	5,526,807	6,349,383	6,686,060	6,657,120	9,940,761	6,597,424	6,963,073
Intergovernmental	8,851,035	10,830,886	10,759,547	9,752,774	12,275,671	12,275,671	10,364,017	12,965,781	10,603,497	7,114,980
Charges for services	10,440,834	11,300,612	13,134,106	13,680,453	14,375,194	15,290,879	16,016,725	16,050,508	16,286,940	16,766,116
Fines and forfeitures	322,461	338,073	383,267	311,388	247,061	253,920	195,139	186,042	301,103	275,630
Miscellaneous	4,582,043	2,708,846	2,826,993	2,351,245	1,888,663	1,695,540	3,064,934	1,632,574	2,154,234	3,739,329
<b>Total revenues</b>	<b>94,208,025</b>	<b>92,217,416</b>	<b>96,375,380</b>	<b>95,342,826</b>	<b>100,122,024</b>	<b>107,840,985</b>	<b>114,262,609</b>	<b>122,054,532</b>	<b>124,769,538</b>	<b>126,868,688</b>

## Expenditures:

Current operating:										
General government	2,598,746	2,727,390	2,857,662	2,876,353	2,892,999	2,945,962	3,016,207	3,059,233	3,204,360	3,436,047
Finance	1,389,805	1,496,010	1,488,859	1,498,360	1,524,491	1,594,704	1,610,407	1,739,594	1,714,273	1,757,188
Human Resources	317,809	352,726	313,428	312,168	309,113	339,091	367,152	374,721	397,613	390,668
Fire	13,074,636	12,729,943	12,940,071	13,293,542	13,523,625	14,481,544	14,493,469	14,938,379	15,870,091	16,619,281
Police	14,196,539	15,775,008	16,200,141	17,108,345	18,311,542	17,911,230	18,096,917	18,530,921	19,770,508	20,102,125
Public works	20,039,183	20,272,640	20,324,226	21,183,964	21,449,006	22,045,127	22,093,947	23,986,800	26,421,585	25,131,848
Planning and development	2,305,258	2,596,371	3,028,735	2,783,459	2,793,690	2,535,761	2,679,361	2,521,354	2,611,276	2,741,631
Community services	4,545,957	4,780,142	4,721,208	4,913,007	5,516,244	5,343,835	5,389,074	5,509,270	5,998,397	6,019,381
General services	4,254,079	4,096,854	4,168,195	4,127,074	4,453,969	4,253,097	4,415,871	4,629,048	4,788,886	4,830,710
Capital projects	28,093,724	24,458,504	25,022,530	27,249,392	21,031,285	18,090,669	14,829,729	33,685,525	50,470,051	27,909,851
Debt service:										
Principal retirement	3,991,176	6,427,242	5,449,519	5,836,224	6,947,090	6,790,771	5,405,386	5,722,670	6,664,637	6,833,190
Bond issuance costs	-	1,414,680	147,128	-	-	-	-	-	-	-
Interest and fiscal charges	2,758,796	2,109,632	3,982,945	4,247,927	3,603,630	3,398,436	4,591,559	2,854,289	2,719,730	2,450,417
<b>Total expenditures</b>	<b>97,565,708</b>	<b>99,237,142</b>	<b>100,644,647</b>	<b>105,431,815</b>	<b>102,356,684</b>	<b>99,730,227</b>	<b>96,989,079</b>	<b>117,551,804</b>	<b>140,631,407</b>	<b>118,222,337</b>
Excess (deficiency) of revenues over expenditures	(3,357,683)	(7,019,726)	(4,269,267)	(10,088,989)	(2,234,660)	8,110,758	17,273,530	4,502,728	(15,861,869)	8,646,351

## Other financing sources (uses):

Transfers in	17,216,245	14,552,013	15,153,082	19,551,176	21,967,386	21,798,979	21,876,158	41,585,711	26,615,768	29,122,749
Transfers out	(25,770,636)	(18,612,300)	(18,982,135)	(22,915,600)	(25,731,311)	(24,694,561)	(26,354,532)	(44,101,497)	(29,551,673)	(31,880,502)
Issuance of debt - refunding bonds	-	-	-	-	-	-	-	-	24,140,000	-
Issuance of debt	-	57,015,000	3,713,962	4,222,067	833,344	98,037	-	6,812,591	8,012,943	102,818
Premium on debt issuance	-	2,174,886	-	-	-	-	906,376	3,687,728	(378,726)	-
Bond refunding-cost of issuance	-	-	-	-	-	-	(270,617)	-	(5,920,000)	-
Pymnt refunded bond escrw-curren	-	-	-	-	-	-	-	-	(19,720,000)	-
Pymnt refunded bond escrw-advanc	-	(17,735,000)	-	-	-	-	(14,995,000)	-	(1,801,605)	-
Pymnt refunded bond escrw-interes	-	-	-	-	-	-	-	-	5,084,435	-
<b>Total other financing sources(uses)</b>	<b>(8,554,391)</b>	<b>37,394,599</b>	<b>(115,091)</b>	<b>857,643</b>	<b>(2,930,581)</b>	<b>(2,797,545)</b>	<b>(3,012,615)</b>	<b>4,296,805</b>	<b>5,084,435</b>	<b>(2,654,935)</b>
Net change in fund balances	\$ (11,912,074)	\$ 30,374,873	\$ (4,384,358)	\$ (9,231,346)	\$ (5,165,241)	\$ 5,313,213	\$ 14,260,915	\$ 8,799,533	\$ (10,777,434)	\$ 5,991,416

Debt service as a percentage of noncapital expenditures

9.37%	11.18%	12.29%	13.53%	13.24%	12.90%	12.29%	10.47%	10.23%	9.69%
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## 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 One-Quarter Cent Sales Tax ('95)	TIFF District One Percent Sales Tax ('18)	Riverboat Gaming Tax	Electric Utility Franchise	Gas Utility Franchise	Cable Television Franchise
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	-	10,799,768	4,098,903	360,464	1,013,598
2017	10,616,469	25,695,368	25,695,368	6,423,849	-	10,657,944	4,295,722	406,840	1,020,114
2018	10,862,457	26,833,765	26,833,765	6,708,442	1,213	10,735,679	4,378,367	483,545	1,016,254

**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
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
2017	2016	541,069,351	5,410,693,510	159,795,020	1,065,300,133
2018	2017	580,132,590	5,801,325,900	153,211,230	1,021,408,200

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 2008, 2012 and 2016.

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		
\$ 18,738,980	\$ 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%
19,986,390	79,945,560	720,850,761	6,555,939,203	15.23	11.00%
17,285,450	69,141,800	750,629,270	6,891,875,900	15.23	10.90%

# CITY OF LAKE CHARLES, LOUISIANA

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

Calendar Year	Fiscal Year	City of Lake Charles		Calcasieu Parish School Board			Calcasieu Parish							
		General and Special Revenue		General Fund	Debt Service		Parish Police Jury	Road Districts	Gravity Drainage	Recreation and Com Centers	Fire Protection	Airport Harbor & Terminal	Parish Water & Sewer	Parish Total
		Funds	Total		Funds	Total								
2008	2009	15.35	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	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	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	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	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	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	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	15.23	15.23	17.23	21.00	38.23	32.86	3.88	5.79	7.93	11.54	8.58	12.51	83.09
2016	2017	15.23	15.23	17.23	21.00	38.23	34.29	3.88	5.79	7.59	11.54	8.58	12.43	84.10
2017	2018	15.23	15.23	17.23	29.85	47.08	34.29	3.88	5.79	7.59	11.54	8.58	14.24	86.27

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, 2017 and December 31, 2008

for Fiscal Year Ended September 30, 2018 and September 30, 2009

Taxpayer	Type of Business	2018		Percentage of Total Valuation	2009		
		Assessed Valuation 2017	Rank		Assessed Valuation 2008	Rank	Percentage of Total Valuation
GOLDEN NUGGET LAKE CHARLES LLC	Hotel/Casino	\$ 64,482,610	1	8.59 %	-	-	-
PNK (LAKE CHARLES) LLC	Hotel/Casino	42,807,740	2	5.70 %	41,984,870	1	8.53 %
ENTERGY GULF STATES LOUISIANA	Electric Utility	9,113,260	3	1.21 %	7,158,410	3	1.45 %
CROWLEY MARINE SERVICES	Facilities Support Services	4,773,700	4	0.64 %			
WAL-MART REAL ESTATE BUSINESS TRUST	Retail	4,380,130	5	0.58 %	4,465,530	5	0.91 %
JP MORGAN CHASE BANK NA	Bank	3,971,340	6	0.53 %	3,681,880	7	0.75 %
IBERIA BANK	Bank	3,611,480	7	0.48 %			
CARBOLINE CO	Petrochemical Manufacturing	3,242,430	8	0.43 %			
BOLTON FORD LLC	Car Dealership	317,080	9	0.04 %			
HANCOCK WHITNEY	Bank	3,146,870	10	0.42 %			
Bell South Telecommunications	Telephone				8,357,110	2	1.70 %
Women's & Children's Hospital	Hospital				4,529,050	4	0.92 %
Capital One NA * Hibernia in 2002	Bank	-			4,217,510	6	0.86 %
Cameron State Bank	Bank	-			2,704,990	8	0.55 %
Seabult Towing Services	Offshore Services	-			2,257,500	9	0.46 %
Hertz Lake Charles One, LLC	Rental	-			1,704,410	10	0.35 %
		<u>\$139,846,640</u>		<u>18.62%</u>	<u>\$81,061,260</u>		<u>16.48%</u>

2018 Total city valuation: \$ 750,629,270

2009 Total city valuation: \$ 492,029,555

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: Cancellations and Reductions</b>	<b>Net Tax Levy</b>
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
2017	2016	10,684,965	62,362	10,622,603
2018	2017	10,991,532	144,645	10,846,887

Source: Calcasieu Parish Sheriff & Tax Collector



<b>Less: Outstanding Delinquent Taxes</b>		<b>Net Total Taxes Collected</b>	<b>Percent of Net Taxes Collected</b>	<b>Percent of Delinquent Taxes to Net Levy</b>
\$	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
	34,374	10,588,229	99.68	0.32
	66,975	10,779,912	99.38	0.62

# CITY OF LAKE CHARLES, LOUISIANA

Sales Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Calendar Year		City of Lake Charles										Calcasieu Parish			State of Louisiana				
		Dedicated 1 %										School Board			Law		Tourism		
		General Fund		Public Works		Waste Water		Recreation		Capital Project		Employee's Pay		General	Salaries	Enforcement	General	Promotion	Total
Fiscal Year	Fund	Public Safety																	
2008	2009	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	0.28%	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%	0.28%	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%	0.28%	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%	0.28%	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%	0.28%	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%	0.28%	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%	0.28%	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%	*0.25%	0.28%	0.28%	*1.00%	1.50%	*1.00%	0.75%	3.97%	0.03%	9.25%		
2016	2017	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	*0.50%	0.28%	0.28%	1.00%	1.50%	1.00%	0.75%	**4.97%	0.03%	10.75%		
2017	2018	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.50%	0.28%	0.28%	1.00%	1.50%	1.00%	0.75%	++4.42%	0.03%	10.20%		

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

\*Rate increased from 0.25% to 0.50% January 1, 2016

\*\*Rate increased from 3.97% to 4.97% April 1, 2016

\*\*Rate decreased from 4.97% to 4.42% July 1, 2018

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

# CITY OF LAKE CHARLES, LOUISIANA

Principal Sales Taxpayers

Tax Year June 30, 2018 and June 30, 2009

for Fiscal Year Ended September 30, 2018 and September 30, 2009

2018				2009		
Type of Business	Tax Paid	Rank	Percentage of Total Valuation	Tax Paid	Rank	Percentage of Total Valuation
Retail	\$6,536,352	1	9.77%	\$6,348,564	1	13.75%
Government	3,118,961	2	4.66%	2,019,599	2	4.37%
Grocery	1,370,781	4	2.05%	885,939	5	1.92%
Hotel and Casino	1,015,111	5	1.52%	1,111,230	3	2.41%
Building Supply	924,425	6	1.38%	915,386	4	1.98%
Health Care	765,182	7	1.14%			
Building Supply	665,974	8	1.00%	610,197	7	1.32%
Retail	628,035	9	0.94%	796,968	6	1.73%
Grocery	570,395	10	0.85%	527,354	9	1.14%
Retail	-			582,616	8	1.26%
Retail	-			463,224	10	1.00%
	<u>\$ 18,110,089</u>		<u>27.08%</u>	<u>\$ 14,261,077</u>		<u>30.88%</u>

2018 Total sales tax: \$ 66,882,641

2009 Total sales tax: \$ 46,175,905

# 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	Deferred Amount				2010				Deferred Amount				Total Bonded Debt	Lake Charles City Court Building	Total Loans Debt				
			LCDA Sewer Refunding Bonds	LCDA Public Improvement Bonds	LCDA Public Improvement Bonds	LCDA Public Improvement Bonds	LCDA Public Improvement Bonds	LCDA Public Improvement Bonds	LCDA Public Improvement Bonds	LCDA Public Improvement Bonds	LCDA Public Improvement Bonds	LCDA Public Improvement Bonds									
2009	\$ 5,005,000	\$ 20,100,000	\$ -	\$ -	\$ 32,195,000	\$ 973,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 58,273,952	\$ -	\$ -	\$ 58,273,952	2.46%	\$ 812		
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	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	1,370,241	1,470,503	-	-	-	82,501,896	5,140,268	2,905,000	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	1,370,241	1,370,241	-	-	-	76,692,302	5,015,612	2,805,000	84,512,914	3.17%	1,150		
2014	-	-	10,930,000	313,625	25,565,000	753,436	32,315,000	1,370,241	1,370,241	1,370,241	-	-	-	71,247,302	4,146,649	2,700,000	78,093,951	2.93%	1,063		
2015	-	-	9,535,000	235,219	9,080,000	256,639	30,410,000	1,169,717	15,775,000	15,775,000	854,085	-	-	67,315,660	3,934,648	2,590,000	73,840,308	2.75%	986		
2016	-	-	8,000,000	196,016	7,530,000	224,560	28,445,000	1,069,455	15,605,000	15,605,000	784,364	-	-	61,954,395	10,509,239	2,475,000	74,938,634	2.68%	985		
2017	-	-	6,000,000	156,813	-	-	6,685,000	259,273	15,430,000	15,430,000	714,643	24,140,000	-	57,673,457	17,558,182	2,360,000	74,918,182	2.69%	1,010		
2018	-	-	5,045,000	117,610	-	-	4,550,000	172,849	13,710,000	13,710,000	644,922	24,140,000	-	51,699,336	16,656,001	2,235,000	70,590,337	2.24%	915		

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, 2018

<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	\$ 70,590,337	100%	\$ 70,590,337
Total direct debt	<u>70,590,337</u>		<u>70,590,337</u>
Overlapping:			
Calcasieu Parish School Board	178,081,999	27%	48,251,605
Calcasieu Parish Police Jury	<u>15,152,396</u>	75%	<u>11,329,514</u>
Total overlapping debt	<u>193,234,395</u>		<u>59,581,119</u>
Total Direct and Overlapping Debt	<u>\$ 263,824,732</u>		<u>\$ 130,171,456</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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 56,732	\$ 49,305	\$ 50,314	\$ 50,258	\$ 53,554	\$ 60,093	\$ 67,169	\$ 70,314	\$ 75,308	\$ 75,325
Total net debt applicable to limit	0	0	0	0	0	0	0	0	0	0
Legal debt margin	<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>	<u>\$ 75,308</u>	<u>\$ 75,325</u>
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 2018

(amounts expressed in thousands)

Assessed value	\$ 750,629
Add back: exempt real property	2,634
Total assessed value	<u>\$ 753,263</u>
Debt limit (10% of total assessed value)	\$ 75,325
Total outstanding General Obligation Bonds of City of Lake Charles	<u>-</u>
Legal capacity of City of Lake Charles for General Obligation Bonds	<u>\$ 75,325</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 \$70,348,194 outstanding bonded debt at September 30, 2018. None of this debt is General Obligation Debt secured by ad valorem taxes, and the amount applicable to the legal debt limitation is therefore zero. All City of Lake Charles general obligation debt was paid in fiscal year 1997.

# CITY OF LAKE CHARLES, LOUISIANA

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	Population	Personal Income (amts in thousands)	Per Capita Personal Income (1)	Median Age	Public City School Enrollment (K-12 Grades)	Private City School Enrollment (K-12 Grades)	Total City School Enrollment (K-12 Grades)	Unemployment Percentage Rate
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
2016	76,848	2,879,110	37,465	34.1	13,451	3,998	17,449	4.2
2017	77,117	3,154,856	40,910	35.0	12,756	4,366	17,122	3.2

Notes:

- (1) Estimates for population, income, age and unemployment provided by the Bureau of Labor Statistics 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 2018 and 2009

Employer	Type of Business	2018			2009		
		Number of Employees	Rank	Percentage of Total MSA	Number of Employees	Rank	Percentage of Total MSA
Calcasieu Parish School System	Education	4,963	1	5.7%	4,850	1	5.6%
Lake Charles Memorial Health System	Health Care	2,108	2	2.4%	1,039	9	1.2%
Westlake Chemical Corporation	Chemicals	1,700	3	2.0%			
Turner Industries Group	Contractor	1,650	4	1.9%	2,250	3	2.6%
Golden Nugget	Casino/Hotel	1,514	5	1.8%			
L'Auberge Du Lac	Casino/Hotel	1,300	6	1.5%	2,400	2	2.8%
Sasol Chemicals, LLC	Chemicals	1,084	7	1.3%			
Christus St. Patrick Hospital	Health Care	1,042	8	1.2%	1,085	8	1.3%
Citgo Petroleum Corporation	Oil Refinery	1,032	9	1.2%	1,275	5	1.5%
Calcasieu Parish Sheriff's Office	Law Enforcement	896	10	1.0%			
Axiall Corporation (formerly PPG)	Basic Chemical	-	-	-	1,296	4	1.5%
Calcasieu Parish Police Jury	Government	-	-	-	1,173	6	1.4%
Isle of Capri Casino	Casino/Hotel	-	-	-	1,171	7	1.4%
McNeese State University	Education	-	-	-	844	10	1.0%
		<u>17,289</u>		<u>15.4%</u>	<u>17,383</u>		<u>20.1%</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

	2018	2009
Total employment: Calcasieu Parish	112,259	86,431



# CITY OF LAKE CHARLES, LOUISIANA

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

<u>Functions/Programs</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>	<u>2017</u>	<u>2018</u>
General government	47	48.5	46.5	46.5	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	4	4	4	4	4	4	4	4
Public safety										
Fire	190	190	182	182	182	182	182	182	182	182
Police	192	192	189	189	189	189	196	196	196	196
Public works	166	167	157	157	157	157	165.5	165.5	165.5	165.5
Waste water	64	65	65	65	65	65	65.5	65.5	65.5	65.5
Transit	19	19	19	19	19	19	19.5	19.5	19.5	19.5
Water utility	57	56	56	56	56	56	58.5	58.5	58.5	58.5
Planning and development	24	25	24	24	24	24	25	25	25	25
General services	33	30.5	27.5	27.5	27.5	27.5	29	29	30	30
Community Services	77	77	71	71	71	71	86.5	86.5	87	87.5
<b>Total</b>	<u>904</u>	<u>905</u>	<u>871</u>	<u>871</u>	<u>871</u>	<u>871</u>	<u>908</u>	<u>908</u>	<u>909.5</u>	<u>910</u>

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
* Legal: request for legal action	239	199	90	51	96	102	103	87	75	69
Printing/communication:										
* Number of mail pieces metered	67,550	72,701	130,336	175,019	100,651	121,273	85,851	79,967	61,347	60,135
Risk Management										
Accident reports/investigations	544	632	443	377	415	457	503	553	558	558
Claims	178	289	208	186	205	226	249	273	322	322
Checks issued	15,543	14,760	14,927	23,699	19,750	12,025	11,652	13,520	11,412	11,408
Occupational licenses processed	6,273	6,031	6,027	5,845	5,382	5,134	5,193	5,206	5,206	5,206
Purchase orders processed	3,290	2,881	2,785	2,800	2,825	2,653	2,694	2,938	2,840	2,606
Water: number of customers	28,124	28,886	28,775	28,926	29,704	30,042	29,980	30,226	30,862	30,993
Water: Average daily consumption (millions of gallons per day)	9.33	8.87	9.05	9.03	8.65	8.42	8.75	8.68	10.73	9.65
Human Resources										
Applications received	961	1,000	1,327	1,250	1,328	1,100	971	1,011	956	825
New hires	462	425	432	364	436	325	416	412	417	438
Employee Health Fair Participatio	285	300	320	325	375	450	530	450	405	289
Public safety										
Fire: Calls for service	2,588	2,790	2,863	2,768	2,807	2,996	3,299	3,619	3,979	4,543
* Fire: Code inspections	3,594	4,465	7,305	4,000	7,386	2,929	2,929	2,929	2,929	2,929
Police: Calls for service	90,995	96,732	107,100	108,064	125,161	121,384	106,110	130,060	128,351	132,455
Public works										
Solid Waste										
* Tons garbage collected	26,320	25,814	24,515	23,951	25,018	25,563	25,855	26,782	27,048	27,283
* Tons incinerated	2,322	2,905	4,857	4,163	4,340	8,343	4,920	4,761	4,351	4,787
* Tons trash collected	9,583	7,930	5,957	6,208	6,212	7,053	7,032	7,295	7,557	7,214
* Streets: Work orders	1,289	1,863	2,708	1,234	1,370	1,734	1,556	2,054	2,054	2,054
* Transit: Bus riders	175,875	190,834	219,802	223,407	228,068	267,126	265,459	258,442	262,603	261,964
* Vehicle Maintenance: Work order	4,291	5,867	5,689	5,841	5,877	5,498	6,078	6,598	6,444	5,660
* Waste water: Work orders	9,508	11,100	5,490	6,000	12,371	11,898	11,787	13,823	11,195	20,199
Planning and development										
Building permits issued	4,162	6,395	6,073	4,356	4,762	4,122	4,603	4,840	4,331	3,983
Community Development										
* Down Payment Assistance	17	22	15	24	17	14	17	11	3	4
* Rehab/Reconstruction	8	9	12	13	12	8	5	3	6	5
* Street Projects	3	0	1	2	2	1	0	0	2	2
Community Services										
Recreation and parks										
* Athletic teams	279	292	311	313	877 <sup>+</sup>	913 <sup>+</sup>	823	808	808	808
* Summer camp attendance	219	480	472	447	425	430	355	355	355	355
* Civic Center: Events	377	358	368	353	352	340	356	344	332	347
Golf Course: Rounds of golf	36,464	23,852	31,900	30,318	36,317	36,641	33,000	32,780	30,439	33,070
Art Center/museum										
* Art exhibits	9	11	16	16	15	15	16	15	16	16
* Concerts/Events	35	100	119	25	24	19	28	26	16	15

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	2	2
Police:										
Stations	4	4	4	4	4	4	3	4	7	7
Patrol Units	92	92	92	98	94	111	87	114	154	179
Solid Waste/Recycling										
Collection trucks	30	34	32	32	32	33	33	33	33	32
Streets										
Streets (miles)	460	460	460	503	534	534	535	549	553	562
*     Streetlights	9,285	9,285	9,285	14,000	10,000	10,000	11,000	11,000	11,000	11,000
*     Traffic Signals	66	66	66	68	66	62	64	66	64	66
Transit										
Public Buses	7	7	7	4	5	4	4	5	5	5
Para-transit buses	4	4	4	2	2	2	2	2	2	2
Trolley	-	1	1	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	18	18	18	18	18	18	18	18	20
Water utility										
*     Water mains (miles)	458	458	460	465	430	470	473	480	480	490
*     Fire hydrants	2,850	2,850	2,900	2,954	3,000	3,000	3,050	3,100	3,150	3,300
*     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	466	466	466	465	502	502	502	502	502	502
Parks	34	34	34	33	33	33	33	33	33	33
Swimming Pools	2	2	2	2	2	2	2	2	2	2
***     Spray parks	3	2	2	2	2	2	2	2	2	2
Tennis courts	17	17	17	15	11	11	11	11	11	11
Community Centers	12	12	12	12	13	13	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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**CITY OF LAKE CHARLES, LOUISIANA**

**UNIFORM GUIDANCE  
SUPPLEMENTARY REPORTS**

**YEAR ENDED SEPTEMBER 30, 2018**

CITY OF LAKE CHARLES  
LAKE CHARLES, LOUISIANA

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

Honorable Mayor Nicholas Hunter  
and City Council  
City of Lake Charles  
Lake Charles, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Lake Charles, Louisiana's basic financial statements, and have issued our report thereon dated March 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Lake Charles, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Lake Charles, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Lake Charles, Louisiana's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a

timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Lake Charles, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*McElroy Quirk & Burch*

Lake Charles, Louisiana  
March 27, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE

Honorable Mayor Nicholas Hunter  
and City Council  
City of Lake Charles  
Lake Charles, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Lake Charles, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Lake Charles, Louisiana's major federal programs for the year ended September 30, 2018. The City of Lake Charles, Louisiana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Lake Charles, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal*

Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lake Charles, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City of Lake Charles, Louisiana's compliance.

#### Opinion on Each Major Federal Program

In our opinion, the City of Lake Charles, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

#### Report on Internal Control Over Compliance

Management of the City of Lake Charles, Louisiana is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Lake Charles, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Lake Charles, Louisiana's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise City of Lake Charles, Louisiana's basic financial statements. We issued our report thereon dated March 27, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Mr. Elroy Quirk & Bunah*

Lake Charles, Louisiana  
March 27, 2019



CITY OF LAKE CHARLES, LOUISIANA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For Period Ending September 30, 2018

<u>Grant Type</u>	<u>Federal CFDA Number</u>
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT:</b>	
Direct program:	
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Community Development Block Grant	14.218
Total CFDA Number 14.218	
Passed Through Louisiana Department of Administration:	
HUD Emergency Shelter Grant	14.231
HUD/HOME Grant Program	14.239
HUD/HOME Grant Program	14.239
HUD/HOME Grant Program	14.239
HUD/HOME Grant Program	14.239
Total Passed Through Louisiana Department of Administration	
Total U.S. Department of Housing & Urban Development	
 <b>U.S. DEPARTMENT OF HEALTH AND HOSPITALS:</b>	
Direct program:	
Beach Monitoring and Notification Program	66.472
 <b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>	
Passed Through Louisiana Department of Military Affairs:	
Public Assistance Grant	97.036
Hazard Mitigation Grant Program	97.039
Port Security Grant	97.056
State Homeland Security Grant Program	97.067
Total U.S. Department of Homeland Security	

<u>Grant Number</u>	<u>Grant Period</u>		<u>Grant</u>	<u>Current</u>
	<u>From</u>	<u>To</u>	<u>Receipts</u>	<u>Expenditures</u>
B-14MC-22-0004	10/1/17	9/30/18	\$ 14,252	\$ 14,252
B-15MC-22-0004	10/1/17	9/30/18	127,366	127,366
B-16MC-22-0004	10/1/17	9/30/18	96,504	96,504
B-17MC-22-0004	10/1/17	9/30/18	43,195	43,195
B-16MC-22-0004	10/1/17	9/30/18	212,808	212,808
			<u>494,125</u>	<u>494,125</u>
ESGP-2016-2018	10/1/17	9/30/18	40,051	40,051
B-14-MC-22-0208	10/1/17	9/30/18	9,323	9,323
B-15-MC-22-0208	10/1/17	9/30/18	43,475	43,475
B-16-MC-22-0208	10/1/17	9/30/18	109,751	109,751
B-17-MC-22-0208	10/1/17	9/30/18	34,907	34,907
			<u>237,507</u>	<u>237,507</u>
			<u>731,632</u>	<u>731,632</u>
I-10 Beach	10/1/17	9/30/18	<u>1,250</u>	<u>1,250</u>
FEMA-1607-DR-LA	10/1/17	9/30/18	818,378	590,715
FEMA-1786-DR-LA	10/1/17	9/30/18	10,926	10,926
EMW-2017-PU-00262-S01	10/1/17	9/30/18	22,600	22,600
EMW-2016-SS-00018S01	10/1/17	9/30/18	4,500	4,500
			<u>856,404</u>	<u>628,741</u>

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For Period Ending September 30, 2018  
(Continued)

<u>Grant Type</u>	<u>Federal CFDA Number</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>	
Direct Program:	
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Total CDFA Number	20.507
Federal Highway Administration	20.205
Passed Through Louisiana Highway Safety Commission:	
Highway Safety	20.600
Total U.S. Department of Transportation	
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>	
Passed Through Louisiana Department of Education:	
Child Nutrition Summer Food Program	10.559
<b>U.S. DEPARTMENT OF JUSTICE:</b>	
Direct Program:	
COPS	16.710
HIDTA	95.001
US Marshal Service	16.922
Total U.S. Department of Justice	
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:</b>	
Passed Through Louisiana Volunteer Commission:	
AmeriCorps 2017-2018 Grant	94.006
AmeriCorps 2018-2019 Grant	94.006
Total for CFDA Number	94.006
<b>TOTAL FEDERAL AWARDS</b>	

Grant Number	Grant Period		Grant Receipts	Current Expenditures
	From	To		
LA-2016-014	10/1/17	9/30/18	114,352	114,352
LA-2017-023	10/1/17	9/30/18	1,635,436	1,635,436
LA-900-414	10/1/17	9/30/18	43,250	43,250
LA-2016-014	10/1/17	9/30/18	625,609	625,609
LA-950-008	10/1/17	9/30/18	299,200	299,200
LA-04002400	10/1/17	9/30/18	13,950	13,950
			<u>2,731,797</u>	<u>2,731,797</u>
H.007417	10/1/17	9/30/18	73,991	73,991
2018-30-35	10/1/17	9/30/18	<u>19,227</u>	<u>19,227</u>
			<u>2,825,015</u>	<u>2,825,015</u>
7CFR Part 25.7	10/1/17	9/30/18	<u>499,677</u>	<u>510,468</u>
2014UMWX0011	10/1/17	9/30/18	166,649	166,649
G18GC0001A	10/1/17	9/30/18	95,120	95,120
JLEOTFS425302	10/1/17	9/30/18	<u>13,875</u>	<u>13,875</u>
			<u>275,644</u>	<u>275,644</u>
12AFHLA0010002	10/1/17	9/30/18	152,842	152,842
12AFHLA0010002	10/1/17	9/30/18	<u>21,339</u>	<u>21,339</u>
			<u>174,181</u>	<u>174,181</u>
			<u>\$ 5,363,803</u>	<u>\$ 5,146,931</u>

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2018

Note A. Scope of Audit

The audit was performed pursuant to the *Single Audit Act of 1996* and the *Uniform Guidance*.

Summary of significant accounting policies:

The Schedule of Expenditures of Federal Awards has been prepared on the full accrual basis of accounting used by the City in preparation of the government wide financial statements that report these awards. The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The preparation of the Schedule of Expenditures of Federal Awards in conformity with accounting principles generally accepted in the United States of America requires management to make certain assumptions that affect the reported amounts of expenditures during the reporting period. Actual results could differ from those estimates.

Note B. Disbursements

Disbursements reported in the Schedule of Expenditures of Federal Awards cannot be traced, in every case, directly to the disbursements reported in the City's Comprehensive Annual Financial Report (CAFR). However, the detailed information regarding the disbursements reflected in both issued reports can be traced to the City's detailed general ledger with adjustments for any year-end financial statement accruals and reversals.

Note C. Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City that were received directly from federal agencies or passed through other entities and governmental agencies.



The City has prepared this Schedule of Expenditures of Federal Awards to comply with the provisions of the Uniform Guidance. The Uniform Guidance stipulates that a Schedule of Expenditures of Federal Awards be prepared showing total expenditures of each federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA) and for other federal financial awards that have not been assigned a catalog number.

Note D. Major Federal Awards Program

The City's major federal awards programs for the year ended September 30, 2018 were determined based on program activity. The City's major programs for the year ended September 30, 2018 were all federally assisted high risk "Type A" programs.

Note E. Department of Environmental Quality Loan

The Department of Environmental Quality (DEQ) Loan is a loan program through which the State of Louisiana receives federal money to then loan to municipalities to improve water treatment. The U.S. Environmental Protection Agency (USEPA) is the federal agency administering the grant. The Louisiana Department of Environmental Quality (LDEQ) is the pass-through agency. The City of Lake Charles is receiving money from the State under the loan program. The City of Lake Charles entered into the loan agreement on June 23, 2011 for an amount not to exceed \$21,000,000. The DEQ loan disburses funds to the City of Lake Charles after the expenditure is made. Interest of .45% per annum on the outstanding balance is paid semi-annually. At September 30, 2018, the principal balance is \$16,656,001.

Note F. Subrecipient Payments

1. CDBG - Subrecipient payments in the amount of \$35,994 to Family and Youth.
2. CDBG - Subrecipient payments in the amount of \$34,408 to Catholic Charities.
3. CDBG - Subrecipient payments in the amount of \$2,310 to New Covenant Faith.
4. CDBG - Subrecipients payments in the amount of \$11,284 to The Open Door.
5. CDBG - Subrecipient payments in the amount of \$615 to Girlie Girls Monitoring Program.
6. CDBG - Subrecipient payments in the amount of \$3,019 to Southwest Louisiana Law Center.

7. CDBG - Subrecipient payments in the amount of \$5,858 to SWLA Area Health Education Center.
8. CDBG - Subrecipient payment in the amount of \$2,019 to Lake Charles North Redevelopment Authority.

Note G. Subsequent Events

The City is required to evaluate events or transactions that may occur after the schedule of expenditures of federal awards date for potential recognition or disclosure in the notes to the schedule of expenditures of federal awards. The City performed such an evaluation through March 27, 2019, the date which the schedule of expenditures of federal awards was available to be issued, and noted no events or transactions that occurred after the schedule of expenditures of federal awards date requiring recognition or disclosure.

Note H. Indirect Cost Rate

The City elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended September 30, 2018

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Administration

Dollar threshold used to distinguish  
between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?   X   Yes        No

(continued on next page)

CITY OF LAKE CHARLES, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended September 30, 2018  
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings to report.

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

No findings to report.

CITY OF LAKE CHARLES, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS  
Year Ended September 30, 2018

No findings to report.