

CITY OF LAKE CHARLES, LOUISIANA

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

for the
Fiscal Year Ended
September 30, 2009



Prepared by
Department of Finance

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6/16/10

CITY OF LAKE CHARLES
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2009

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CITY OF LAKE CHARLES

RANDY ROACH
MAYOR

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DEPARTMENT OF FINANCE
KAREN D HARRELL, DIRECTOR

March 24, 2010

Honorable Randy Roach, Mayor
Members of the City Council

Dear Mayor and City Council Members

In accordance with requirements of the City's Charter and applicable state law, I am pleased to submit the Comprehensive Annual Financial Report of the City of Lake Charles for the fiscal year ended September 30, 2009. This report has been prepared by the City's Finance Department in conformity with generally accepted accounting principles (GAAP), and the basic financial statements contained herein have been independently audited in accordance with generally accepted auditing standards. However, the completeness and reliability of all information presented in this report remains the responsibility of the City's management. McElroy, Quirk, and Burch (APC), a firm of licensed certified public accountants, have audited the City of Lake Charles's financial statements. The purpose of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion on these financial statements. The independent auditor's report is presented as the first component of the financial section of this report.

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

City Profile

The City of Lake Charles was incorporated in 1867 and is the principal city and trade center of Southwestern Louisiana, which is comprised of a five parish area with an estimated population of 285,853 in 2008. The Research Division, College of Administration and Business, Louisiana Tech University estimates a population of 74,668 within the corporate limits of the City which includes 43 square miles. Lake Charles, which is in Calcasieu Parish, is located on Interstate 10, approximately two hours east of Houston, Texas and west of Baton Rouge, Louisiana.

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

The City adopts an annual operating budget and a project-based capital budget in accordance with procedures established by its charter and by state statute. Although the budget document is comprehensive, covering all funds under the City's control, legal control of expenditures is exercised primarily at the department level for the General Fund and for each Special Revenue Fund pursuant to charter and statutory requirements. Budget-to-actual comparisons for major funds of these types are included in this report.

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

Economic Environment

Lake Charles is a deep water port with a 30-mile ship channel to the Gulf of Mexico, and has developed an economic base dominated by petrochemical manufacturing and refining since the 1940's. Southwest Louisiana has diversified its economy as is evident when you consider the following major economic drivers. The Port of Lake Charles is the 12th largest port in the United States. Chennault Industrial Airpark and the Lake Charles Regional Airport support a growing aviation industry. Lake Charles is home to McNeese State University and Sowela Technical Community College. Riverboat Gaming was introduced in 1993 and has provided funding for major capital improvements since that time. Retail businesses within the City provide goods and services to a five parish regional area. Annual art events and over 75 annual festivals provide entertainment to both locals and visitors. The City's website states, "Lake Charles possesses many of the appealing characteristics and qualities of a great urban center, yet maintains that 'personable feel' of a smaller town" and "is an inviting place to call home."

The City's current administration has a strong focus on quality of life issues. In a recent "State of the City" presentation, the City's commitment to enhancing the community for our citizens was very apparent. The City's investment in our parks and recreation facilities and programs as well as the arts and cultural events are as vital to the quality of life as are the roads, bridges and other infrastructure.

Although the City is feeling the effects of the national economy there have been many positive business developments in our area. Below are recent and current development projects.

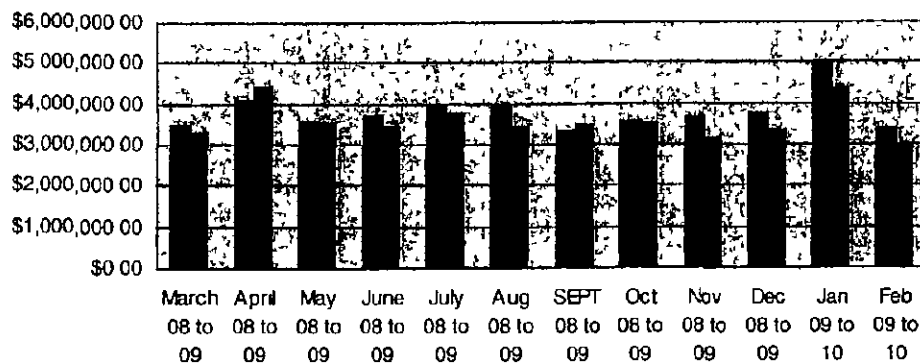
- Global Modular Solutions, LLC has completed a portion of its \$120 million manufacturing plant for modules and components for nuclear power plants in Lake Charles on property at the Port of Lake Charles. Estimated are 450 construction jobs as well as 1,400 new jobs when the facility is operating at full capacity.
- Construction has begun on Pinnacle Entertainment's new \$305 million Sugarcane Bay Casino, with completion planned for June 2011. This facility will be adjacent to their highly successful L'Auberge du Lac Casino Resort and will generate about 700 construction jobs and 1,000 new permanent jobs.
- Lake Charles Cogeneration, LLC will soon begin construction of a \$1.3 billion gasification plant along the Calcasieu Ship Channel at the Port of Lake Charles. It is anticipated that there will be more than 1,900 local jobs indirectly created to support the plant and 3,000 estimated construction jobs.
- Northrop Grumman announced in October 2009 that it has been awarded a \$3.9 billion Air Force contract to refurbish 59 KC-10A refueling tankers. The portion of the work that will be done at Chennault International Airport means an additional 300 jobs at their current facility and stabilizes a longer-term presence for this company.
- Aeroframe Services announced in February 2010 a major expansion to its facilities that are located at Chennault International Airport. Aeroframe, which specializes in maintenance, repair and overhaul of aircrafts, will add at least 300 new, direct jobs this year with an average salary of \$55,000, plus benefits.
- The completion of a \$28 million passenger terminal at the Lake Charles Regional Airport and the return of American Eagle Airlines with service to Dallas doubled passenger airline services as it joins with Continental Express which flies to Houston.
- Kohl's Department Store recently opened in the Prien Lake Mall. This \$3.2 million investment was needed to fill space that had been vacant since the Macy's Department Store had closed in March 2008.

- The construction of many new hotels and apartment complexes in our area recently resulted in Business Week magazine's designation of Lake Charles as the No. 1 building market in the country (September 17, 2009 issue). Business Week also named Lake Charles as the "Best place to raise your kids in Louisiana" (November 17, 2009 issue)
- The June 1, 2009 groundbreaking for the lakefront promenade was cited by the Lake Charles American Press as "the most significant lakefront construction project since the Civic Center was built in 1970." This \$4 million project is scheduled for completion in summer 2010 and is the anchor for \$32 million of downtown development projects which are supported by the City of Lake Charles. A construction of a \$18 million marina is complete on the lakefront.

Although we have much good news to share in Lake Charles and we have fared better than most areas during this national recession, our recent economic news indicates that our area is feeling the effects that have plagued the national economy.

- Sales tax revenues, which account for the majority of the City's revenue and serves as a strong economic indicator, have decreased 12.57 percent in the past 4 months compared to the same period in the prior year. Only two months collections in the display below showed positive growth. Total decline for the displayed 12 month period is 6.3 percent or \$2.9 million dollars.

City of Lake Charles Monthly Sales Tax Collections



- Gaming revenues have declined over the previous year's collections by 1.2% for the three local riverboats and racetrack for the period July 2009 through February 2010 compared to the same prior year period per records provided by Louisiana State Police.
- Grand total real estate trends were down 18.6 percent or \$55 million in 2009 compared to 2008, as per SWLA Association of Realtors.
- Unemployment in Calcasieu Parish was at 6.9 percent in December 2009 compared to 4.9 percent in the previous December. Although this is an increase for our area, it is significantly lower than the 9.7 percent national unemployment rate.

Current and Future Financial Plans

The current trend of double digit reductions in sales tax has the City taking a serious look at all expenditures. We have asked our departments for a voluntary reduction of 6 percent of their adopted budgets. We are evaluating each

vacant position prior to allowing the departments to fill them. Although the City has strong cash reserves, the adopted 2010 General Fund operating budget projects a \$2.3 million draw down of reserves. If the trend in sales tax continues, that deficit could increase by a projected \$4 million.

The City issued \$35 million in bonds in May 2007 for Phase 1 of the \$90 million capital improvement plan that was approved by Lake Charles voters. To date the City has spent \$32 million of the bond proceeds and has an additional \$7.7 million in outstanding construction commitments related to the bond issue. Local road projects, water and sewer extensions, recreation improvements and downtown development make up the majority of the spending.

As the City moves forward with Phase 2 of the bond projects, we are in the process of issuing \$40 million in revenue bonds that will be issued on a parity with the Series 2007 Bonds. The majority of this money will be used for the Enterprise Boulevard extension and Lake Street road projects and downtown development. Downtown development is a hot topic in the Lake Charles area, and \$18 million of the bond issue was allocated for that initiative. The City has been awarded funding from other sources and plans to spend upwards of \$32 million in the next two years on the lakefront and downtown area.

In October 2009, the City refunded \$21 million in variable rate bonds that were originally issued in 2003 and was used to construct Plant D Wastewater Treatment Plant. The new issue was \$17,735,000 with a 12 year fixed-rate term.

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

Bond Projects

- McNeese Street road extension - \$7 million project under construction, completion date November 2010
- Lake Street improvements - \$9 million estimate, bid date May 2010 with completion date expected in early 2012
- Enterprise Boulevard extension - \$17 million estimate, bids will be accepted in June 2010 with completion expected in 2012
- Lake Street/West Prien Lake Road intersection improvements - \$1.8 million project under construction, completion date September 2010
- Water and sewer projects - \$2.4 million completed projects, \$9 million under construction to be completed in within the next couple of months
- Power Center Parkway extension - \$5.3 million completed 2010
- Recreation 7 Parks Improvement Project - \$2.1 million completed 2009
- Civic Center improvements - \$1.6 million center section completed 2009
- Marina project - \$1.9 million completed 2010

Capital Projects

- Lakefront Promenade - \$4 million under construction, completion date August 2010
- Sale Road reconstruction - \$3.8 million in design phase, estimated start date January 2011
- Various smaller road, asphalt overlay, sidewalk and drainage projects under design, recently bid or under construction - \$4.6 million
- Recreation projects, primarily Tuten and Riverside Park development \$2.4 million, bid date expected summer 2010
- Transit Facility - \$4.2 million design phase complete, estimated bid date April 2010
- Creole Street fire station rebuild - \$1.4 million under construction, completion date 2010
- Asphalt overlay of four major streets - \$5 million stimulus funding in design
- Hollyhill Road improvements - \$2.8 million completed 2009
- Mallard Cove clubhouse rebuild - \$1.8 million completed 2010

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

- Bord du Lak Park and Amphitheater redesign and reconstruction - \$11 million estimate
- Ryan Street Streetscape - \$7.5 million estimate
- Gill Street extension - \$3.4 million estimate
- Gateway – Python Coulee surge protection and Ryan Street bridge rebuild - \$1 million estimate
- Highway 385 multi use trail - \$745,000 estimate

Long-term financial planning.

The unreserved, undesignated fund balance in the General Fund is \$23.4 million which is 38 percent of the 2010 budgeted expenditures and non-capital transfers. Historically the City's policy has been to maintain a 35 percent minimum fund balance target for the General Fund. However, the administration has evaluated this policy, given the recent hurricanes which demonstrated the need for cash reserves during emergency times, and determined that a 30 percent fund balance target will provide sufficient reserves.

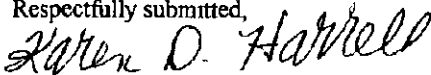
Awards and Acknowledgements

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, 2008. The City also received this award for its reports of the preceding twenty-four years. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. Such reports must satisfy both GAAP and applicable legal requirements.

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

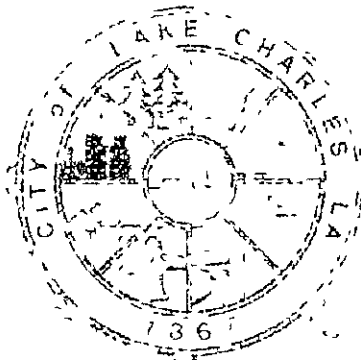
The preparation of this report could not have been accomplished without the efficient and dedicated efforts of the entire Finance Department staff. We also wish to acknowledge the continued interest and support of the City's elected officials in maintaining an effective financial management and reporting program.

Respectfully submitted,



Karen D. Harrell
Director of Finance

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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lake Charles
Louisiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

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

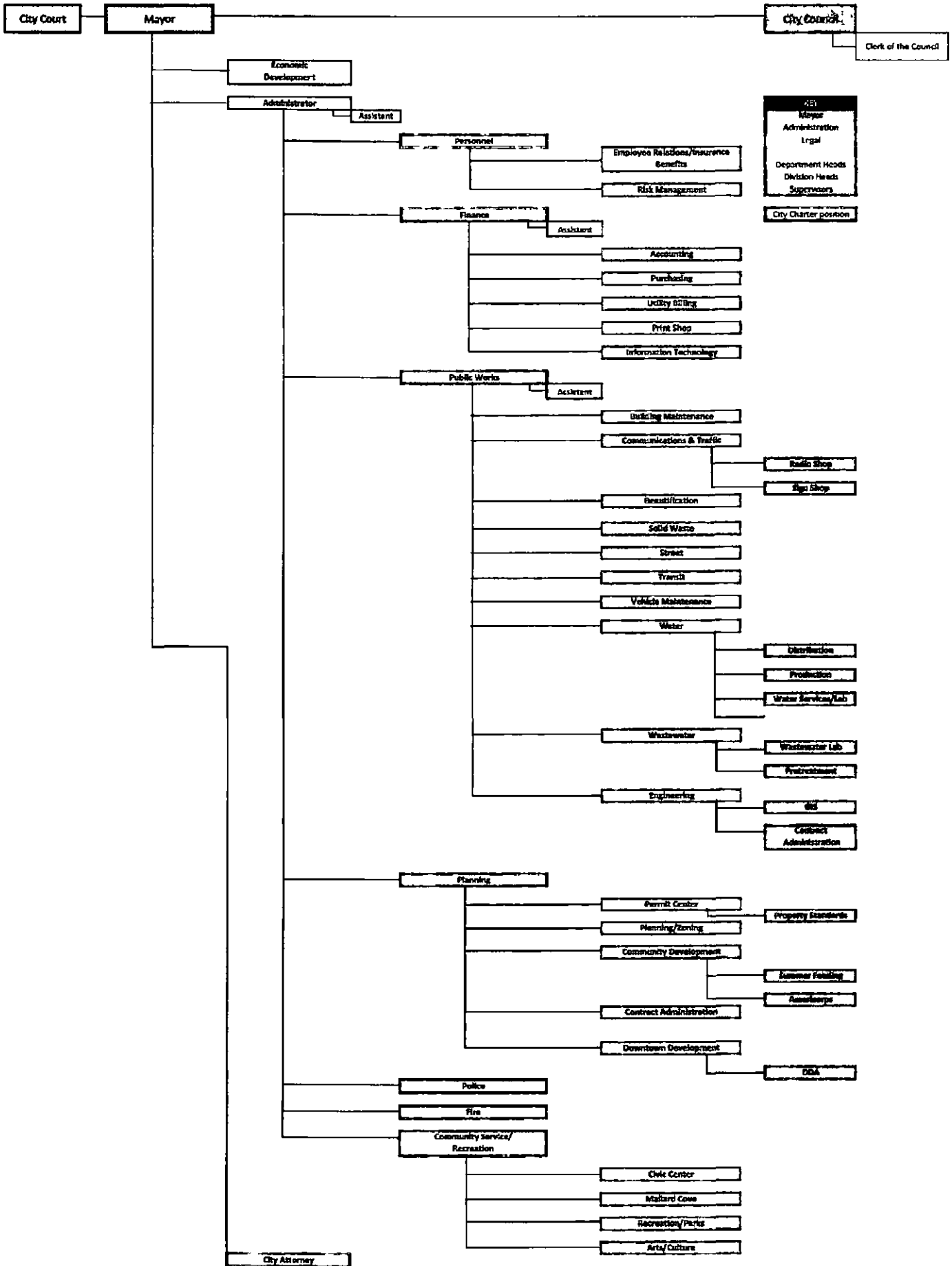


President

Executive Director

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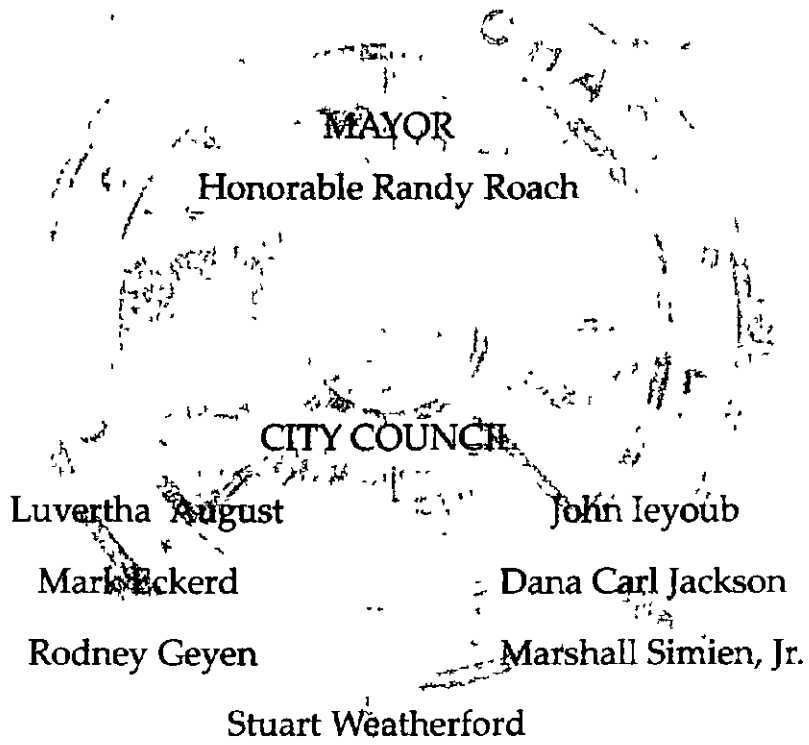
ORGANIZATIONAL CHART City of Lake Charles, Louisiana



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CITY OF LAKE CHARLES

Lake Charles, Louisiana



MAYOR

Honorable Randy Roach

CITY COUNCIL

Luvertha August

John Ieyoub

Mark Eckerd

Dana Carl Jackson

Rodney Geyen

Marshall Simien, Jr.

Stuart Weatherford

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McELROY, QUIRK & BURCH

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Gus W. Schram III, CPA, CVA, Retired

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

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Lake Charles, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of September 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America and the respective budgetary comparison information for the General Fund and the Major Special Revenue Funds.

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2009, on our consideration of the City of Lake Charles, Louisiana's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Management's discussion and analysis on pages 15 through 26, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purposes of forming opinions on the financial statements that comprise the City of Lake Charles, Louisiana's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedules of revenues, expenditures, and changes in fund balances – budget and actual, schedules of capital assets used in operation of governmental funds and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, schedules of revenues, expenditures, and changes in fund balances – budget and actual, and schedules of capital assets used in operation of governmental funds have been subjected to the auditing procedures applied in the audit of basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

MS Elroy, Quick & Bench

Lake Charles, Louisiana
March 22, 2009

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, 2009, and accompanies the basic financial statements beginning on page 24 of this report. The transmittal letter on pages 1 - 4 of this report provides further information from a broader perspective, and should be consulted in conjunction with this discussion and the financial statements themselves for a more complete understanding of the City's financial condition and economic environment.

Financial Highlights

- The City's net assets increased by \$9.8 million or 2.8 percent during the year to a total of \$367.3 million. Unrestricted financial assets comprise 17.6 percent of this total. Most of the increase is related to the City's ongoing investment in capital assets.
- Capital assets increased by \$18 million, net of depreciation, representing an increase of 5.9 percent from 2008. Land acquisition for parks and the new transit facility totaled \$1.3 million during the year. Increases in completed projects include \$6.3 million for paving projects and \$3.7 million for sewer improvements that were funded primarily from the city capital improvement funds. \$2.9 million for completed water line improvement projects were funded both with bond and city capital improvement funds.
- The City currently has \$83.4 million in construction in progress, which accounts for the remainder of the increase in capital assets. The City currently has spent \$7 million on 9 various water and sewer bond projects that are under contract. Power Center Parkway, a \$5 million bond road project, was recently accepted as substantially complete. The McNeese Street Extension, which is included in the local road category of the bond issue at \$7 million, is currently under contract. \$4.5 million has been spent on Downtown Development projects and are being funded by bond funds and Community Development Block Grant Recovery Funds. Development of a new \$42 million wastewater treatment plant continues and the final phase of work is nearing completion. Major renovations of \$10 million to George West Water Plant are nearing completion with the final phase being the construction of a \$1.3 million ground storage tank at the facility. The construction of a new club house at the golf course is nearly completed at a total cost of \$1.8 million, most of which was paid for with disaster recovery funds.
- Total revenue from both governmental and business-type activities was \$106.5 million, a decrease of 3.6 percent from the previous year total of \$110.5 million. Total grants and contributions revenues remain constant although the distribution between operations and capital changed due to the nature of the receipts received, primarily for disaster recovery. Sales tax revenues decreased slightly by nearly 1 percent in 2009 from the prior year, those collections of \$45 million account for over 42 percent of total revenues. Riverboat revenues increased to \$9.1 million in 2009. Due to continued low return on investments, earnings decreased by \$2 million from 2008 earnings. The largest revenue reduction is in miscellaneous general revenues where \$2.3 million was recorded in fiscal year 2008 for developer donated infrastructure, and no such donation was received in fiscal year 2009.
- The 2009 governmental fund expenditures of \$97.5 million are an increase of 8.2 percent from the \$90 million spent in 2008. Capital expenditures increased from \$19 million in 2008 to \$28 million in 2009 as the City moves forward with bond issue projects, primarily on roads, parks, water and sewer projects and downtown development.
- Total governmental fund balances were reduced by \$11.9 million in 2009. The General Fund transferred \$5 million to other funds for capital improvements and \$2 million to the Risk Management Internal Service Fund but still retains a fund balance of \$28 million. The Capital Project fund balance was reduced by \$8.5 million as the City draws down on the proceeds from the bonds that were issued in 2007.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Financial Statements

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

- 1 Government-wide financial statements, which are designed to provide an organization-wide overview similar in nature to the form of reporting used for private-sector businesses. The two components of this presentation are
 - The Statement of Net Assets, which is roughly equivalent to a private business balance sheet, summarizing all of the City's assets and liabilities and reporting the difference between the two as "net assets." Changes in net assets over time may provide an indication of either an improving or declining financial position.
 - The Statement of Activities is an organization-wide operating statement, which accounts for changes in net assets during the City's 2009 fiscal year. This statement takes into account all revenues and expenses accrued for that year, regardless of when cash is received or paid.

The government-wide statements presented on pages 24 - 25 of this report are a result of the financial reporting model established by Governmental Accounting Standards Board Statement No. 34. These statements also distinguish governmental activities, which are those city functions principally supported by taxes and intergovernmental revenues, from business-type activities which are intended to recover a significant portion of their costs through user fees and charges. The City's governmental activities include such functions as public safety (fire and police) and public works (principally streets, sanitation and sewerage), while its business-type activities consist of a civic center, golf course, transit system, and water utility.

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

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

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

The City maintains twelve individual governmental funds, seven of which are classified as major and are separately displayed in the governmental fund statements beginning on page 26 of this report. The remaining five funds are aggregated into a single display on those statements but are individually presented in the combining statements referred to below.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

- 3 Notes to the financial statements provide additional information and explanation necessary for full understanding of the government-wide and fund financial statements and are presented on pages 42 - 64 of this report
- 4 Other information, consisting of the combining statements for the five non-major governmental funds and two internal service funds, is presented immediately following the notes to the financial statements
- 5 The statistical section contains primarily trend data and non-financial information about the City's various activities

City-wide Financial Analysis

As shown on the government-wide financial statements, the City's net assets at the end of 2009 were \$367,252,721, with 74.1 percent of this total consisting of capital assets, i.e., physical plant, equipment, and infrastructure, less related outstanding debt. An additional 8.3 percent of net assets are externally restricted by law or contract, leaving 17.6 percent as unrestricted net assets which are generally available for use at the City's discretion. Year-end assets, liabilities, and net assets are summarized below. It should be noted that the investment in capital assets is not available as a financial resource for payment of related debt, other liabilities, or future costs, which will require the use of either existing financial resources or future revenues. Also note that capital assets are reported net of accumulated depreciation, and that the infrastructure portion of these reported assets includes only those projects completed since 1975.

**NET ASSETS
(in thousands)**

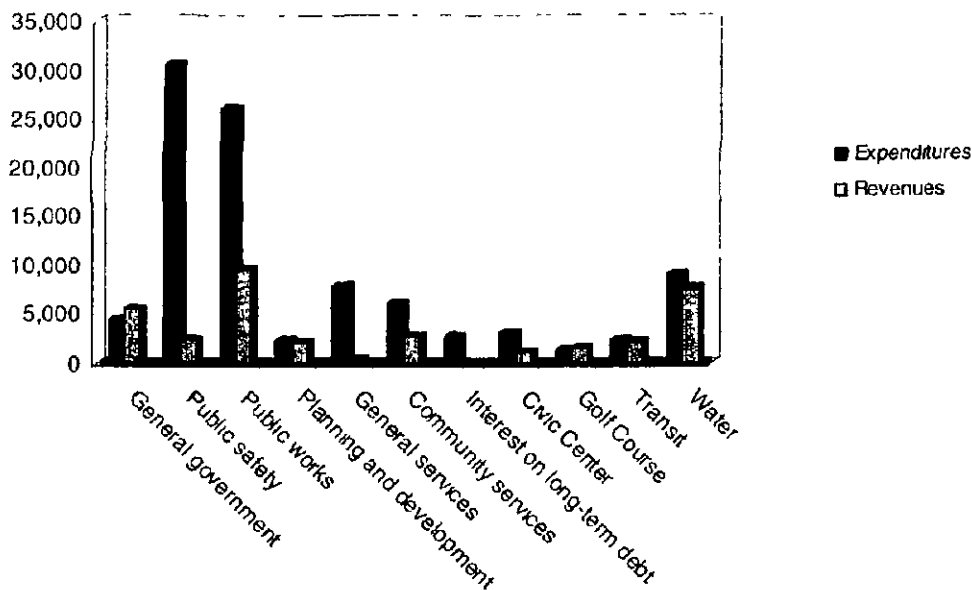
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$124,156	\$136,404	\$ 5,106	\$ 3,287	\$129,262	\$139,691
Capital assets	254,661	237,934	67,502	66,241	322,163	304,175
Total assets	378,817	374,338	72,608	69,528	451,425	443,866
Long-term liabilities	61,637	68,903	622	541	62,259	69,444
Current and other liabilities	19,792	14,834	2,121	2,191	21,913	17,025
Total liabilities	81,429	83,737	2,743	2,732	84,172	86,469
Net assets						
Invested in capital assets,						
net of debt	204,550	200,193	67,502	66,241	272,052	266,434
Restricted	30,622	42,220	-	-	30,622	42,220
Unrestricted	62,216	48,188	2,363	555	64,579	48,743
Total net assets	\$297,388	\$290,601	\$69,865	\$66,796	\$367,253	\$357,397

MANAGEMENT'S DISCUSSION AND ANALYSIS

Net assets increased by \$9,855,041 or 2.8 percent for the City as a whole during the 2009 fiscal year. The change in net assets for governmental activities was a 2.3 percent increase, while business-type activities experienced a 4.6 percent increase. Most of the change is related to increases in capital assets. The City implemented GASB Statement No. 45 which requires recognition of Other Postemployment Benefits which reduced the City's net assets by \$424,116. The amount recorded as a long-term liability on the statement of net assets for governmental funds is \$372,135 which includes \$5,353 for the internal service fund and \$51,981 for the business type activities.

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

Expenses and Program Revenues



On an overall basis, the City's total costs in 2009 were \$80 million for governmental activities and \$16 million for business-type activities. The portions not covered by program revenues, or net costs funded by taxes and other general revenues, were \$57.4 million for governmental activities and \$3.7 million for business-type activities. The public safety function (fire and police) historically accounts for the largest share of net cost, with \$28 million in excess expenses over program revenues during 2009. Total expenses of \$96.6 million are a 5.6 percent increase over 2008 expenses of \$91.5 million. All employees received a pay increase in fiscal year 2009 resulting in an overall increase of 5% in total salary and fringe benefit cost. Claims expense in the Internal Service Funds increased by \$4 million in fiscal year 2009, primarily due to the \$3 million settlement of a lawsuit between the City and the Firefighter employees over a supplemental pay issue.

The City's total revenue for 2009 was \$106 million, compared to 2008 revenues which were \$110.6 million. This total, covering both governmental and business-type activities, represents a 4.2 percent decrease from 2008. Although Charges for Services increased slightly more than \$1 million during 2009, primarily due to increased collection for utility user fees, general revenues such as sales taxes, franchise fees and other miscellaneous revenues were down by over \$5 million from fiscal year 2008.

The Statement of Activities for 2009 categorizes the City's revenues as either program revenues which are service charges or grants and contributions for specific governmental or business-type functions and general revenues which include most taxes and other revenue sources of a government-wide nature.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Major components of program and general revenues, together with total expenses and the resulting change in net assets, are summarized below for the 2009 fiscal year

CHANGES IN NET ASSETS

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Program revenues						
Charges for services	\$14,254	\$14,088	\$ 9,823	\$ 8,922	\$24,077	\$23,010
Operating grants & contributions	3,801	5,921	1,199	1,157	5,000	7,078
Capital grants & contributions	4,913	2,917	1,510	1,214	6,423	4,131
General revenues						
Property taxes	7,348	6,613	-	-	7,348	6,613
Sales taxes	45,150	45,585	-	-	45,150	45,585
Utility franchise taxes	5,446	6,842	-	-	5,446	6,842
Riverboat gaming taxes	9,099	8,400	-	-	9,099	8,400
Other general revenues	3,699	8,761	227	137	3,926	8,898
Total Revenues	<u>93,701</u>	<u>99,127</u>	<u>12,759</u>	<u>11,430</u>	<u>106,469</u>	<u>110,557</u>
Expenses						
General government	4,428	4,158	-	-	4,428	4,158
Public safety	30,691	28,401	-	-	30,691	28,401
Public works	26,205	26,341	-	-	26,205	26,341
Planning and development	2,420	3,011	-	-	2,420	3,011
General services	7,820	5,201	-	-	7,820	5,201
Community services	6,102	5,658	-	-	6,102	5,658
Interest in long-term debt	2,704	2,851	-	-	2,704	2,851
Civic Center	-	-	3,265	3,274	3,265	3,274
Golf Course	-	-	1,481	1,248	1,481	1,248
Transit	-	-	2,359	2,541	2,359	2,541
Water	-	-	9,139	8,830	9,139	8,830
Total expenses	<u>80,370</u>	<u>75,621</u>	<u>16,244</u>	<u>15,893</u>	<u>96,614</u>	<u>91,514</u>
Excess before transfers	13,340	23,506	(3,485)	(4,463)	9,855	19,043
Transfers	(6,554)	(6,378)	6,554	6,378	-	-
Increase (decrease) net assets	<u>\$ 6,786</u>	<u>\$17,128</u>	<u>\$ 3,069</u>	<u>\$ 1,915</u>	<u>\$ 9,855</u>	<u>\$19,043</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

As indicated by the above table and the following chart, sales taxes are the City's largest single revenue source, accounting for 42.4 percent of all government-wide revenue in 2009, with a 1 percent decrease from 2008. Forecasts of the 2010 revenues will be adjusted as the current trend for the past 6 months is an 8.9 percent reduction of actual 2008 collection.

Charges for services are increased due to improved collections and increased rates in utility user fees for the second year in a row. Total operating grants and contributions remained constant but the amounts received in the disaster recovery fund in 2008 were related to operational expenses as the City prepared for Hurricanes Gustav and Ike, both of which hit the City in fiscal year 2008. The amounts received in the disaster recovery fund in 2009 were related to capital improvements and repairs to facilities. Capital grant funds for improvements to the lakefront in the amount of \$1.3 million are recorded in the Governmental Activities.

Property taxes increased by 11 percent, as calendar year 2008 was a reassessment year, which is reflected in the fiscal year 2009 collections. Although the utility franchise taxes for cable and gas were slightly increased, the electrical franchise tax was reduced by 24 percent over prior year; however, the City of Lake Charles did recognize an offset in the cost of electricity, with a savings of nearly \$1 million from 2008 expenditures.

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 2008 reflect the first full year of pooled gaming. Collections for 2009 were an increase of 8.3 percent.

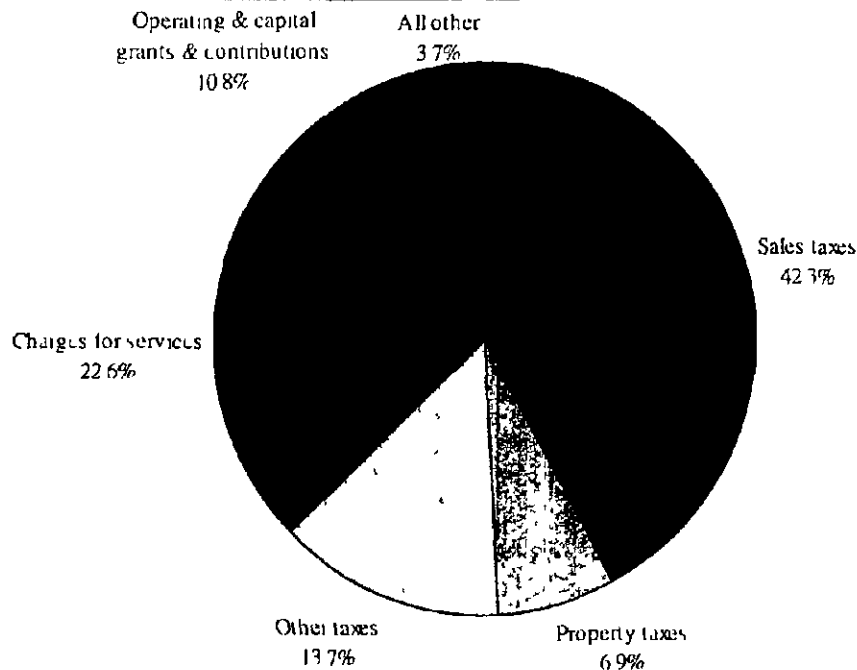
For the second year in a row the decrease in other general revenue is partially attributable to the reduction in interest earnings. For the entirety of the fiscal year 2007, the Federal Reserve federal funds rate was 5.25 percent. Federal fund rates were drastically reduced during fiscal year 2008 and 2009 and resulted in much lower investment income. Also, in fiscal year 2009 there was no developer donated infrastructure as had been recorded in the category in the previous year.

Total expenses increased by 5.6 percent. Pay raises for all employees were effective in the first quarter of fiscal year 2009. The largest increase is in the public safety category as the cost of the \$3 million firefighters supplemental pay lawsuit settlement is reflected in 2009, although it will be paid out over the next three fiscal years.

Transfers from governmental funds to proprietary funds are consistent with 2008 transfers as the General Fund continues to make transfers for capital improvements. Capital expenditures of bond funds for Water Fund and Civic Center Fund projects account for an additional \$1.4 million transfer of capital assets from the Capital Project Fund to the proprietary funds and are displayed as capital contributions in the proprietary funds. An additional \$2.7 million was transferred to the Water Fund to pay for capital improvements to the water facilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues by Major Source - All Activities



Analysis of Fund Financial Statements

This discussion pertains to the financial statements for the various funds into which the City's accounts are divided to comply with legal requirements. As previously noted, the two fund classifications represented in these statements are governmental and proprietary funds.

The City's governmental funds had a combined fund balance of \$103,348,566 at the end of fiscal year 2009, a reduction of \$11.9 million from fiscal year 2008. Although the General Fund had an operating surplus of \$2.8 million, transfer for capital improvements of \$5.4 million and \$1.25 million for the first installment of the firefighters lawsuit settlement resulted in a \$3.8 million reduction of fund balance. The Capital Project Fund had a \$8.5 million reduction of fund balance as the proceeds of the \$35 million 2007 bond issue are drawn down for completed and ongoing bond projects.

The City's proprietary funds' net assets increased from \$66,796,469 in 2008 to \$69,865,026 in 2009. The most notable change is the increase in unrestricted net assets which is made up of an increase in the Water Fund due to replenishing the funds that had been spent on capital projects over the last several years and from the increase in the Transit Fund due to the acquisition of the property that will be used for the new Transit facility.

General Fund Summary

The General Fund is the City's principal operating fund, accounting for over half of all revenue received by the City and 59.6 percent of all governmental activities.

During the 2008 fiscal year, minor changes were made to the General Fund revenue projections and operation expenditure budgets. The transfer budget was increased by a total of \$4.2 million, representing a 71.8 percent increase from the original adopted budget to allow for a transfer of \$2 million as authorized by the City Council to place in a reserve fund for a new city hall. There are currently no plans to continue funding or plans to build this

MANAGEMENT'S DISCUSSION AND ANALYSIS

new facility. Also included in the increase was a transfer of funds to the Risk Management Internal Service Fund to pay for the first year's installment of the \$3 million firefighters lawsuit settlement.

Operating expenses increased by \$1 million. Although salary and fringe benefits increased by \$1.5 million due to increased pay rates, the reductions in the cost of electricity and gasoline neutralized the increase. Use of General Fund reserves increased to fund transfers for capital improvement projects in the Water, Golf Course and Capital Project Funds and for transfers to the Risk Management Fund to cover increased claims costs.

Revenues of \$56,106,052 were not enough to meet the final budgeted amount by \$612,895, a 1.9 percent decrease compared to 2008 figures. Although the budget had been amended to reflect the anticipated reductions in sales tax and franchise fee taxes, the reductions were even greater than anticipated. Actual General Fund operating expenditures of \$49,855,680 were \$4.6 million less than the final budgeted amount. This represents a 2 percent increase over prior year expenditures.

The General Fund's 2009 transfers to other funds of \$10 million included \$5.4 million for transfer to other funds for capital acquisitions and improvements. The total reduction in fund balance was \$3,872,094, as opposed to the final budgeted reduction of \$7.9 million. This favorable variance is attributable to the savings in operating cost due to factors such as staffing vacancies and reduced cost of electricity and gasoline. The City will use a portion of the fund balance in 2010 to offset the shortfall that is projected in revenues over expenditures.

The General Fund's ending balance in 2009 was \$28,237,986, which represents 47 percent of total expenditures and transfers made from the fund that year compared to \$32.1 million or 57 percent at 2008 fiscal year end.

Other Major Fund Summary

The Riverboat Gaming Special Revenue Fund revenues of \$9 million represent an 8 percent increase in riverboat taxes compared to 2008 but are offset by a reduction in miscellaneous revenue of \$502,714 that was received in the previous 10 years ending in 2008 as part of a settlement agreement with Harrah's Casino. Pinnacle Entertainment unexpectedly ended a \$100,000 annual parking lot rental agreement in October 2008. Budgeted operating transfers to other funds were greater than current revenue resulting in the reduction of fund balance by \$43,072.

The Community Development Special Revenue Fund revenues of \$1.7 million are directly related to reimbursement for actual expenditures. Community Development expenditures for infrastructure were reduced by 31 percent in fiscal year 2009 compared to fiscal year 2008.

A Disaster Recovery Special Revenue Fund was established at year end 2005 to account for Hurricane Rita recovery costs and related disaster relief and insurance revenues. In fiscal year 2008 this fund was used to account for unbudgeted emergency expenditures that were the result of Hurricanes Gustav and Ike, both of which hit our area in September 2008. Corresponding revenue receivables were recorded for anticipated FEMA reimbursements of the city emergency preparedness costs. Damage to physical city property was minor for these disasters and accounts for the expenditures in this fund for 2009, all of which are reimbursable by FEMA as the damages did not exceed our current property insurance deductibles. The City has received a favorable outcome for the final outstanding FEMA appeal for reimbursement for Hurricane Rita. Other outstanding receivables have been recorded in this fund in connection with Hurricanes Rita, Gustav and Ike, the collection of which is uncertain so therefore there is an allowance for doubtful collections.

The Waste Water Special Revenue Fund revenues increased by 22 percent in fiscal year 2008 compared to the prior year. This was due to an 8 percent increase in rates in addition to aggressive collections of previously unbilled accounts. Rates were increased by 8 percent again in January 2009 but the increase from year 2008 to 2009 is only 1 percent. As has been the practice in the last several years, funds were transferred to the Capital Project Fund for major sewer rehabilitation projects and to pay for debt service obligations. Fund balance in the fund increased by \$688,924 to \$4.2 million.

The Capital Projects Fund accounts for over 27 percent of all governmental fund expenditures. Increases in those expenditures are related to contract and design costs for city bond projects as well as other capital project

MANAGEMENT'S DISCUSSION AND ANALYSIS

expenditures. The transfers out of the fund reflect capital asset expenditures that are recorded in the Enterprise Funds of \$1.4 million and \$775,500 for debt service requirements for the 2007 bond issue.

The business-type activities had a \$3.1 million increase in total net assets. Capital grants and contributions in the Civic Center and Golf Course Funds reflect receipts from FEMA for reimbursements for repairs to hurricane damaged facilities in both 2008 and 2009. Charges for Services revenues increased by 10 percent in 2009. The largest increase was in the Water Fund, where rates were slightly increased in January 2009 and better collection policies were implemented. Major repairs and improvements to the Civic Center continued in 2009, spending \$600,000 in capital funds, bond funds and FEMA funds. Net assets increased for the Golf Course by \$581,720 as construction is nearing completion on a new \$1.9 million clubhouse. The Transit Fund had an increase in net assets of \$995,044 due to the purchase of an existing vacant building that will be renovated for the new transit facility. The value added to the fund related to the purchase of the land, as the building was depreciated past its useful life. Net assets of the Water Fund increased by \$2.7 million as a result of transfers in from the governmental funds to replenish capital fund account that had been reduced over the last couple of years as major renovations are being completed on the George West Water Plant.

Capital Assets

The City's total investment in capital assets at the end of the 2009 fiscal year was \$322 million, net of accumulated depreciation. The increase in capital assets during the year was \$18 million which includes \$5 million for completed infrastructure projects and an \$8.9 million increase in construction in progress in all areas. The City has many projects under construction such as road projects, sewer plants and water plant renovations, water and sewer line projects as well as the projects on the lakefront.

The voters of Lake Charles approved a \$90 million bond issue in November 2006. Riverboat gaming revenue, sales tax revenues and funds from sewer user fees will be used to repay the debt. Proceeds from the loan will be used for improving streets and roads, park and recreation facilities, water and waste water systems, downtown and/or lakefront development infrastructure and economic development facilities within the City.

The City issued \$35 million in bonds in May 2007 for Phase I of the \$90 million public improvement project. As of September 30, 2008 the City had spent \$12 million on bond projects, fiscal year 2009 spending totaled \$14 million and to date we have spent an additional \$5.3 million in fiscal year 2010. The first big local road project, Power Center Parkway extension, for \$5 million has been accepted as substantially complete since September 30, 2009. McNeese Street extension road project is under construction and the City will be soliciting bids for the Lake and Enterprise Boulevard extension road projects by the summer. Seventeen smaller water and sewer projects have been completed valued at \$823,000. Nine more are currently under contract for \$8.3 million. The development of the lakefront has been on the minds of citizens and progress can be seen with the recent completion of the marina and the construction of the lakefront promenade. Many projects are in the design stage and will be under contract by the end of fiscal year 2010.

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

Major capital asset events during the current year included the following:

- Completed Local road projects include Hollyhill, Rhodes, Chne, Winterhalter, Lyons, Blake and Fry and various asphalt overlay (\$4 million current year; \$5.9 million total)
- Completed Greenwich Terrace sewer line rehabilitation, Elliot Road sewer extension and other miscellaneous sewer projects (\$3 million)
- Completion of Gulf Highway water lines (\$1.4 million)

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Civic Center improvements/repairs – center section improvements (\$500,000 current year, \$1.7 million total)
- Golf Course clubhouse rebuild (\$1 million current year)
- Purchase of property for new transit facility – FTA funds (\$806,824)

Bond project current year expenses are as follows

- Local roads – primarily Power Center Parkway extension and McNeese Street extension (\$4 million)
- Water projects – primarily E Prien Lake, Ihles Road and McNeese Street water as well as the water portion of the two local road projects from above (\$1.1 million)
- Sewer projects – primarily E McNeese and Lyles Peters Road (\$4.7 million)
- Recreation projects – Adventure Cove and 7 Parks Improvement (\$1.2 million)
- Lakefront Development (\$600,000)
- Lakefront Marina (\$1.5 million)
- Lakefront Promenade (\$354,000 bond funds plus \$1,471,000 CDBG Disaster Recovery Funds)

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

Capital Assets as of September 30, 2009
(net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 12,793	\$ 12,282	\$ 2,105	\$ 1,297	\$ 14,898	\$ 13,579
Buildings	8,197	8,849	1,964	2,496	10,161	11,345
Improvements other than buildings	7,498	6,551	49,269	46,507	56,767	53,058
Equipment	9,722	9,168	2,533	2,879	12,255	12,047
Infrastructure	144,694	139,648	-	-	144,694	139,648
Construction in progress	71,757	61,436	11,630	13,062	83,387	74,498
Total	<u>\$254,661</u>	<u>\$237,934</u>	<u>\$ 67,501</u>	<u>\$ 66,241</u>	<u>\$ 322,162</u>	<u>\$ 304,175</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Administration

As of September 30, 2009, the City had \$66 million in non-current liabilities compared to \$69 million the previous year. Over 89 percent of the total is bonded debt, all of which is payable from future annual appropriations. Approximately 62 percent of the outstanding bond principal is due within ten years.

The City has no outstanding general obligation debt to which a bond rating can be assigned. Two outstanding bond issues (2003 LCDA loan and 1998 Refunding Bonds) are insured and therefore rated "AAA" by Standard and Poor's.

The City underwent a formal bond rating process for the first time in recent history in early 2007. They received a rating of "A+" from Fitch and a rating of "A" from Standard and Poor's. The 2007 LCDA bond issue had the aforementioned underlying rating but is insured by AMBAC so is therefore sold with a rating of "AAA". Statutory debt limits are not applicable to any of the City's current outstanding debt.

Although not reflected in these statements, 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+."

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

Economic Outlook and Next Year's Budget

The following information was obtained from *Southwest Louisiana Economic Indicators*, dated January 29, 2010. McNeese State University College of Business, Dr. Mitchell Adrian, Dean; H. C. Drew Center for Economic Development Information Services, Dr. Douglas W. McNeil, Director.

- Gaming industry. Riverboat and racetrack casinos in Calcasieu Parish had a decrease in Adjusted Gross Receipts of \$3.9 million for the eleven months of 2009 compared to the same eleven months of 2008 (September of both years has been excluded due to hurricane forced closures in 2008). L'Auberge du lac Riverboat Casino which opened in 2005 continues to rank as the highest grossing riverboat in the State.
- Labor Market trends. Total wages paid in Calcasieu Parish declined by \$27 million – to \$801 million in the second quarter of 2009 from \$828 million in the second quarter of 2008. At the end of December 2009, the Calcasieu Parish unemployment rate was 6.9 percent, the statewide unemployment rate was 7.2 percent, and the nationwide unemployment rate was 9.7 percent.
- Real Estate. Single family home sales accounted for almost 81 percent of the total dollar volume of all real estate transactions reported in 2009. 14.2 percent fewer homes were sold in 2009 compared to the previous year. The average sales price fell by 1.8 percent to \$146,424 in 2009 compared to \$149,098 in 2008. The grand total of all real estate sales was just over \$242 million, down from \$297 million the previous year or 18.6 percent.

The information on taxable sales was obtained from the Taxable Sales Analysis prepared by the Calcasieu Parish School Board Office for the period February 2010.

Taxable sales comparisons for the twelve month period ending February 28, 2010 compared to the twelve month period ending February 28, 2009 shows a decline of \$514 million or 11.2 percent. City of Lake Charles collections for the first four months of the current fiscal year have a cumulative decrease of 12.57 percent compared to the same period in the previous fiscal year.

The above items and other economic indicators were considered when preparing the budget for the 2010 fiscal year.

The City adopted a 2010 General Fund budget which is projected to need to draw down \$2,313,281 of its previously accumulated fund balance to cover the difference between projected revenues and operating expenditures and

MANAGEMENT'S DISCUSSION AND ANALYSIS

transfers to other funds. An additional \$600,000 of fund balance is budgeted to be transferred to other funds for capital expenditures, and \$568,634 will be transferred to the Risk Management Internal Service Fund to pay for the second payment of the firefighter's supplemental pay lawsuit settlement. Revenues are budgeted to increase by 1.8 percent over the final amended 2009 revenues. However, due to current sales tax collection trends, this revenue projection will be amended.

Operating expenses were projected to increase by 4.7 percent compared to the amended 2008 budget. Included in the 2010 adopted budget was a pay increase for all city employees. The City is currently working with all departments to reduce their current budget by six percent to cover the reduction of revenue.

The City completed 2009 with a General Fund balance in excess of \$28 million which exceeds the minimum fund balance target of 35 percent of budgeted expenditures and non-capital transfers.

In June, 2009 the City Council adopted new rate schedules for water and sewer user fee rates which went into effect in January 2010. Increases in fees are necessary to cover continued operating costs increases and to fund needed maintenance of plant facilities. The increase in sewer rates calculated an amount necessary to cover the debt service requirement of a proposed DEQ loan.

The City is moving forward with the projects that were approved in the bond proposition for improvements to roads, recreation facilities, water and waste water systems, and downtown development. Phase 1 bonds of \$35 million have been spent or are currently obligated. The City will close on Phase 2 bond issue of \$40 million on March 30, 2010. The Capital Project budget also includes the spending of funds that were previously accumulated for roads and other projects that were not included in the bond projects.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



CITY OF LAKE CHARLES, LOUISIANA

Statement of Net Assets

September 30, 2009

	Primary Government			Component Units	
	Governmental	Business-Type	Total	City	City
	Activities	Activities		Court	Marshal
ASSETS					
Cash and cash equivalents	\$ 35,888,465	\$ 4,469,547	\$ 40,358,012	\$1,015,107	\$ 571,763
Investments	69,988,170	1,111,658	71,099,828	-	-
Receivables (net of allowance for uncollectables)	13,949,316	1,597,801	15,547,117	130,925	14,136
Internal balances	3,250,190	(3,250,190)	-	-	-
Inventories	227,648	331,539	559,187	-	-
Prepays	852,401	-	852,401	-	-
Restricted assets					
Cash and cash equivalents	-	845,688	845,688	802,000	-
Capital assets (net of accumulated depreciation)					
Land	12,793,280	2,104,506	14,897,786	-	-
Building	8,196,398	1,964,137	10,160,535	-	-
Improvements other than buildings	7,498,093	49,269,782	56,767,875	-	-
Equipment	9,721,616	2,532,833	12,254,449	41,495	190,969
Infrastructure	144,693,943	-	144,693,943	-	-
Construction in progress	71,757,399	11,630,315	83,387,714	-	-
Total assets	378,816,919	72,607,616	451,424,535	1,989,527	776,868
LIABILITIES					
Accounts payable & other current liabilities	6,838,760	1,276,874	8,115,634	67,626	8,919
Liabilities payable from restricted assets	-	839,193	839,193	-	-
Claims payable within one year	6,780,161	-	6,780,161	-	-
Claims payable in more than one year	2,319,570	-	2,319,570	-	-
Noncurrent liabilities					
Due within one year	3,792,494	5,000	3,797,494	-	-
Due in more than one year	61,326,104	569,542	61,895,646	-	-
OPEB payable	372,135	51,981	424,116	-	-
Total liabilities	81,429,224	2,742,590	84,171,814	67,626	8,919
NET ASSETS					
Invested in capital assets, net of related debt	204,549,656	67,501,573	272,051,229	41,495	190,969
Restricted for					
Capital projects	22,674,534	-	22,674,534	-	-
Debt service	3,762,553	-	3,762,553	-	-
Other purpose - Waste Water	4,185,245	-	4,185,245	-	-
Unrestricted	62,215,707	2,363,453	64,579,160	1,880,406	576,980
Total net assets	\$297,387,695	\$ 69,865,026	\$ 367,252,721	\$1,921,901	\$ 767,949

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, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Primary Business-Type Activities	Total	City Court	City Marshal	Component Units	
			Grants and Contributions	Capital Grants and Contributions						City	Marshal
Primary government:											
Governmental activities											
General government	\$ 4,428,106	\$ 5,126,923	\$ 231,845	\$ 116,567	\$ 1,047,229	\$ -	\$ 1,047,229	\$ -	\$ -	\$ -	\$ -
Public safety	30,691,441	127,542	1,842,456	414,711	(28,306,732)	-	(28,306,732)	-	-	-	-
Public works	26,204,810	8,215,969	102,626	1,401,126	(16,485,089)	-	(16,485,089)	-	-	-	-
Planning and development	2,420,483	476,407	828,107	887,636	(228,333)	-	(228,333)	-	-	-	-
General services	7,819,930	45,786	-	410,418	(7,363,726)	-	(7,363,726)	-	-	-	-
Community services	6,101,747	261,356	796,348	1,682,735	(3,361,308)	-	(3,361,308)	-	-	-	-
Interest in long-term debt	2,703,667	-	-	-	(2,703,667)	-	(2,703,667)	-	-	-	-
Total governmental activities	80,370,184	14,253,983	3,801,382	4,913,193	(57,401,626)	-	(57,401,626)	-	-	-	-
Business-type activities											
Civic center	3,265,481	1,047,163	-	107,350	-	(2,110,968)	(2,110,968)	-	-	-	-
Golf Course	1,480,511	1,126,764	-	449,269	-	95,522	95,522	-	-	-	-
Transit	2,359,228	62,810	1,198,730	953,886	-	(143,802)	(143,802)	-	-	-	-
Water	9,139,256	7,586,073	-	-	-	(1,553,183)	(1,553,183)	-	-	-	-
Total business-type activities	16,244,476	9,822,810	1,198,730	1,510,505	-	(3,712,431)	(3,712,431)	-	-	-	-
Total primary government	\$ 96,614,660	\$ 24,076,793	\$ 5,000,112	\$ 6,423,698	\$ (57,401,626)	\$ (3,712,431)	\$ (61,114,057)	\$ -	\$ -	\$ -	\$ -
Component units:											
City Court	\$ 427,804	\$ 316,152	\$ 197,335	-	-	-	-	\$ 85,683	\$ -	\$ 62,138	\$ -
City Marshal	338,560	400,698	-	-	-	-	-	-	-	-	-
Total component units	\$ 766,364	\$ 716,850	\$ 197,335	\$ -	\$ -	\$ -	\$ -	\$ 85,683	\$ -	\$ 62,138	\$ -
General revenues											
Property taxes					7,348,241	-	7,348,241	-	-	-	-
Sales taxes					45,149,671	-	45,149,671	-	-	-	-
Franchise taxes					5,446,301	-	5,446,301	-	-	-	-
Riverboat taxes					9,099,020	-	9,099,020	-	-	-	-
Grants and contributions not restricted to specific programs					201,846	200,000	401,846	-	-	-	-
Interest and investment earnings					2,638,358	26,597	2,664,955	-	9,651	-	-
Miscellaneous					859,064	-	859,064	-	282,783	-	-
Transfers					(6,554,391)	6,554,391	-	-	-	-	-
Total general revenues and transfers					64,188,110	6,780,988	70,969,098	-	292,434	-	-
Change in net assets					6,786,484	3,068,557	9,855,041	-	378,117	-	62,138
Net assets - beginning					290,601,211	66,796,469	357,397,680	-	1,543,784	-	705,811
Net assets - ending					\$ 297,387,695	\$ 69,865,026	\$ 367,252,721	-	\$ 1,921,901	-	\$ 767,949

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

CITY OF LAKE CHARLES, LOUISIANA

**Balance Sheet
Governmental Funds
September 30, 2009**

	General	Riverboat Gaming Special Revenue	Community Development Special Revenue	Disaster Recovery Special Revenue
ASSETS				
Cash (Note 4-A)	\$ 7,968,465	\$ 616,079	\$ -	\$ -
Investments (Note 4-A)	18,578,495	320,708	-	-
Receivable (net of allowance for uncollectable)				
Accounts (Note 4-B)	4,936,347	488,124	18,350	-
Special Assessments	-	-	-	-
Accrued interest	58,567	-	-	-
Intergovernmental (Note 4-B)	86,675	-	233,093	2,942,212
Due from other funds (Note 4-F)	943,194	-	9,979	-
Inventory	227,648	-	-	-
Prepaid items	2,539	-	-	-
Total assets	<u>\$ 32,801,930</u>	<u>\$ 1,424,911</u>	<u>\$ 261,422</u>	<u>\$ 2,942,212</u>
LIABILITIES				
Accounts payable	\$ 1,828,362	\$ -	\$ 212,729	\$ 959,009
Contracts payable	-	-	-	-
Escrow	544,616	-	8,707	-
Due to other funds	2,177,756	-	262	1,765
Deferred revenues	-	-	-	-
Other liabilities	13,210	-	-	-
Total liabilities	<u>4,563,944</u>	<u>-</u>	<u>221,698</u>	<u>960,774</u>
FUND BALANCES				
Reserved for inventory	227,647	-	-	-
Reserved for prepaid items (Note 1-D)	2,539	-	-	-
Reserved for encumbrances (Note 3-B)	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved, designated for, reported in				
Subsequent year's expenditures in General Fund	4,619,183	-	-	-
Subsequent year's expenditures in Special Revenue	-	390,184	-	53,000
Designated in Capital Projects	-	-	-	-
Unreserved, undesignated reported in				
General Fund	23,388,617	-	-	-
Special revenue funds	-	1,034,727	39,724	1,928,438
Total fund balances	<u>28,237,986</u>	<u>1,424,911</u>	<u>39,724</u>	<u>1,981,438</u>
Total liabilities and fund balances	<u>\$ 32,801,930</u>	<u>\$ 1,424,911</u>	<u>\$ 261,422</u>	<u>\$ 2,942,212</u>

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

Wastewater Special Revenue	Debt Service	Capital Projects	Other Special Revenue Governmental Funds	Total Governmental Funds
\$ 2,649,996	\$ 5,098,531	\$ 9,711,477	\$ 3,431,267	\$ 29,475,815
569,625	1,065,154	45,689,438	1,661,796	67,885,216
1,207,902	-	701,179	135,572	7,487,474
-	548,872	-	-	548,872
687	-	409,958	1,955	471,167
-	-	1,576,758	184,079	5,022,817
-	24,769	700,000	308,294	1,986,236
-	-	-	-	227,648
-	-	-	-	2,539
<u>\$ 4,428,210</u>	<u>\$ 6,737,326</u>	<u>\$ 58,788,810</u>	<u>\$ 5,722,963</u>	<u>\$ 113,107,784</u>
\$ 237,026	\$ 21,543	\$ 1,230,168	\$ 106,157	\$ 4,594,994
-	-	1,609,726	-	1,609,726
-	21,554	-	4,190	579,067
5,939	-	-	321,516	2,507,238
-	439,097	15,886	-	454,983
-	-	-	-	13,210
<u>242,965</u>	<u>482,194</u>	<u>2,855,780</u>	<u>431,863</u>	<u>9,759,218</u>
-	-	-	-	227,647
-	-	-	-	2,539
-	-	12,758,437	-	12,758,437
-	6,255,132	-	-	6,255,132
-	-	-	-	4,619,183
306,083	-	-	170,876	920,143
-	-	43,174,593	-	43,174,593
-	-	-	-	23,388,617
3,879,162	-	-	5,120,224	12,002,275
<u>4,185,245</u>	<u>6,255,132</u>	<u>55,933,030</u>	<u>5,291,100</u>	<u>103,348,566</u>
<u>\$ 4,428,210</u>	<u>\$ 6,737,326</u>	<u>\$ 58,788,810</u>	<u>\$ 5,722,963</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	254,646,008
Other long-term assets are not available to pay for current-period expenditures and, therefore are deferred in the funds	454,983
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	4,362,804
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds	(65,424,666)
Net assets of governmental activities	<u>\$ 297,387,695</u>

CITY OF LAKE CHARLES, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For Fiscal Year Ended September 30, 2009

	<u>General</u>	<u>Riverboat Gaming Special Revenue</u>	<u>Community Development Special Revenue</u>	<u>Disaster Recovery Special Revenue</u>
Revenues:				
Taxes	\$ 43,720,965	\$ 9,099,020	\$ -	\$ -
Licenses and permits	6,104,766	-	-	-
Intergovernmental	1,992,857	-	1,702,771	934,585
Charges for services	2,159,162	-	-	-
Fines and forfeitures	322,461	-	-	-
Miscellaneous	1,805,841	24,381	100	576,663
Total revenues	<u>56,106,052</u>	<u>9,123,401</u>	<u>1,702,871</u>	<u>1,511,248</u>
Expenditures:				
Current operating				
General government	2,597,384	-	-	1,362
Finance	1,389,805	-	-	-
Human Resources	317,809	-	-	-
Fire	12,991,169	-	-	83,467
Police	13,955,100	-	-	1,455
Public works	12,963,414	-	-	97,264
Planning and development	1,441,235	-	851,591	12,432
Community services	-	-	-	121,315
General services	4,199,764	-	-	54,315
Capital projects	-	-	887,163	-
Debt service				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>49,855,680</u>	<u>-</u>	<u>1,738,754</u>	<u>371,610</u>
Excess (deficiency) of revenues over expenditures	<u>6,250,372</u>	<u>9,123,401</u>	<u>(35,883)</u>	<u>1,139,638</u>
Other financing sources (uses):				
Transfers in	-	-	68,751	-
Transfers out	(10,122,466)	(9,166,473)	-	-
Total other financing sources (uses)	<u>(10,122,466)</u>	<u>(9,166,473)</u>	<u>68,751</u>	<u>-</u>
Net change in fund balances	(3,872,094)	(43,072)	32,868	1,139,638
Fund balance at beginning of year	<u>32,110,080</u>	<u>1,467,983</u>	<u>6,856</u>	<u>841,800</u>
Fund balance at end of year	<u>\$ 28,237,986</u>	<u>\$ 1,424,911</u>	<u>\$ 39,724</u>	<u>\$ 1,981,438</u>

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

<u>Wastewater Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Special Revenue Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 3,162,787	\$ -	\$ 5,534,876	\$ 2,389,238	\$ 63,906,886
-	-	-	-	6,104,766
-	-	3,119,326	1,101,496	8,851,035
8,180,984	-	-	100,688	10,440,834
-	-	-	-	322,461
46,371	62,834	1,846,903	218,950	4,582,043
<u>11,390,142</u>	<u>62,834</u>	<u>10,501,105</u>	<u>3,810,372</u>	<u>94,208,025</u>
-	-	-	-	2,598,746
-	-	-	-	1,389,805
-	-	-	-	317,809
-	-	-	-	13,074,636
-	-	-	239,984	14,196,539
6,978,505	-	-	-	20,039,183
-	-	-	-	2,305,258
-	-	-	4,424,642	4,545,957
-	-	-	-	4,254,079
457,713	-	26,599,366	149,482	28,093,724
-	3,991,176	-	-	3,991,176
-	2,758,796	-	-	2,758,796
<u>7,436,218</u>	<u>6,749,972</u>	<u>26,599,366</u>	<u>4,814,108</u>	<u>97,565,708</u>
<u>3,953,924</u>	<u>(6,687,138)</u>	<u>(16,098,261)</u>	<u>(1,003,736)</u>	<u>(3,357,683)</u>
-	6,057,146	9,778,000	1,312,348	17,216,245
(3,265,000)	-	(2,216,697)	(1,000,000)	(25,770,636)
<u>(3,265,000)</u>	<u>6,057,146</u>	<u>7,561,303</u>	<u>312,348</u>	<u>(8,554,391)</u>
688,924	(629,992)	(8,536,958)	(691,388)	(11,912,074)
<u>3,496,321</u>	<u>6,885,124</u>	<u>64,469,988</u>	<u>5,982,488</u>	<u>115,260,640</u>
<u>\$ 4,185,245</u>	<u>\$ 6,255,132</u>	<u>\$ 55,933,030</u>	<u>\$ 5,291,100</u>	<u>\$ 103,348,566</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, 2009

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

Net change in fund balances - total governmental funds	\$ (11,912,074)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is 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.	16,725,706
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(37,257)
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 of net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,478,582
Internal service funds are used by management to charge the costs of insurance to individual funds. The net expenses of certain activities of internal service funds is reported within the governmental activities.	<u>(1,468,473)</u>
Change in net assets of governmental activities	<u>\$ 6,786,484</u>

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

CITY OF LAKE CHARLES, LOUISIANA

General Fund

**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2009**

	Budgeted Amounts		2009 Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 44,656,979	\$ 44,224,479	\$ 43,720,965	\$ (503,514)
Licenses and permits	7,151,400	7,001,400	6,104,766	(896,634)
Intergovernmental	1,803,050	1,903,050	1,992,857	89,807
Charges for services	1,972,668	1,922,668	2,159,162	236,494
Fines and forfeitures	285,400	285,400	322,461	37,061
Miscellaneous	1,391,950	1,381,950	1,805,841	423,891
Total revenues	57,261,447	56,718,947	56,106,052	(612,895)
Expenditures:				
Current				
General government	2,864,030	2,864,030	2,597,384	266,646
Finance	1,538,664	1,538,664	1,389,805	148,859
Human Resources	330,546	330,546	317,809	12,737
Fire	12,954,421	13,754,421	12,991,169	763,252
Police	15,096,485	14,782,399	13,955,100	827,299
Public works	15,088,957	14,711,957	12,963,414	1,748,543
Planning	1,968,722	1,868,722	1,441,235	427,487
General services	4,553,633	4,623,633	4,199,764	423,869
Total expenditures	54,395,458	54,474,372	49,855,680	4,618,692
Excess (deficiency) of rev over exp	2,865,989	2,244,575	6,250,372	4,005,797
Other financing sources (uses):				
Transfers out	(5,942,126)	(10,136,212)	(10,122,466)	13,746
Total other financing sources (uses)	(5,942,126)	(10,136,212)	(10,122,466)	13,746
Net change in fund balances	(3,076,137)	(7,891,637)	(3,872,094)	4,019,543
Fund balance at beginning of year	32,110,080	32,110,080	32,110,080	-
Fund balance at end of year	\$ 29,033,943	\$ 24,218,443	\$ 28,237,986	\$ 4,019,543

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

CITY OF LAKE CHARLES, LOUISIANA
Riverboat Gaming Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>2009 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$8,500,000	\$8,500,000	\$9,099,020	\$ 599,020
Miscellaneous	134,000	134,000	24,381	(109,619)
Total revenues	<u>8,634,000</u>	<u>8,634,000</u>	<u>9,123,401</u>	<u>489,401</u>
Expenditures:				
Other services and charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>8,634,000</u>	<u>8,634,000</u>	<u>9,123,401</u>	<u>489,401</u>
Other financing sources (uses):				
Transfers out	<u>(9,224,573)</u>	<u>(9,224,573)</u>	<u>(9,166,473)</u>	<u>58,100</u>
Total other financing sources (uses)	<u>(9,224,573)</u>	<u>(9,224,573)</u>	<u>(9,166,473)</u>	<u>58,100</u>
Excess (deficiency) of rev and other sources over exp and other uses	(590,573)	(590,573)	(43,072)	547,501
Fund balance at beginning of year	<u>1,467,983</u>	<u>1,467,983</u>	<u>1,467,983</u>	<u>-</u>
Fund balance at end of year	<u>\$ 877,410</u>	<u>\$ 877,410</u>	<u>\$1,424,911</u>	<u>\$ 547,501</u>

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

CITY OF LAKE CHARLES, LOUISIANA

Community Development Special Revenue Fund

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

For Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>2009 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 1,388,174	\$ 1,963,392	\$ 1,702,771	\$ (260,621)
Miscellaneous	-	-	100	100
Total revenues	<u>1,388,174</u>	<u>1,963,392</u>	<u>1,702,871</u>	<u>(260,521)</u>
Expenditures:				
Current				
Personal services	206,304	164,733	164,728	5
Contract and operational	1,193,327	680,819	609,984	70,835
Material and supplies	6,620	1,746	1,745	1
Special current	44,737	74,865	75,134	(269)
Capital outlay	-	1,117,694	887,163	230,531
Total expenditures	<u>1,450,988</u>	<u>2,039,857</u>	<u>1,738,754</u>	<u>301,103</u>
Excess (deficiency) of revenues over expenditures	(62,814)	(76,465)	(35,883)	40,582
Other financing sources:				
Transfers in	62,814	76,465	68,751	(7,714)
Total other financing sources	<u>62,814</u>	<u>76,465</u>	<u>68,751</u>	<u>(7,714)</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	-	32,868	32,868
Fund balance at beginning of year	<u>6,856</u>	<u>6,856</u>	<u>6,856</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,856</u>	<u>\$ 6,856</u>	<u>\$ 39,724</u>	<u>\$ 32,868</u>

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

CITY OF LAKE CHARLES, LOUISIANA

Disaster Recovery Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2009**

	<u>Budgeted Amounts</u>		<u>2009</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Intergovernmental				
(net of allowance for uncollectable)	\$ -	\$ 549,891	\$ 934,585	\$ 384,694
Miscellaneous	100,000	-	576,663	576,663
Total revenues	<u>100,000</u>	<u>549,891</u>	<u>1,511,248</u>	<u>961,357</u>
Expenditures:				
Current				
General Government	-	1,362	1,362	-
Fire	-	83,468	83,467	1
Police	-	1,457	1,455	2
Public works	-	97,272	97,264	8
Planning and development	-	135,034	12,432	122,602
Community services	-	121,316	121,315	1
General services	100,000	375,238	54,315	320,923
Total expenditures	<u>100,000</u>	<u>815,147</u>	<u>371,610</u>	<u>443,537</u>
Excess (deficiency) of rev over exp	<u>-</u>	<u>(265,256)</u>	<u>1,139,638</u>	<u>(1,404,894)</u>
Fund balance at beginning of year	<u>841,800</u>	<u>841,800</u>	<u>841,800</u>	<u>-</u>
Fund balance at end of year	<u>\$ 841,800</u>	<u>\$ 576,544</u>	<u>\$ 1,981,438</u>	<u>\$ 1,404,894</u>

CITY OF LAKE CHARLES, LOUISIANA
Waste Water Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>2009 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales tax revenue	\$ 3,264,000	\$ 3,224,000	\$ 3,162,787	\$ (61,213)
Charges for services	7,050,000	7,450,000	8,180,984	730,984
Miscellaneous	40,750	40,750	46,371	5,621
Total revenues	<u>10,354,750</u>	<u>10,714,750</u>	<u>11,390,142</u>	<u>675,392</u>
Expenditures:				
Personal services	2,563,039	2,512,925	2,481,818	31,107
Contractual and operational services	3,168,370	3,200,078	2,589,341	610,737
Materials & supplies	1,029,415	1,050,083	951,116	98,967
Special Current Charges	838,500	968,160	956,230	11,930
Capital outlay	626,350	494,428	457,713	36,715
Total expenditures	<u>8,225,674</u>	<u>8,225,674</u>	<u>7,436,218</u>	<u>789,456</u>
Excess (deficiency) of rev over exp	2,129,076	2,489,076	3,953,924	1,464,848
Other financing sources (uses):				
Transfers out	<u>(3,265,000)</u>	<u>(3,265,000)</u>	<u>(3,265,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,265,000)</u>	<u>(3,265,000)</u>	<u>(3,265,000)</u>	<u>-</u>
Excess (deficiency) of rev and other sources over exp and other uses	(1,135,924)	(775,924)	688,924	1,464,848
Fund balance at beginning of year	<u>3,496,321</u>	<u>3,496,321</u>	<u>3,496,321</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,360,397</u>	<u>\$ 2,720,397</u>	<u>\$ 4,185,245</u>	<u>\$ 1,464,848</u>

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

CITY OF LAKE CHARLES, LOUISIANA

Statement of Net Assets

Proprietary Funds

September 30, 2009

	Business-type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Civic Center	Golf Course	Public Transit	Water Utility	Totals 2009	
ASSETS						
Current assets						
Cash	\$ 1,135,122	\$ 65,262	\$ 114,433	\$ 3,154,730	\$ 4,469,547	\$ 6,412,650
Investments	169,779	-	314,151	627,728	1,111,658	2,102,954
Restricted cash						
Customer deposits	-	-	-	845,688	845,688	-
Accounts receivable (net of allowance for uncollectible)	42,955	100	827	615,174	659,056	416,708
Accrued interest receivable	-	-	-	-	-	2,278
Intergovernmental receivables	286,900	82,743	506,319	62,783	938,745	-
Due from other funds	-	185,016	200,000	-	385,016	749,921
Inventories	23,721	71,335	-	236,483	331,539	-
Prepaid items	-	-	-	-	-	849,862
Total current assets	<u>1,658,477</u>	<u>404,456</u>	<u>1,135,730</u>	<u>5,542,586</u>	<u>8,741,249</u>	<u>10,534,373</u>
Capital assets						
Land	-	1,065,697	806,824	231,985	2,104,506	-
Buses	-	-	1,661,708	-	1,661,708	-
Buildings and structures	18,768,595	397,195	54,460	459,284	19,679,534	-
Improvements	14,247,021	2,099,832	-	59,303,709	75,650,562	-
Construction in Progress	167,568	1,783,910	99,576	9,579,261	11,630,315	-
Equipment, furniture and fixtures	3,278,973	580,998	13,351	1,695,400	5,568,722	36,225
Total capital assets	<u>36,462,157</u>	<u>5,927,632</u>	<u>2,635,919</u>	<u>71,269,639</u>	<u>116,295,347</u>	<u>36,225</u>
Less accumulated depreciation	<u>23,230,713</u>	<u>1,125,538</u>	<u>1,415,286</u>	<u>23,022,237</u>	<u>48,793,774</u>	<u>21,504</u>
Total capital assets (net of accumulated depreciation)	<u>13,231,444</u>	<u>4,802,094</u>	<u>1,220,633</u>	<u>48,247,402</u>	<u>67,501,573</u>	<u>14,721</u>
Total assets	<u>14,889,921</u>	<u>5,206,550</u>	<u>2,356,363</u>	<u>53,789,988</u>	<u>76,242,822</u>	<u>10,549,094</u>

	Business-type Activities-Enterprise Funds				Totals 2009	Governmental Activities - Internal Service Funds
	Civic Center	Golf Course	Public Transit	Water Utility		
LIABILITIES						
Current liabilities						
Accounts payable	75,713	41,079	105,219	890,384	1,112,395	41,763
Contracts payable	15,100	81,360	396	32,938	129,794	-
Customer deposits payable	-	-	-	839,193	839,193	-
Escrow	22,990	11,694	-	-	34,684	-
Due to other funds	305,669	-	125,287	182,769	613,725	211
Accrued insurance claims	-	-	-	-	-	6,455,161
Incurred-not reported claims	-	-	-	-	-	325,000
Total current liabilities	<u>419,472</u>	<u>134,133</u>	<u>230,902</u>	<u>1,945,284</u>	<u>2,729,791</u>	<u>6,822,135</u>
Non-current liabilities						
Compensated absences	129,817	53,934	53,826	336,965	574,542	60,714
OPEB liability	6,833	8,908	6,473	29,767	51,981	5,353
Accrued insurance claims-noncurrent	-	-	-	-	-	2,319,570
Total non-current liabilities	<u>136,650</u>	<u>62,842</u>	<u>60,299</u>	<u>366,732</u>	<u>626,523</u>	<u>2,385,637</u>
Total liabilities	<u>556,122</u>	<u>196,975</u>	<u>291,201</u>	<u>2,312,016</u>	<u>3,356,314</u>	<u>9,207,772</u>
NET ASSETS						
Invested in capital assets	13,231,444	4,802,094	1,220,633	48,247,402	67,501,573	14,721
Unrestricted	1,102,355	207,481	844,529	3,230,570	5,384,935	1,326,601
Total net assets	<u>\$ 14,333,799</u>	<u>\$5,009,575</u>	<u>\$2,065,162</u>	<u>\$51,477,972</u>	<u>72,886,508</u>	<u>\$ 1,341,322</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					(3,021,482)	
Change in net assets of business-type activities					<u>\$69,865,026</u>	

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

CITY OF LAKE CHARLES, LOUISIANA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended September 30, 2009

	<u>Business-type</u>	
	<u>Civic Center</u>	<u>Golf Course</u>
Operating revenues		
Charges for services	\$ 1,045,959	\$ 1,125,743
Other	1,204	1,021
Total operating revenues	<u>1,047,163</u>	<u>1,126,764</u>
Operating expenses		
Personal services	1,051,690	617,605
Materials and supplies	209,943	377,640
Maintenance	140,421	25,918
Heat, light and power	318,052	47,619
Transportation	-	-
General and administration	270,953	187,269
Claims and losses paid	-	-
Depreciation	1,211,245	205,156
Total operating expenses	<u>3,202,304</u>	<u>1,461,207</u>
Operating income (loss)	<u>(2,155,141)</u>	<u>(334,443)</u>
Nonoperating revenues (expenses)		
Operating grants-governmental agencies	200,000	-
Interest	6,130	447
Gain (loss) on retirement or transfer of capital assets	-	-
Other - governmental disaster recovery	107,350	449,269
Total nonoperating revenues	<u>313,480</u>	<u>449,716</u>
Income (loss) before operating transfers	<u>(1,841,661)</u>	<u>115,273</u>
Capital contributions and transfers		
Capital contributions - governmental agencies	-	-
Capital contributions - governmental funds	280,771	-
Transfers in	1,229,169	457,539
Total capital contributions and transfers	<u>1,509,940</u>	<u>457,539</u>
Change in net assets	<u>(331,721)</u>	<u>572,812</u>
Net assets at beginning of year	14,665,520	4,436,763
Net assets at end of year	<u>\$ 14,333,799</u>	<u>\$ 5,009,575</u>

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

<u>Activities-Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
<u>Public Transit</u>	<u>Water Utility</u>	<u>Totals 2009</u>	
\$ 57,832	\$ 7,208,167	\$ 9,437,701	\$ 10,661,165
4,978	377,906	385,109	157,832
<u>62,810</u>	<u>7,586,073</u>	<u>9,822,810</u>	<u>10,818,997</u>
643,290	2,995,796	5,308,381	473,409
31,694	1,457,166	2,076,443	5,236
110,844	232,562	509,745	-
1,339	826,040	1,193,050	-
214,060	-	214,060	-
869,936	1,748,178	3,076,336	2,761,425
-	-	-	11,964,022
162,526	1,373,069	2,951,996	2,227
<u>2,033,689</u>	<u>8,632,811</u>	<u>15,330,011</u>	<u>15,206,319</u>
<u>(1,970,879)</u>	<u>(1,046,738)</u>	<u>(5,507,201)</u>	<u>(4,387,322)</u>
1,198,730	-	1,398,730	-
3,683	16,337	26,597	92,299
-	(77,803)	(77,803)	(10,112)
-	-	556,619	-
<u>1,202,413</u>	<u>(61,466)</u>	<u>1,904,143</u>	<u>82,187</u>
<u>(768,466)</u>	<u>(1,108,204)</u>	<u>(3,603,058)</u>	<u>(4,305,135)</u>
953,886	-	953,886	-
-	1,083,761	1,364,532	-
803,151	2,700,000	5,189,859	2,000,000
<u>1,757,037</u>	<u>3,783,761</u>	<u>7,508,277</u>	<u>2,000,000</u>
988,571	2,675,557	3,905,219	(2,305,135)
1,076,591	48,802,415		3,646,457
<u>\$ 2,065,162</u>	<u>\$ 51,477,972</u>		<u>\$ 1,341,322</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds		<u>(836,662)</u>	
Change in net assets of business-type activities		<u>\$ 3,068,557</u>	

CITY OF LAKE CHARLES, LOUISIANA

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended September 30, 2009

	<u>Civic Center</u>
Cash flows from operating activities:	
Receipts from customers	\$ 1,048,286
Payments to employees	(1,019,767)
Payments to suppliers	(1,033,639)
Internal activity - payments to other funds	(196,021)
Net cash provided by operating activities	<u>(1,201,141)</u>
Cash flow from noncapital financing activities:	
Operating subsidies	729,170
Shared revenue from governmental agencies	200,000
Net cash provided by noncapital financing activities	<u>929,170</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	(204,869)
Contracts payable	-
Capital subsidies from governmental agencies	-
Capital transfers	500,000
Net cash provided (used for) capital and related financing activities	<u>295,131</u>
Cash flow from investing activities:	
Purchase of investment securities	(1,805)
Proceeds from sale and maturities of investment securities	210,000
Interest on investments	6,130
Net cash provided (used for) investing activities	<u>214,325</u>
Net increase (decrease) in cash and cash equivalents	237,485
Cash and cash equivalents at beginning of year	897,637
Cash and cash equivalents at end of year	<u>\$ 1,135,122</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	<u>\$(2,155,141)</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	1,211,245
(Increase) decrease in accounts receivable	1,123
(Increase) decrease in due from other funds	200,000
(Increase) decrease in inventories	(2,954)
(Increase) decrease in prepaid items	-
Increase (Decrease) in accounts payables	2,822
Increase (Decrease) in miscellaneous payables	(84,807)
Increase (Decrease) in customer deposit account	-
Increase (Decrease) in compensated absences payable	15,759
Increase (Decrease) in OPEB liability	6,833
Increase (Decrease) in due to other funds	(396,021)
Total adjustments	<u>954,000</u>
Net cash provided (used) by operating activities	<u><u>\$(1,201,141)</u></u>

Noncash investing and capital activities:

Assets transferred in/out cost \$60,781 and had accumulated depreciation of \$48,198 Net loss equaled \$12,583

Assets retired costs \$505,757 and had accumulated depreciation of \$430,425 Net loss equaled \$75,332

Capital assets expenditures of \$1,364,532 were paid from governmental funds and are recorded as a capital contribution on the statement of activity in the proprietary funds

Change in the fair value of investments resulted in an unrealized gain of \$1,537 at year end 2009 and an unrealized gain of \$3,770 at year end 2008

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

Business-type Activities - Enterprise Funds

Golf Course	Transit	Water Utility	Totals 2009	Governmental Activities Internal Service Funds
\$ 1,126,664	\$ 62,204	\$ 7,696,289	\$ 9,933,443	\$ 10,858,459
(598,541)	(631,713)	(2,942,146)	(5,192,167)	(428,846)
(825,558)	(1,152,624)	(3,955,403)	(6,967,224)	(12,420,846)
(58,525)	(518)	188,408	(66,656)	(249,422)
<u>(355,960)</u>	<u>(1,722,651)</u>	<u>987,148</u>	<u>(2,292,604)</u>	<u>(2,240,655)</u>
157,539	603,151	1,000,000	2,489,860	2,000,000
-	1,016,379	189,080	1,405,459	-
<u>157,539</u>	<u>1,619,530</u>	<u>1,189,080</u>	<u>3,895,319</u>	<u>2,000,000</u>
(1,096,913)	(1,124,978)	(499,071)	(2,925,831)	(13,614)
-	-	(346,898)	(346,898)	-
1,060,149	862,812	-	1,922,961	-
300,000	200,000	1,700,000	2,700,000	-
<u>263,236</u>	<u>(62,166)</u>	<u>854,031</u>	<u>1,350,232</u>	<u>(13,614)</u>
-	(301,854)	(4,438)	(308,097)	(1,545,625)
-	300,000	215,576	725,576	6,374,357
447	3,683	17,040	27,300	93,775
<u>447</u>	<u>1,829</u>	<u>228,178</u>	<u>444,779</u>	<u>4,922,507</u>
65,262	(163,458)	3,258,437	3,397,726	4,668,238
-	277,892	741,981	1,917,510	1,744,412
<u>\$ 65,262</u>	<u>\$ 114,434</u>	<u>\$ 4,000,418</u>	<u>\$ 5,315,236</u>	<u>\$ 6,412,650</u>
<u>\$ (334,443)</u>	<u>\$(1,970,879)</u>	<u>\$ (1,046,738)</u>	<u>\$ (5,507,201)</u>	<u>\$ (4,387,322)</u>
205,156	162,526	1,373,069	2,951,996	2,227
(100)	(606)	(1,555)	(1,138)	39,462
(58,430)	(125,759)	40,000	55,811	(249,535)
(9,123)	-	(15,183)	(27,260)	-
-	-	-	-	(8,661)
(224,091)	79,667	349,189	207,587	(25,556)
52,064	-	-	(32,743)	2,376,718
-	-	97,646	97,646	-
4,194	686	12,545	33,184	6,546
8,908	6,473	29,767	51,981	5,353
(95)	125,241	148,408	(122,467)	113
<u>(21,517)</u>	<u>248,228</u>	<u>2,033,886</u>	<u>3,214,597</u>	<u>2,146,667</u>
<u>\$ (355,960)</u>	<u>\$(1,722,651)</u>	<u>\$ 987,148</u>	<u>\$ (2,292,604)</u>	<u>\$ (2,240,655)</u>

NOTES TO FINANCIAL STATEMENTS

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Discretely Presented Component Units

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

City Court of Lake Charles

This entity is created by state statutes, which provide for its governance by independently elected officials and has a jurisdictional area extending beyond the corporate limits of the City. Although legally separate, City Court is fiscally dependent upon the government because of the statutory requirements that the City provide and maintain the physical facilities necessary for its operation. The relationship between the City and City Court is such that exclusion would cause the City's financial statements to be incomplete. Financial data reported for the City Court component unit is from its separately audited financial statements for the fiscal year ended December 31, 2008.

Ward Three Marshal - City Court.

The office of Ward Three Marshal, which is governed by an independently elected official, is created in the same statutory manner as City Court and has a corresponding area of jurisdiction. Although legally separate, the office of Ward Three Marshal is fiscally dependent upon the government because of the statutory requirements that the City provide and maintain the physical facilities necessary for its operation. The relationship between the Marshal and the City is such that exclusion would cause the City's financial statements to be incomplete. Financial data reported for this component unit are from its separately audited financial report for the year ended December 31, 2008. 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 assets and the statement of changes in net assets) report information on all of the activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and the intergovernmental revenues, are reported separately from business-type activities, which rely primarily on charges for services for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

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

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Riverboat Gaming Special Revenue Fund - This fund accounts for receipt and subsequent expenditure or transfer of revenue from casino riverboat admissions taxes, development contributions and related City-owned parking.

NOTES TO FINANCIAL STATEMENTS

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

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

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

Debt Service Fund – This fund is used to account for the accumulation of resources and the payments made for principal, interest, and related costs on long-term debt obligations of governmental funds.

Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The City of Lake Charles reports the following proprietary funds:

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

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

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

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

The City reports the following fund types:

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in

NOTES TO FINANCIAL STATEMENTS

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.

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

2. Receivables and payables

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

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

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

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

3. Inventories and prepaid items

Inventory is valued at average cost. Inventory in the General Fund consists of materials and supplies held for consumption, and are accounted for under the consumption method where expenditures are recorded when the goods are used. Inventories are also held in the enterprise funds. These consist of concession supplies held for sale to the public and materials held for water system maintenance and improvements.

NOTES TO FINANCIAL STATEMENTS

Payments made to vendors for services that will benefit subsequent periods are recorded as prepaid items in both governmental-wide and fund financial statements

4. Restricted assets

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

5 Capital Assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. An amount is recorded in governmental fund statements equal to the amount of unused vacation accruals payable to employees who had terminated as of the end of the fiscal year was \$104 on September 30, 2009.

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

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

Sick pay is not vested except at retirement, where accumulated sick pay hours up to six hundred (600) are payable to non-civil service retirees. The termination payment liability was calculated by developing a ratio based on historical data of sick leave paid at termination compared with sick leave accumulated and by applying that ratio to the sick leave accumulated by the current employee population as of September 30, 2009. Current sick pay benefits recorded in the governmental fund statements would be the amount of unreimbursed sick leave payable to employees who had terminated their employment as of the end of the fiscal year, however no such liability existed on September 30, 2009. The entire 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. A current portion of compensatory time would be recorded in the governmental fund statement that would equal the amount of reimbursable leave payable to employees who had terminated their employment as of September 30, 2009, however there was no current portion at that time.

At September 30, 2009 the total liability reported on the Statement of Net Assets for accrued vacation, sick and compensatory time was \$2,938,394 for Governmental Activities, which includes \$60,714 from the Internal Service Funds. The amount recorded in Business-Type Activities equaled \$574,542.

7. Long-term obligations

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

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

8. Fund equity

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

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

2. Reconciliation of Government-wide Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains “long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$65,424,666 difference are as follows:

NOTES TO FINANCIAL STATEMENTS

2003 LCDA Bonds payable	\$20,100,000
2007 LCDA Bonds payable	32,195,000
Premium on 2007 LCDA Bonds payable (to be amortized over the life of the debt)	973,952
Pension refunding bonds	5,005,000
Cooperative endeavor-Sales Tax Dist. No 3	3,764,492
Compensated absences	2,877,680
Other post employee benefits (OPEB) payable	366,782
Police benefits guarantee	<u>141,760</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net assets -governmental activities	<u>\$65,424,666</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of the \$16,725,706 are as follows:

Capital outlays	\$25,563,637
Depreciation expense	(8,802,183)
Loss on retirement of capital assets	<u>(35,748)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$16,725,706</u>

Another element of that reconciliation states that "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however has any effect on net assets." The details of this \$3,478,582 are as follows:

Principal repayment	
Pension refunding bonds	\$ 910,000
LCDA demand bonds	910,000
2007 LCDA public improvement bonds	1,175,000
Police benefit guarantees	47,365
Sales tax increment financing agreement	2,726
Sears building installment loan	700,000
Compensated absences	(304,856)
Other post employee benefits (OPEB)	(366,782)
Cooperative endeavor-Sales Tax Dist No 3	350,000
Proceeds from premium on 2007 LCDA Public Improvement Bonds (to be amortized as interest over life of debt)	<u>55,129</u>
Net adjustment to decrease net changes in fund balances - total governmental Funds to arrive at changes in net assets of governmental activities	<u>\$ 3,478,582</u>

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

The proprietary fund statements of net assets include reconciliation between net assets - total enterprise funds and net assets of business-type activities as reported in the governmental-wide statements of net assets. The description of the sole element of that reconciliation is "Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds." The details of this \$(3,021,482) are as follows:

NOTES TO FINANCIAL STATEMENTS

Internal payable representing costs in excess of charges to the business-type activities – prior year	\$(2,184,820)
Internal payable representing costs in excess of charges to the business-type activities – current year	(836,662)
Net adjustment to decrease net assets – enterprise funds to arrive at net assets – business-type activities	<u>\$(3,021,482)</u>

3. Stewardship, Compliance, and Accountability

A. Budgetary information

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

- 1 The Mayor submits the proposed operating budget for the fiscal year commencing October 1 to the City Council no later than August 15. This budget includes proposed expenditures and the means of financing them.
- 2 A summary of the proposed budget and notices of public hearing are published in accordance with statutory requirements.
- 3 The proposed budget is subject to one or more public hearings before the City Council prior to adoption by ordinance, which must occur no later than September 15. The City Charter requires a two-thirds vote of the City Council to amend the proposed budget submitted by the Mayor.
- 4 Expenditures are legally restricted to budgetary appropriations at the department level within the General Fund and at the fund level for Special Revenue Funds, which are not departmentalized. Revisions, which alter the total expenditures of any such department or fund, must be approved by budget amendment ordinance adopted by the City Council at the request of the Mayor. Transfers of budgeted amounts between expenditure objects or programs within the same department and fund are authorized to be made administratively by the Director of Finance.
- 5 Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Capital Projects Fund, which is budgeted on a project basis. Formal budgetary integration is not employed in the Debt Service Funds because effective budgetary control is alternatively achieved through the respective bond indentures and provisions.
- 6 Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Comparisons of budgeted and actual results of operation are presented for the General Fund and Special Revenue Funds in the accompanying financial statements. The Capital Projects Fund is not included in this budget and actual comparison, as the capital budget which encompasses that fund is presented on the basis of cumulative as opposed to annual budget amounts.
- 7 All budgetary appropriations except capital project budgets lapse at the end of each fiscal year.
- 8 Budgeted amounts are as originally adopted, or as amended by the City Council. The originally adopted General Fund budget was \$60,337,584. Amendments in the amount of \$4,273,000 resulted in the final General Fund budget of \$64,610,584 as presented in the accompanying statements. Revenue projections numbers were amended to account for the reduction in sales tax and other various revenues. Reduction in the cost of fuel accounted for reductions in the police and public works department but the fire department had to be amended to account for overtime.

NOTES TO FINANCIAL STATEMENTS

expenses. The first of four payments for the firefighter's supplemental pay lawsuit was budgeted to be transferred to the Risk Management Fund. The City council also approved a transfer of undesignated fund balance to the Capital Projects Fund, where it will be held in reserves for a new city hall.

The originally adopted amount of all Special Revenue Funds was \$29,203,103. Amendments in the amount of \$998,940 resulted in the final total Special Revenue Fund budget of \$30,202,048. An annual amendment is necessary in response to grant awards and grant balance carry-overs involving Special Revenue Funds, primarily the Community Development Fund. Intergovernmental revenues were increased in the Disaster Recovery Fund as the city continued to repair to city facilities continue for damaged in both Hurricanes Rita and Ike.

B. Encumbrances

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

In accordance with generally accepted accounting principles, outstanding encumbrances at year end for which goods or services are received are reclassified to expenditures and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year end and are either canceled or are included as reappropriations of fund balance for the subsequent year. Encumbrances at year-end in funds that are budgeted on a project basis, including Enterprise Fund construction projects, are carried forward along with their related appropriations and are not subject to an annual cancellation and reappropriation.

C. Excess of Expenditures Over Appropriations and Deficit Fund Equity

The Risk Management Internal Service Fund had deficit net assets of \$1,009,502 at fiscal year ended September 30, 2009. Estimated claims payable were higher than anticipated in this fiscal year. The entire liability for the firefighter lawsuit settlement is recorded in this fund. It will be paid out over the next three years and will be funded by the General Fund as each annual payment is made.

D. Unfavorable Revenue Variance

The General Fund revenues of \$56,106,052 were \$612,895 less than final budget projection of \$56,718,947. Although the City anticipated a shortfall in sales tax revenues and had amended the projections, the actual collections were even less than expected. Franchise fees from the electric company were also substantially less than budgeted.

The intergovernmental revenue of the Community Development Special Revenue Fund was \$1,702,871 which was \$260,521 less than the \$1,963,392 budgeted amount. This unfavorable variance is attributable to variances in grant program revenues, which are budgeted on the basis of grant awards but actually received as expenditure reimbursements in that fund. The Grant Special Revenue Fund revenues were \$1,098,735 which was \$357,850 less than the \$1,456,585 budgeted amount. This unfavorable variance is attributable to variances in grant program revenues, which are budgeted on the basis of grant award but revenues are actually received as expenditure reimbursement in that fund. The Recreation Special Revenue Fund revenues were \$31,722 less than the budgeted amount of \$2,535,205 due to decrease in sales tax revenue and less than anticipated charges for services. The interest earnings were \$66,228 less than budgeted in the Facility Renewal Special Revenue Fund due lower return on investments.

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, 2009 was \$41,084,523 (carrying amount \$36,476,410).

The total includes restricted cash in the amount of \$845,688 from customer deposits in the Water Utility Enterprise Fund. The amounts do not include petty cash of \$24,075 or \$4,007,809 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 \$153,587 reported as accounts payable in the Community Development Special Revenue Fund, \$542,820 cash overdraft reported as accounts payable in the Disaster Recovery Special Revenue Fund.

The carrying amounts of cash deposits for component units at their respective balance sheet dates were \$1,015,107 for City Court and \$571,763 for the Ward Three Marshal. These amounts were fully covered by federal deposit insurance or are collateralized entirely by U.S. Treasury and government agency securities held by a Federal Reserve Bank in the entity's name.

Investments

As of September 30, 2009 the City had the following investments and maturities:

Investment type	Maturity	Fair Value
U.S. agencies callable	Less than 1 year	\$1,793,069
U.S. agencies callable	1 - 5 year	46,626,660
Repurchase agreement - bond funds		15,973,408
Louisiana Asset Management Pool		<u>6,706,691</u>
		<u>\$71,099,828</u>

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

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

NOTES TO FINANCIAL STATEMENTS

Investments as of September 30, 2009 were concentrated with the following issuers.

Issuer	Fair Value
Federal Home Loan Bank	\$12,751,192
Federal Home Loan Mortgage Corporation	9,784,494
Federal National Mortgage Association	21,874,123
Federal Farm Credit Bank	4,005,620

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

B. Receivables

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

Governmental-type Activities	General	Riverboat Gaming	Community Development	Disaster Recovery
Receivables				
Accounts	\$1,397,389	\$ 0	\$ 18,350	\$ 0
Taxes	2,701,498	488,124	0	0
Property standards & special assessmnt	1,628,891	0	0	0
Interest	58,567	0	0	0
Intergovernmental	86,675	0	233,093	4,957,114
Gross receivables	5,873,020	488,124	251,443	4,957,114
Less allowance for uncollectable	(791,431)	0	0	(2,014,902)
Net total receivables	5,081,589	488,124	251,443	2,942,212

Governmental-type Activities (continued)	Waste Water	Debt Service	Capital Projects	Nonmajor & Other Funds	Total Governmental Activities
Receivables					
Accounts	\$1,318,551	\$ 0	\$ 266,375	\$ 428,050	\$ 3,428,715
Taxes	248,460	0	434,804	124,230	3,997,116
Property standards & special assessment	0	1,097,744	0	0	2,726,635
Interest	687	0	409,958	4,233	473,445
Intergovernmental	0	0	1,576,758	184,079	7,037,719
Gross receivables	1,567,698	1,097,744	2,687,895	740,592	17,663,630
Less allowance for uncollectable	(359,109)	(548,872)	0	0	(3,714,314)
Net total receivables	\$1,208,589	\$ 548,872	\$2,687,895	\$ 321,606	\$13,949,316

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	\$ 42,955	\$ 100	\$ 827	\$968,471	\$1,012,353	\$4,441,068
Taxes	0	0	0	0	0	3,997,116
Property standards & special assessment	0	0	0	0	0	2,726,635
Interest	0	0	0	0	0	473,445
Intergovernmental	286,900	82,743	506,319	62,783	938,745	7,976,464
Gross receivables	329,855	82,843	507,146	1,031,254	1,951,098	19,614,728
Less allowance for uncollectable	0	0	0	(353,297)	(353,297)	(4,067,611)
Net total receivables	\$329,855	\$ 82,843	\$507,146	\$ 677,957	\$1,597,801	\$15,547,117

Intergovernmental receivables consisted of the following

Governmental type activity:	
Calcasieu Parish Police Jury	\$ 86,530
Terrabone Parish Policy Jury	25,991
U S Department of Justice	47,572
Community Development Grant	145,793
LA Department of Treasury	233,468
LA Department of Transportation	300,000
LA Commission on Law Enforcement and Admin of Criminal Justice Grant	117,680
Environmental Protection Agency	1,072
LA Department of Military Affairs	4,931,123
Housing & Urban Development Disaster Recovery Grants	1,061,190
Housing & Urban Development Emergency Grants	87,300
Total Governmental-type activities	7,037,719
Business-type activity:	
Mass Transit Operating Assistance Grant	506,319
LA Department of Military Affairs	369,643
LA Department of Transportation	62,783
Total Business-type activities	938,745
Total primary government	\$7,976,464

NOTES TO FINANCIAL STATEMENTS

C. Capital Assets

Capital asset activity for the fiscal year ended September 30, 2009 was as follows

Primary Government

Governmental Activities

Asset	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$12,282,124	\$ 511,156	\$ 0	\$12,793,280
Construction in progress	61,435,896	17,388,259	(7,066,756)	71,757,399
Total capital assets, not being depreciated	73,718,020	17,899,415	(7,066,756)	84,550,679
Capital assets being depreciated				
Buildings	20,111,316	36,085	(2,950)	20,144,451
Improvements	23,485,114	1,589,090	0	25,074,204
Machinery & Equipment	26,321,987	3,122,571	(827,634)	28,616,924
Infrastructure	216,814,439	9,996,847	0	226,811,286
Total capital assets being depreciated	286,732,856	14,744,593	(830,584)	300,646,865
Less accumulated depreciation for				
Buildings	(11,262,516)	(687,898)	2,361	(11,948,053)
Improvements	(16,934,477)	(641,634)	0	(17,576,111)
Machinery & Equipment	(17,154,096)	(2,523,575)	782,363	(18,895,308)
Infrastructure	(77,166,040)	(4,951,303)	0	(82,117,343)
Total accumulated depreciation	(122,517,129)	(8,804,410)	784,724	(130,536,815)
Total capital assets, being depreciated, net	164,215,727	5,940,183	(45,860)	170,110,050
Governmental activities capital assets, net	\$237,933,747	\$23,839,598	\$(7,112,616)	\$254,660,729

The assets of the Internal Service Funds are included in the table for assets related to governmental-type activities. Total assets are \$36,225 with accumulated depreciation of \$21,504. Remaining value of assets at September 30, 2009 equaled \$14,721 and this total is included in net asset statement for the Governmental-type activities.

NOTES TO FINANCIAL STATEMENTS

Business-type activities

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 1,297,682	\$ 806,824	\$ 0	\$ 2,104,506
Construction in progress	13,062,124	2,572,171	(4,003,980)	11,630,315
Total capital assets, not being depreciated	14,359,806	3,378,995	(4,003,980)	13,734,821
Capital assets being depreciated				
Buildings	19,804,330	54,460	(179,256)	19,679,534
Improvements	71,052,010	4,600,861	(2,308)	75,650,563
Machinery & Equipment	7,325,051	265,221	(359,842)	7,230,430
Total capital assets being depreciated	98,181,391	4,920,542	(541,406)	102,560,527
Less accumulated depreciation for				
Buildings	(17,308,618)	(520,817)	114,037	(17,715,398)
Improvements	(24,545,305)	(1,837,784)	2,308	(26,380,781)
Machinery & Equipment	(4,446,266)	(593,395)	342,065	(4,697,596)
Total accumulated depreciation	(46,300,189)	(2,951,996)	458,410	(48,793,775)
Total capital assets, being depreciated, net	51,881,202	1,968,546	(82,996)	53,766,752
Governmental activities capital assets, net	\$66,241,008	\$ 5,347,541	\$(4,086,976)	\$67,501,573

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

Governmental activities:	
General government	\$ 18,205
Public safety	1,439,207
Public works	6,230,184
Planning and development	21,784
General services	246,098
Community services	846,705
Capital assets held by the government's internal service funds are charges to the various functions based on their usage of the assets	2,227
Total depreciation expense - governmental activities	\$8,804,410
Business-type activities	
Civic Center	\$1,211,245
Golf Course	205,156
Transit	162,526
Water	1,373,069
Total depreciation expense - business-type activities	\$2,951,996

NOTES TO FINANCIAL STATEMENTS

D. Discretely presented component units

Capital asset activity for the year ended December 31, 2008 was as follows for City Court:

	Balance 1/01/2008	Additions	Deletions	Balance 12/31/2008
Governmental activities				
Equipment	\$336,952	\$32,695	\$ 0	\$369,647
Furniture and fixtures	15,073	0	0	15,073
Totals at historical cost	352,025	32,695	0	384,720
Less accumulated depreciation				
Equipment	(308,891)	(21,507)	0	(330,398)
Furniture and fixtures	(12,442)	(385)	0	(12,827)
Total accumulated depreciation	(321,333)	(21,892)	0	(343,225)
Governmental activities capital assets, net	\$ 30,692	\$10,803	\$ 0	\$ 41,495

Capital asset activity for the year ended December 31, 2008 was as follows for City Marshal

	Balance 1/01/2008	Additions	Deletions	Balance 12/31/2008
Governmental activities				
Equipment	\$286,225	\$109,790	\$(6,459)	\$389,556
Furniture and fixtures	8,476	0	0	8,476
Totals at historical cost	294,701	109,790	(6,459)	398,032
Less accumulated depreciation				
Equipment	(149,474)	(53,399)	3,768	(199,105)
Furniture and fixtures	(7,743)	(215)	0	(7,958)
Total accumulated depreciation	(157,217)	(53,614)	3,768	(207,063)
Governmental activities capital assets, net	\$137,484	\$ 56,176	\$(2,691)	\$ 190,969

E. Construction commitments

The City had total commitments of \$13,313,963 with contractors for unfinished construction projects as of September 30, 2009, categorized as follows

Project type	Expended to Date	Remaining Commitment
Streets and storm drainage	\$ 1,678,615	\$ 5,960,253
Sanitary sewer rehabilitation	2,649,012	1,987,024
Waste water treatment and transport facilities	1,310,261	462,901
Water system and plant improvements	517,914	1,511,047
Downtown Area Improvements	2,658,442	3,177,912
Mallard Cove Renovations	1,627,199	84,200
Recreation Facilities	0	4,200
Other Governmental Facilities	148,431	126,426
Total	\$10,589,874	\$13,313,963

All remaining commitments are financed from City revenues previously received

NOTES TO FINANCIAL STATEMENTS

F. Interfund receivables, payables and transfers

The composition of interfund balances as of September 30, 2009 is as follows

Due to / from other funds

Receivable Fund	Payable Fund	Amount
General Fund	Wastewater Fund	\$ 5,939
	Non-major Governmental Funds	321,516
	Civic Center Fund	305,669
	Water Fund	182,769
	Community Development Fund	38
	Disaster Recovery Fund	1,765
	Transit Fund	125,287
	Employee insurance Fund	211
Community Development Fund	General Fund	9,979
Debt Service Fund	General Fund	24,769
Capital Project Fund	General Fund	700,000
Nonmajor Governmental Funds	General Fund	308,094
	Community Development Fund	200
Golf Course	General Fund	185,016
Public Transit Fund	General Fund	200,000
Risk Management Internal Service Fund	General Fund	749,921
Total		\$3,121,173

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

Interfund transfers

Transfer out:	General Fund	Riverboat Fund	Wastewater Fund	Capital Project Fund	Non-major Governmental
Transfer in:					
Community Development	\$68,751	\$ 0	\$ 0	\$ 0	\$0
Disaster Recovery	0	0	0	0	0
Debt Service	301,007	2,538,973	2,365,000	852,165	0
Capital Projects	3,730,000	5,148,000	900,000	0	0
Non-major Governmental	1,132,849	179,500	0	0	0
Civic Center	729,169	500,000	0	280,771	0
Golf Course	357,539	100,000	0	0	0
Transit	803,151	0	0	0	0
Water	1,000,000	700,000	0	1,083,761	1,000,000
Internal Service	2,000,000	0	0	0	0
Total	\$10,122,466	\$9,166,473	\$3,265,000	\$2,216,697	\$1,000,000

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

NOTES TO FINANCIAL STATEMENTS

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

G. Long-Term Debt

Bonds payable as of September 30, 2009 are comprised of the following individual issues and are entirely related to governmental activities

<u>\$3,600,000</u> Series 1998A Tax-exempt Pension Refunding Bonds due in annual amounts of \$370,000 in 2010 and \$1,030,000 to \$1,125,000 from 2011 through 2013, interest rates at 4.55% to 4.70%	\$ 3,600,000
<u>\$9,055,000</u> Series 1998B Taxable Pension Refunding Bonds due in annual amounts of \$540,000 to \$910,000 through 2010 and \$805,000 in 2014, interest rates of 7.77% to 6.55%	1,405,000
<u>\$25,000,000</u> Variable rate demand bonds – LCDA for construction of sewer treatment facility due in amounts of \$715,000 to \$1,560,000 through 2022 and \$4,125,000 in 2023, On 4/1/08 interest rate was locked at 4.45% for two years	20,100,000
<u>\$34,480,000</u> 2007 Fixed rate Revenue Bonds – LCDA for City of Lake Charles Public Improvement Projects (roads, utilities, downtown/lakefront development, economic development and parks) due in annual amounts of \$1,110,000 to \$2,555,000 through 2027 interest rates of 4% to 5%	<u>32,195,000</u>
Total bonds payable	<u>\$57,300,000</u>

The variable rate demand bonds and the 2007 fixed rate Revenue Bonds are subject to arbitrage rules. The arbitrage calculation was recently done on the variable rate demand bonds and a liability did not exist. Future calculations will be done as required.

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

Year ending September 30	Governmental Activities		
	Principal	Interest	Total
2010	3,140,000	2,612,692	5,752,692
2011	3,290,000	2,465,505	5,755,505
2012	3,430,000	2,323,292	5,753,292
2013	3,570,000	2,174,470	5,744,470
2014	3,350,000	2,018,980	5,368,980
2015	2,655,000	1,859,435	4,514,435
2016	2,765,000	1,747,992	4,512,992
2017	2,875,000	1,631,925	4,506,925
2018	3,010,000	1,495,132	4,505,132
2019	3,150,000	1,351,892	4,501,892
2020	3,300,000	1,201,955	4,501,955
2021	3,435,000	1,063,497	4,498,497
2022	3,575,000	919,370	4,494,370
2023	6,240,000	749,200	6,989,200
2024	2,205,000	475,750	2,680,750
2025	2,320,000	365,500	2,685,500
2026	2,435,000	249,500	2,684,500
2027	2,555,000	127,750	2,682,750
Total	\$ 57,300,000	\$ 24,833,837	\$ 82,133,837

NOTES TO FINANCIAL STATEMENTS

Changes in long-term liabilities:

Long-term liability activity for the year ended September 30, 2009 was as follows

	Balance 10/01/2008	Additions	Reductions	Balance 9/30/2009	Due within one year
Governmental activities:					
Bonds payable					
Variable rate demand bonds- LCDA	\$21,010,000	\$ 0	\$(910,000)	\$20,100,000	\$ 945,000
Pension refunding bonds payable	5,915,000	0	(910,000)	5,005,000	970,000
Revenue Bonds LC Public Imp	33,370,000	0	(1,175,000)	32,195,000	1,225,000
Deferred amount of revenue bonds	1,029,081	0	(55,129)	973,952	55,129
Total bonds payable	61,324,081	0	(3,050,129)	\$58,273,952	\$3,195,129
Compensated absences	2,572,824	525,609	(220,753)	2,877,680	200,000
Other post employment benefits	0	366,782	0	366,782	0
Police Benefit Guarantee	189,125	0	(47,365)	141,760	47,365
Sales tax increment financing agreement	2,726	0	(2,726)	0	0
Cooperative endeavor-Sales Tax Dist 3	4,114,492	0	(350,000)	3,764,492	350,000
Sears Building Installment loan	700,000	0	(700,000)	0	0
Long-term liabilities	\$68,903,248	\$892,391	\$(4,370,973)	\$65,424,666	\$3,792,494
Business-type activities:					
Compensated absences	595,292	71,599	(31,635)	635,256	5,000
Other post employment benefits	0	57,334	0	57,334	0
Long-term liabilities	\$595,292	\$128,933	\$ (31,635)	\$692,590	\$ 5,000

5. Other Information

A. Risk Management

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

As an internal service activity, the Risk Management Fund is a proprietary fund in which both current and long-term liabilities for claims and losses are recognized and reported when the liability is incurred. Financial resources are provided to the fund primarily through internal service charges that are distributed

NOTES TO FINANCIAL STATEMENTS

among other departments and funds in proportion to estimated risk and prior loss experience. A portion of the fund's accumulated resources is designated for catastrophic losses as provided by authorizing ordinance. Any remaining fund equity is reserved for subsequent workmen's compensation and liability claims on an aggregate basis.

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

The Risk Management Fund also accounts for payment of hazard insurance premiums and third party claims administration services under a comprehensive risk limitation and insurance program. Under this program, the City's retained risk for all auto liability and general liability is generally limited to a maximum of \$500,000 per claim or loss. The City's self insured retentions for workmen's compensation is \$475,000 for fire and police department employees and \$350,000 for all others.

Total deficit net assets at September 30, 2009 were (\$1,004,149). Specific ordinance authorization is required for payment of any claim in excess of \$100,000, or for any reduction or use of the amount designated for catastrophic losses. However, all estimable claims are accrued as current or long-term liabilities when incurred, without regard to the level of authorization required for payment.

The City established a self-insurance program for employee health benefits as of January 1, 1993 and accounts for this program through a separate internal service fund. Total net assets of that fund at September 30, 2009 were \$2,350,824. The amount of risk retained by the fund during 2009 was limited to \$125,000 per claimant through use of purchased stop-loss coverage.

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

	Risk Management	Employee Insurance	Totals
Unpaid claims, beginning of fiscal year 2008.	\$5,281,273	\$1,350,000	\$6,631,273
Incurred and adjusted claims	3,018,656	5,081,013	8,099,669
Claim payment	(2,991,916)	(5,016,013)	(8,007,929)
Unpaid claims, beginning of fiscal year 2009	5,308,013	1,415,000	6,723,013
Incurred and adjusted claims	8,500,367	5,840,373	14,340,740
Claim payments	(6,258,649)	(5,705,373)	(11,964,022)
Total unpaid claims September 30, 2009			
Current claims due within one year	5,230,161	1,550,000	6,780,161
Long-term claims due one year or more	2,319,570	0	2,319,570
Total unpaid claims September 30, 2009	\$7,549,731	\$1,550,000	\$9,099,731

B. Property Tax

The City levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the City on property values assessed by the Calcasieu Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The distribution of the City's levy (tax rate per \$1,000 assessed value) to its funds was as follows for 2009 and 2008:

NOTES TO FINANCIAL STATEMENTS

Tax	Fiscal year 2009	Fiscal year 2008
General Alimony	6 07	6 07
Special recreation	1 70	1 87
Employee salary	5 27	5 61
Special street improvement	2 31	2 54
Totals	15 35	16 09

C. Contingencies and Commitments

The City has outstanding a number of contracts, the breach of any of which could result in a liability to the City. The amount of the liability to the City at September 30, 2009, if any, is not estimable.

D. Joint Service Agreements

The City of Lake Charles and the Calcasieu Parish Police Jury entered into a joint service agreement, with an effective date of January 1, 2007, regarding operational responsibility for a consolidated animal services and shelter program. The term of the agreement would be for the calendar year 2007 through 2009, with an optional renewal period of three years. The City agreed to fund one-half of the operating budget after the reduction for self-generated revenue and other specified grant revenue. The fifty percent amount is based on the average service call breakdown between the City and the Parish. The 2009 payment was \$433,447.

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 \$229,224 in 2009 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 2009, the Parish remitted \$ 1,168,541 to the City. The activity of this District is presented as a blended component unit of the Parish since the Police Jury's and the District's governing board are the same.

E. Gaming Activity and Agreements

In 2007, the City of Lake Charles and the Calcasieu Parish Police Jury entered into a cooperative endeavor agreement thereby creating the Calcasieu Parish Gaming Revenue District which will be responsible for collecting fees and assessments related to gaming activity conducted within the boundaries of the Parish and the City of Lake Charles and then distributing those collections to participating entities. The entities eligible for participation in this distribution are currently the Parish, the City of Lake Charles, the City of Sulphur, the City of Dequincy, the Town of Vinton and the Town of Iowa. Specifically excluded from the definition of gaming revenues to be collected by the new district is the annual cash payment received by the Parish from the Isle of Capri as well as two payments received by the City of Lake Charles in regard to the closing of Players' riverboat and the opening of Sugarcane Bay Resort. The City received \$9,099,020 during fiscal year 2009 as a result of this agreement.

NOTES TO FINANCIAL STATEMENTS

F. Other Postemployment Benefits Other than Pensions (OPEB)

For the fiscal year ended September 30, 2009, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This statement addresses the fact that certain postemployment benefits other than pensions, which for the City consist of healthcare benefits only, are related to employee services and salaries received presently but that will benefit the employee in the future, upon retirement and whose costs will be borne by the City in the future. This statement attempts to quantify the future "retirement" costs that have been earned by the employee during his active years of employment. The City will finance the postemployment benefits on a "pay-as-you-go" basis. Accordingly, a liability is recognized in the financial statements for the actuarial determined amount of postemployment benefits that are associated with the normal costs of benefits attributable to service in the current year as well as an amortization of any unfunded actuarial accrued liability for costs of benefits associated with prior years of employment. The notes to the financial statements contain other required disclosure information such as the estimated costs today of providing the postemployment benefits to all of your current employees once they retire not just the liability referred to above that is actually recognized in the statements of net assets. The city contracted with a third party consultant to perform the actuarial valuation required by GASB Statement No. 45.

Plan Description. The City OPEB Plan is a single employer defined benefit plan. Employees are eligible for retiree health benefits if they are eligible for a pension from their respective retirement system and they are enrolled in the City of Lake Charles health plan at the time of retirement. City employees may retire upon attaining (1) age 60 with 10 years of service or (2) at any age with 30 years of service. Police employees may retire upon attaining (1) age 55 with 12 years of service or (2) at any age with 20 years of service. Fire employees may retire upon attaining (1) age 55 with 12 years of service, (2) age 50 with 20 years of service, or (3) at any age with 25 years of service.

In addition, if an employee becomes disabled under the terms of his retirement system, he shall be eligible for medical benefits. City employees must have 10 years of service at time of disability. Police and fire employees must have 5 years of service at time of disability.

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

The City does offer dental and vision benefits to its retirees. However, those benefits are fully insured and retiree-pay-all, so the City has no liability for those benefits. A life benefit of \$10,000 is available at retirement. The current cost of the life insurance is \$5.90 per month and is completely paid by the retirees. Therefore, there is no liability to the City for life insurance benefits.

Funding Policy. The contribution requirements of the retirees and the participating employees are established in the annual operating budget and may be amended in the subsequent year by the City management. As stated previously, the required contribution is based on projected pay-as-you-go financing requirements. The employer contribution to the OPEB plan for 2009 was \$218,000. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which for 2009 consisted of \$428 per month for retiree only and \$925 for retiree and dependent coverage. Retirees over age 65 pay \$307 per month for Medicare Supplement Part A and B.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members. The actuarial cost method used for determining the benefit obligation is the Projected Unit Credit Cost Method for the October 1, 2008 actuarial valuation. Because the City currently finances OPEB using a pay-as-you-go approach, the discount rate would be the expected return on the investments in the City's general funds. The actuarial assumptions included a 4 percent investment rate of return, compounded annually. Life expectancies were based on the RP2000 Healthy with Projection Scale AA for Males and Females.

NOTES TO FINANCIAL STATEMENTS

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

The City provided a lag report of paid claims net of reinsurance for January 2008 through April 2009. The data included medical and pharmacy claims combined for active employees and retirees enrolled in the self-funded plan. For projections the claims trend rates were based on the trends from the actuaries "Health Cost Guidelines." The plan assumed a medical inflation rate of 8.5 percent in the first year, 7.9 percent in the second year, 7.1 percent in the third, 6.3 percent in the fourth year, and ultimately grade down to 4.5 percent per year after the sixty-eighth year. The actuarial valuation assumes that (1) 25 percent of employees are assumed to elect continued coverage at retirement; (2) 25 percent of employees are assumed to have a covered spouse at retirement, (3) no dependent children are assumed, (4) husbands are assumed to be three years older than wives and (5) 100 percent of employees will elect Medicare coverage when they are first eligible.

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

Annual OPEB Cost and Net OPEB Obligation The City annual OPEB costs was calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding, which if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. Since 2009 was the initial year of implementation for GASB No. 45, there was no net OPEB obligation at the beginning of the fiscal year and only one year of trend information is available. The ARC was calculated as part of the October 1, 2008 actuarial valuation performed by an outside actuary consultant. The following table shows the components of the City's annual OPEB costs for the year and the amount estimated to have been contributed to the plan during the year.

Determination of Net OPEB Obligation	Governmental Activities	Business-Type Activities	Total
Annual required contribution (ARC)	\$ 554,402	\$ 87,714	\$ 642,116
Interest on prior year Net OPEB Obligation	0	0	0
Adjustment to ARC	0	0	0
Annual OPEB Cost	554,402	87,714	642,116
City contributions made	187,620	30,380	218,000
Increase in Net OPEB Obligation	366,782	57,334	424,116
Net OPEB Obligation -- beginning of year	0	0	0
Net OPEB Obligation -- end of year	\$ 366,782	\$ 57,334	\$ 424,116

Trend Information for OPEB Plan			
Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	\$642,116	34%	\$424,116

G. Other Postemployment Benefits – Police Benefit Guarantee

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

NOTES TO FINANCIAL STATEMENTS

subsequent liberalization of MPERS benefits, relatively few of the eligible participants have elected to receive the temporary City benefit prior to normal retirement under MPERS

As of September 30, 2009, the City was paying post-employment benefits to two participants and had a potential liability for future benefits to two remaining active employees. Total payments during the year then ended were \$47,365, the maximum liability for subsequent payments was established at \$141,760 that is recorded as a long-term liability. Payments are funded on a cash basis through a related debt service fund, which is supported by periodic General Fund transfers. The balance available in the debt service fund as of September 30, 2009 was \$156,654, which exceeds the maximum future liability.

H. Retirement Commitments

The City participates in three state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the City's full-time employees: Municipal Employees' Retirement System, Municipal Police Employees' Retirement System and Firefighters' Retirement System of the State of Louisiana. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the City's participation in these systems are provided below.

Municipal Employees' Retirement System

This system covers full-time municipal employees who are not eligible to participate in other state-administered defined benefit plans. Membership is generally mandatory for such employees of participating municipalities. The City of Lake Charles participates in "Plan B" of this system, in which employees are subject to federal social security coverage. A member of Plan B may retire at any age with 30 years of creditable service or at age 60 with 10 years of service. Benefits vest after 10 years of service, and are generally equal to two percent of the member's final three-year average salary times the number of years of creditable service. Active plan members are required to contribute 5 percent of regular earnings and the City is required to contribute at an actuarially determined rate, which has been at 6.75 percent of covered payroll since the end of fiscal year 2007.

The City of Lake Charles and their employees contributed to Plan B of Municipal Employees Retirement System a total of \$1,616,990, \$1,667,672, and \$1,779,164, for the years ended September 30, 2009, 2008 and 2007 respectively, which equals the required contribution for each year.

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

Municipal Police Employees' Retirement System

This system, which covers full-time police personnel in participating municipalities provides a pension benefit of three and one-third percent of average final salary for each year of service, with normal retirement eligibility ranging from age 55 with 12 years of service to any age with 25 years of service. Active plan members are required to contribute 7.5 percent of covered earnings and the City is required to contribute an actuarially determined rate, which was 11 percent of covered payroll at fiscal year end 2009, 9.5 percent at fiscal year end 2008 and 13.75 percent at fiscal year end 2007.

The City of Lake Charles and their employees contributed a total of \$1,212,015, \$1,342,644, and \$1,450,662, to the Municipal Police Employees Retirement System for fiscal years ended September 30, 2009, 2008 and 2006 respectively, which equals the required contributions for each year. The financial report issued by this system may be obtained from Municipal Police Employees Retirement System, 8401 United Plaza Boulevard Suite 270, Baton Rouge, LA 70809-7017.

NOTES TO FINANCIAL STATEMENTS

Firefighters' Retirement System of the State of Louisiana

This system, which covers full-time fire department employees who are not members of other retirement systems, has the same contribution requirements and major benefits provisions as the Municipal Police Employees' Retirement System described above. Employees are required to contribute 8 percent of covered earnings, and the City is required to contribute an actuarially determined rate, which was 14 percent at fiscal year end. The City was contributing 12.5 percent of covered payroll at fiscal year end 2008 and 13.75 percent of covered payroll at fiscal year end 2007.

The City of Lake Charles' employee and employer contributions to this plan were \$1,426,875, \$1,432,375, and \$1,518,347, for the years ended September 30, 2009, 2008 and 2007 respectively, which equals the required contributions for each year. The financial report for this system may be obtained from Firefighters Retirement System, P O Box 94095, Capitol Station, Baton Rouge, LA 70804-9095.

I. Federally Assisted Grant Programs

The City participates in a number of federally assisted grant programs, with the principal grantor agencies being the U.S. Department of Transportation, the Department of Housing and Urban Development and the U.S. Department of Military Affairs. These programs are subject to compliance audits by the grantors or their representatives, and the City's compliance with applicable grant requirements for the year ended September 30, 2009 will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

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

During fiscal year 2009 the following amounts were recorded in the accompanying financial statements under various federal and state pass-through entitlements:

Fund	Fiscal year 2009
Community Development	\$ 1,702,771
Disaster Recovery Fund	853,819
Grant Fund	1,082,585
Capital Projects Fund	1,826,105
Civic Center Fund	107,350
Golf Course Fund	449,269
Transit Enterprise Fund	2,152,616

NOTES TO FINANCIAL STATEMENTS

J. Dedication of Proceeds and Flow of Funds - Two and One-Quarter Percent Sales and Use Tax

One Percent Sales and Use Tax

Proceeds of the one percent sales tax levied by the City of Lake Charles (2009 collections \$19,767,417, 2008 collections \$20,048,716, 2007 collections \$19,604,922,) are collected by the General Fund and may be used for virtually any capital or operating needs of the City of Lake Charles. This tax levy was originally authorized in 1965, and has been re-authorized for an additional 25 years from March 1, 1990.

Additional Dedicated One Percent Sales Tax

In November 1986, a sales tax election was held and the City of Lake Charles was authorized to collect an additional dedicated one percent sales tax levy for a period of five years commencing January 1, 1987. This tax has since been reauthorized for periods of five years extending through 1996, and then for ten years through 2006. This tax was re-authorized in 2006 for an additional 10 years through 2016. Proceeds of this additional one percent sales tax levied by the City of Lake Charles (2009 collections \$19,767,417, 2008 collections \$20,048,779, 2007 collections \$19,604,747) were deposited directly to the funds for which they are dedicated on a percentage basis as follows.

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

Additional One-Quarter Percent Sales Tax

The voters approved an additional sales tax levy of one-quarter of one percent in January 1995 for the purpose of increasing the pay and starting salaries of City employees. This tax levy is authorized for a period of ten years from its effective date of April 1, 1995. This tax has been reauthorized for ten years, extending through 2015. Prior to fiscal year 2003, the sales tax was recorded directly into the funds where the payroll costs are incurred: General Fund, Waste Water and Recreation Special Revenue Funds, Civic Center, Golf Course, Transit and Water Enterprise Funds. Beginning in fiscal year 2003 the revenue was recorded exclusively in the General Fund. Collections for September 30, 2009 totaled \$4,932,015, \$5,012,194 in fiscal year 2008 and 2007 collections were \$4,901,540.

NOTES TO FINANCIAL STATEMENTS

K. Schedule of Compensation Paid to Governing Board

	Salary	Per Diem	Mileage Reimbursement	Total
Mayor:				
Randy Roach	\$90,409	\$ 44	\$ 0	\$90,453
Councilmen:				
Luvertha August	10,200	292	0	10,492
Rodney Geyen	10,200	216	114	10,530
Dana Jackson	10,200	265	0	10,465
Marshall Simen	10,200	0	0	10,200
Stuart Weatherford	10,200	88	378	10,666
John Ieyoub	3,000	0	0	3,000
Mark Eckard	3,000	0	0	3,000
Michael Huber	7,200	253	219	7,672
David Perry	7,200	253	0	7,453
Total	\$161,809	\$1,411	\$711	\$163,931

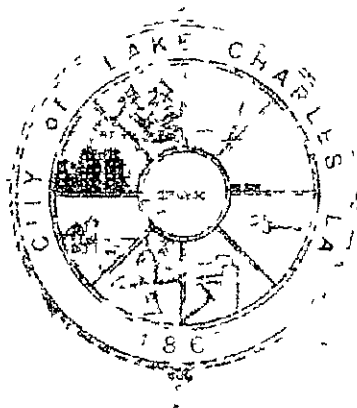
L. Subsequent Events

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

On October 20, 2009, the City of Lake Charles through the Louisiana Local Government Environmental and Facilities and Community Development Authority (LCDA) issued \$17,735,000 Revenue Refunding Bonds to refund the outstanding balance of the Variable Rate Demand Bonds – LCDA that had been issued in 2003 for the construction of a new sewer treatment facility. As discussed in note 4 G above the remaining principal balance at September 30, 2009 was \$20,100,000. \$2.5 million that was on deposit in a Bond Reserve Fund was applied toward the outstanding principal balance. The new issue interest rate ranges from 2 to 4 percent with the final maturity in 2021.

On March 30, 2010 the City will close on a \$40,000,000 LCDA Revenue Bond issue for City of Lake Charles Public Improvement Projects Series 2010. These funds will be used for Phase 2 of the \$90 million bond proposition that was approved by votes in November 2006 for improvements to roads, utilities, downtown/lakefront development and economic development. The interest rate will range from 2 to 5 percent and the final maturity will be in 2027.

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

CITY OF LAKE CHARLES, LOUISIANA

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2009

	<u>Grants</u>	<u>Recreation</u>	<u>Central School</u>	<u>Special Events</u>	<u>Facility Renewal</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS						
Cash (Note 1-G)	\$ 28,852	\$ 275,156	\$ 214,586	\$ 1,729	\$ 2,910,944	\$ 3,431,267
Investments (Note 1-G)	58,162	503,312	53,801	-	1,046,521	1,661,796
Receivable (net of allowance for uncollectable)						
Accounts (Note 1-F)	-	124,325	11,247	-	-	135,572
Accrued interest	-	1,718	-	-	237	1,955
Intergovernmental (Note 7-C)	181,979	2,100	-	-	-	184,079
Due from other funds (Note 7-B)	8,094	200	-	-	300,000	308,294
Total assets	<u>\$ 277,087</u>	<u>\$ 906,811</u>	<u>\$ 279,634</u>	<u>\$ 1,729</u>	<u>\$ 4,257,702</u>	<u>\$ 5,722,963</u>
LIABILITIES						
Accounts payable	\$ 1,116	\$ 99,885	\$ 5,054	\$ 102	\$ -	\$ 106,157
Escrow	-	4,190	-	-	-	4,190
Due to other funds	30,638	290,738	-	140	-	321,516
Total liabilities	<u>31,754</u>	<u>394,813</u>	<u>5,054</u>	<u>242</u>	<u>-</u>	<u>431,863</u>
FUND BALANCES						
Unreserved						
Designated for subsequent year's exp	104,468	-	66,408	-	-	170,876
Undesignated	140,865	511,998	208,172	1,487	4,257,702	5,120,224
Total fund balances	<u>245,333</u>	<u>511,998</u>	<u>274,580</u>	<u>1,487</u>	<u>4,257,702</u>	<u>5,291,100</u>
Total liabilities and fund balances	<u>\$ 277,087</u>	<u>\$ 906,811</u>	<u>\$ 279,634</u>	<u>\$ 1,729</u>	<u>\$ 4,257,702</u>	<u>\$ 5,722,963</u>

CITY OF LAKE CHARLES, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For Fiscal Year Ended September 30, 2009

	<u>Special Revenue Funds</u>					<u>Total Nonmajor Governmental Funds</u>
	<u>Grants</u>	<u>Recreation</u>	<u>Central School</u>	<u>Special Events</u>	<u>Facility Renewal</u>	
Revenues.						
Taxes	\$ -	\$ 2,389,238	\$ -	\$ -	\$ -	\$ 2,389,238
Intergovernmental	1,097,996	3,500	-	-	-	1,101,496
Charges for services	-	100,688	-	-	-	100,688
Miscellaneous	739	10,057	108,266	51,116	48,772	218,950
Total revenues	<u>1,098,735</u>	<u>2,503,483</u>	<u>108,266</u>	<u>51,116</u>	<u>48,772</u>	<u>3,810,372</u>
Expenditures.						
Current operating						
Police	239,984	-	-	-	-	239,984
Community services	819,900	3,243,243	108,537	252,962	-	4,424,642
Capital projects	82,300	21,848	45,334	-	-	149,482
Total expenditures	<u>1,142,184</u>	<u>3,265,091</u>	<u>153,871</u>	<u>252,962</u>	<u>-</u>	<u>4,814,108</u>
Excess (deficiency) of revenues over expenditures	<u>(43,449)</u>	<u>(761,608)</u>	<u>(45,605)</u>	<u>(201,846)</u>	<u>48,772</u>	<u>(1,003,736)</u>
Other financing sources (uses):						
Transfers in	71,240	761,608	-	179,500	300,000	1,312,348
Transfers out	-	-	-	-	(1,000,000)	(1,000,000)
Total other financing sources (uses)	<u>71,240</u>	<u>761,608</u>	<u>-</u>	<u>179,500</u>	<u>(700,000)</u>	<u>312,348</u>
Net change in fund balances	27,791	-	(45,605)	(22,346)	(651,228)	(691,388)
Fund balance at beginning of year	<u>217,542</u>	<u>511,998</u>	<u>320,185</u>	<u>23,833</u>	<u>4,908,930</u>	<u>5,982,488</u>
Fund balance at end of year	<u>\$ 245,333</u>	<u>\$ 511,998</u>	<u>\$ 274,580</u>	<u>\$ 1,487</u>	<u>\$ 4,257,702</u>	<u>\$ 5,291,100</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, 2009

	<u>Budgeted Amounts</u>		<u>2009 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental				
Shared grants				
Federal	\$ 750,000	\$ 453,250	\$ 347,436	\$ (105,814)
State	995,008	988,835	735,149	(253,686)
Local	11,000	11,000	15,411	4,411
Miscellaneous	3,500	3,500	739	(2,761)
Total revenues	<u>1,759,508</u>	<u>1,456,585</u>	<u>1,098,735</u>	<u>(357,850)</u>
Expenditures:				
Current				
Public safety	482,145	313,145	239,984	73,161
Community services	1,330,606	1,158,683	819,900	338,783
Capital outlay	83,321	83,321	82,300	1,021
Total expenditures	<u>1,896,072</u>	<u>1,555,149</u>	<u>1,142,184</u>	<u>412,965</u>
Excess of revenues over expenditures	<u>(136,564)</u>	<u>(98,564)</u>	<u>(43,449)</u>	<u>55,115</u>
Other financing source(uses):				
Transfers in	126,564	88,564	71,240	(17,324)
Total other financing sources (uses)	<u>126,564</u>	<u>88,564</u>	<u>71,240</u>	<u>(17,324)</u>
Excess (deficiency) of rev and other sources over exp and other uses	(10,000)	(10,000)	27,791	37,791
Fund balance at beginning of year	<u>217,542</u>	<u>217,542</u>	<u>217,542</u>	<u>-</u>
Fund balance at end of year	<u>\$ 207,542</u>	<u>\$ 207,542</u>	<u>\$ 245,333</u>	<u>\$ 37,791</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, 2009

	<u>Budgeted Amounts</u>		<u>2009 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 2,432,305	\$ 2,412,305	\$ 2,389,238	\$ (23,067)
Intergovernmental	1,000	1,000	3,500	2,500
Charges for services	111,500	111,500	100,688	(10,812)
Miscellaneous	10,400	10,400	10,057	(343)
Total revenues	<u>2,555,205</u>	<u>2,535,205</u>	<u>2,503,483</u>	<u>(31,722)</u>
Expenditures:				
Personal services	2,089,506	2,061,471	1,922,756	138,715
Contractual and operational	957,697	1,043,798	906,496	137,302
Materials and supplies	519,280	467,699	413,991	53,708
Capital outlay	54,300	27,815	21,848	5,967
Total expenditures	<u>3,620,783</u>	<u>3,600,783</u>	<u>3,265,091</u>	<u>335,692</u>
Excess (deficiency) of rev over exp	<u>(1,065,578)</u>	<u>(1,065,578)</u>	<u>(761,608)</u>	<u>303,970</u>
Other financing sources (uses):				
Transfers in	1,065,578	1,065,578	761,608	(303,970)
Total other financing sources (uses)	<u>1,065,578</u>	<u>1,065,578</u>	<u>761,608</u>	<u>(303,970)</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	-	-	-
Fund balance at beginning of year	<u>511,998</u>	<u>511,998</u>	<u>511,998</u>	<u>-</u>
Fund balance at end of year	<u>\$ 511,998</u>	<u>\$ 511,998</u>	<u>\$ 511,998</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, 2009

	<u>Budgeted Amounts</u>		<u>2009 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Miscellaneous	\$ 77,200	\$ 76,000	\$ 108,266	\$ 32,266
Total revenues	<u>77,200</u>	<u>76,000</u>	<u>108,266</u>	<u>32,266</u>
Expenditures:				
Materials and supplies	10,800	10,800	4,978	5,822
Other services and charges	135,118	144,963	103,559	41,404
Capital outlay	-	46,000	45,334	666
Total expenditures	<u>145,918</u>	<u>201,763</u>	<u>153,871</u>	<u>47,892</u>
Excess of revenue over expenditures	(68,718)	(125,763)	(45,605)	80,158
Fund balance at beginning of year	<u>320,185</u>	<u>320,185</u>	<u>320,185</u>	<u>-</u>
Fund balance at end of year	<u>\$ 251,467</u>	<u>\$ 194,422</u>	<u>\$ 274,580</u>	<u>\$ 80,158</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, 2009

	<u>Budgeted Amounts</u>		<u>2009 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charge for services	\$ 1,500	\$ 1,500	\$ 2,643	\$ 1,143
Miscellaneous	35,000	35,000	48,473	13,473
Total revenues	<u>36,500</u>	<u>36,500</u>	<u>51,116</u>	<u>14,616</u>
Expenditures:				
Materials and supplies	-	10,331	7,758	2,573
Other services and charges	274,100	263,769	245,204	18,565
Total expenditures	<u>274,100</u>	<u>274,100</u>	<u>252,962</u>	<u>21,138</u>
Excess of revenue over expenditures	(237,600)	(237,600)	(201,846)	35,754
Other financing sources:				
Transfers in	237,600	237,600	179,500	(58,100)
Total other financing sources	<u>237,600</u>	<u>237,600</u>	<u>179,500</u>	<u>(58,100)</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	-	(22,346)	(22,346)
Fund balance at beginning of year	<u>23,833</u>	<u>23,833</u>	<u>23,833</u>	<u>-</u>
Fund balance at end of year	<u>\$ 23,833</u>	<u>\$ 23,833</u>	<u>\$ 1,487</u>	<u>\$ (22,346)</u>

CITY OF LAKE CHARLES, LOUISIANA
Facility Renewal Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>2009 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest on investments	\$ 115,000	\$ 50,000	\$ 48,772	\$ (1,228)
Total revenues	<u>115,000</u>	<u>50,000</u>	<u>48,772</u>	<u>(1,228)</u>
Expenditures:	-	-	-	-
Excess of revenues over expenditures	<u>115,000</u>	<u>50,000</u>	<u>48,772</u>	<u>(1,228)</u>
Other financing sources:				
Transfer in	-	-	300,000	300,000
Transfers out	(1,000,000)	(1,000,000)	(1,000,000)	-
Total other financing sources	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(700,000)</u>	<u>300,000</u>
Excess (deficiency) of rev and other sources over exp and other uses	(885,000)	(950,000)	(651,228)	298,772
Fund balance at beginning of year	<u>4,908,930</u>	<u>4,908,930</u>	<u>4,908,930</u>	-
Fund balance at end of year	<u>\$ 4,023,930</u>	<u>\$ 3,958,930</u>	<u>\$ 4,257,702</u>	<u>\$ 298,772</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 Assets

September 30, 2009

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2009</u>
ASSETS			
Current assets:			
Cash	\$ 3,537,551	\$ 2,875,099	\$ 6,412,650
Investments	1,043,746	1,059,208	2,102,954
Receivables			
Accounts	416,708	-	416,708
Accrued interest	2,061	217	2,278
Due from other funds	749,921	-	749,921
Prepaid expenses	849,862	-	849,862
Total current assets	<u>6,599,849</u>	<u>3,934,524</u>	<u>10,534,373</u>
Noncurrent assets:			
Capital assets (at cost)			
Machinery & equipment	36,225	-	36,225
Less accumulated depreciation	<u>(21,504)</u>	<u>-</u>	<u>(21,504)</u>
Total capital assets (net of accum depr)	<u>14,721</u>	<u>-</u>	<u>14,721</u>
Total assets	<u>6,614,570</u>	<u>3,934,524</u>	<u>10,549,094</u>
LIABILITIES			
Current liabilities			
Accounts payable	8,274	33,489	41,763
Due to other funds	-	211	211
Accrued insurance claims	5,055,161	1,400,000	6,455,161
Incurred-not reported claims	175,000	150,000	325,000
Total current liabilities	<u>5,238,435</u>	<u>1,583,700</u>	<u>6,822,135</u>
Long-term liabilities			
Accrued leave benefits	60,714	-	60,714
OPEB payable	5,353	-	5,353
Accrued insurance claims - noncurrent	2,319,570	-	2,319,570
Total long-term liabilities	<u>2,385,637</u>	<u>-</u>	<u>2,385,637</u>
Total liabilities	<u>7,624,072</u>	<u>1,583,700</u>	<u>9,207,772</u>
NET ASSETS			
Invested in capital assets	14,721	-	14,721
Unrestricted	<u>(1,024,223)</u>	2,350,824	1,326,601
Total net assets	<u>\$ (1,009,502)</u>	<u>\$ 2,350,824</u>	<u>\$ 1,341,322</u>

CITY OF LAKE CHARLES, LOUISIANA

Internal Service Funds

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

For the Fiscal Year Ended September 30, 2009

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2009</u>
Operating revenues			
Charges for services	\$ 4,661,103	\$ 6,000,062	\$ 10,661,165
Intergovernmental revenue	-	3,930	3,930
Subrogation	40,473	113,429	153,902
Total operating revenues	<u>4,701,576</u>	<u>6,117,421</u>	<u>10,818,997</u>
Operating expenses			
Personal services	439,934	33,475	473,409
Materials and supplies	5,236	-	5,236
General and administration	1,773,649	987,776	2,761,425
Depreciation	2,227	-	2,227
Claims and losses paid	6,258,649	5,705,373	11,964,022
Total operating expenses	<u>8,479,695</u>	<u>6,726,624</u>	<u>15,206,319</u>
Operating income (loss)	<u>(3,778,119)</u>	<u>(609,203)</u>	<u>(4,387,322)</u>
Nonoperating revenues			
Interest	50,408	41,891	92,299
Loss on retirement of fixed asset	<u>(10,112)</u>	-	<u>(10,112)</u>
Total nonoperating revenues	<u>40,296</u>	<u>41,891</u>	<u>82,187</u>
Income (loss) before transfers	<u>(3,737,823)</u>	<u>(567,312)</u>	<u>(4,305,135)</u>
Transfer in	<u>2,000,000</u>	-	<u>2,000,000</u>
Change in net assets	<u>(1,737,823)</u>	<u>(567,312)</u>	<u>(2,305,135)</u>
Net assets - beginning of fiscal year	<u>728,321</u>	<u>2,918,136</u>	<u>3,646,457</u>
Net assets - ending of fiscal year	<u>\$ (1,009,502)</u>	<u>\$ 2,350,824</u>	<u>\$ 1,341,322</u>

CITY OF LAKE CHARLES, LOUISIANA

Internal Service Fund

Combining Statement of Cash Flows

For the Fiscal Year Ended September 30, 2009

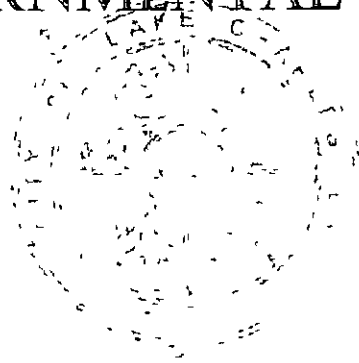
	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2009</u>
Cash flows from operating activities			
Receipts from customers and users	\$ 4,741,038	\$ 6,117,421	\$ 10,858,459
Payments to employees	(428,846)	-	(428,846)
Payments to suppliers and claimants	(5,809,481)	(6,611,365)	(12,420,846)
Internal activity - payments to other funds	(250,046)	624	(249,422)
Net cash provided by operating activities	<u>(1,747,335)</u>	<u>(493,320)</u>	<u>(2,240,655)</u>
Cash flow from noncapital financing activities			
Operating subsidies	<u>2,000,000</u>	-	<u>2,000,000</u>
Net cash provided by noncapital financing activities	<u>2,000,000</u>	-	<u>2,000,000</u>
Cash flow from capital and related financing activities			
Purchase of capital assets	<u>(13,614)</u>	-	<u>(13,614)</u>
Net cash used for capital and related financing activities	<u>(13,614)</u>	-	<u>(13,614)</u>
Cash flow from investing activities:			
Purchase of investment securities	(526,423)	(1,019,202)	(1,545,625)
Proceeds from sale and maturities of investment securities	2,815,078	3,559,279	6,374,357
Interest on investments	49,719	44,056	93,775
Net cash provided (used for) investing activities	<u>2,338,374</u>	<u>2,584,133</u>	<u>4,922,507</u>
Net increase (decrease) in cash and cash equivalents	2,577,425	2,090,813	4,668,238
Cash and cash equivalents at beginning of year	960,126	784,286	1,744,412
Cash and cash equivalents at end of year	<u>\$ 3,537,551</u>	<u>\$ 2,875,099</u>	<u>\$ 6,412,650</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities			
Operating income (loss)	<u>\$(3,778,119)</u>	<u>\$ (609,203)</u>	<u>\$ (4,387,322)</u>
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation expense	2,227	-	2,227
(Increase) decrease in accounts receivable	39,462	-	39,462
(Increase) decrease in due from other funds	(249,948)	413	(249,535)
(Increase) decrease in prepaid items	(8,661)	-	(8,661)
Increase (Decrease) in accounts payables	(5,815)	(19,741)	(25,556)
Increase (Decrease) in accrued insurance claims	2,241,718	135,000	2,376,718
Increase (Decrease) in compensated absences payable	6,546	-	6,546
Increase (Decrease) in OPEB liability	5,353	-	5,353
Increase (Decrease) in due to other funds	(98)	211	113
Total adjustments	<u>2,030,784</u>	<u>115,883</u>	<u>2,141,314</u>
Net cash provided by operating activities	<u>\$(1,747,335)</u>	<u>\$ (493,320)</u>	<u>\$ (2,240,655)</u>

Noncash investing, capital and financing activities:

Change in the fair value of investments resulted in an unrealized gain of \$1,433 at year end 2009 and an unrealized gain of \$5,165 at year end 2008

Assets retired costs \$19,939 and had accumulated depreciation of \$9,827 Net loss equaled \$10,112

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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Governmental funds capital assets		
Land	\$ 12,793,280	\$ 12,282,124
Buildings	20,144,451	20,111,316
Improvements other than buildings	25,074,204	23,485,114
Machinery and Equipment	28,580,699	26,279,437
Infrastructure	226,811,286	216,814,439
Construction in progress	<u>71,757,399</u>	<u>61,435,896</u>
Total general capital assets	<u><u>\$ 385,161,319</u></u>	<u><u>\$ 360,408,326</u></u>
Property acquired prior to October 1, 1985, excluding infrastructure	\$ 24,346,045	\$ 24,346,045
Property acquired after September 30, 1985 from		
Federal grants	516,988	516,988
State grants	370,000	170,000
General fund revenues	56,453,506	52,479,863
Capital projects funds	276,048,674	255,730,324
Donations	<u>27,426,106</u>	<u>27,165,106</u>
Total investments in general capital assets	<u><u>\$ 385,161,319</u></u>	<u><u>\$ 360,408,326</u></u>

Note This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$36,225 at 9/30/2009 and at \$42,550 at 9/30/2008 that are reported in the internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF LAKE CHARLES, LOUISIANA
Schedule of Capital Assets - Governmental Funds
By Function and Activity
September 30, 2009

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
GENERAL GOVERNMENT							
Legislative	\$ -	\$ -	\$ -	\$ 70,671	\$ -	\$ -	\$ 70,671
Executive	-	-	-	46,964	-	-	46,964
Judicial	-	-	-	67,968	-	-	67,968
Total general government	-	-	-	185,603	-	-	185,603
STAFF AGENCIES							
Finance	-	-	-	34,242	-	-	34,242
Planning and development	-	-	-	62,180	-	-	62,180
Human Resources	-	-	-	23,487	-	-	23,487
Public works	214,700	928,520	39,968	1,425,932	-	-	2,609,120
Information Services	-	-	-	191,427	-	-	191,427
General government buildings	2,622,248	5,856,483	1,044,359	380,835	-	-	9,903,925
Total staff agencies	2,836,948	6,785,003	1,084,327	2,118,103	-	-	12,824,381
PUBLIC SAFETY							
Police	67,715	600,263	438,483	4,674,028	-	-	5,780,489
Fire	126,300	6,569,802	527,693	9,379,561	-	-	16,603,356
Permit Center	-	-	-	189,209	-	-	189,209
Total public safety	194,015	7,170,065	966,176	14,242,798	-	-	22,573,054
Streets	-	-	-	3,553,845	195,264,777	13,512,034	212,330,656
Recreation	8,759,360	3,350,734	11,753,775	1,582,356	-	-	25,446,225
Community service	5,000	2,549,579	45,334	4,060	-	7,151,807	9,755,780
Sanitation and waste	997,957	289,070	11,224,592	6,893,934	31,546,509	51,093,558	102,045,620
	9,762,317	6,189,383	23,023,701	12,034,195	226,811,286	71,757,399	349,578,281
Total capital assets allocated to functions	\$ 12,793,280	\$ 20,144,451	\$ 25,074,204	\$ 28,580,699	\$ 226,811,286	\$ 71,757,399	\$ 385,161,319

Note This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$36,225 9/30/2009 and at \$42,550 at 9/30/2008 that are reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF LAKE CHARLES, LOUISIANA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Fiscal Year Ended September 30, 2009

<u>Function and Activity</u>	<u>General Capital Assets 10/1/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Capital Assets 9/30/2009</u>
GENERAL GOVERNMENT				
Legislative	\$ 70,671	\$ -	\$ -	\$ 70,671
Executive	45,452	-	-	45,452
Judicial	135,520	-	(66,040)	69,480
Total general government	<u>251,643</u>	<u>-</u>	<u>(66,040)</u>	<u>185,603</u>
STAFF AGENCIES				
Finance	34,242	-	-	34,242
Planning and Development	80,246	-	(18,066)	62,180
Human Resources	23,487	-	-	23,487
Public Works	2,425,544	203,213	(19,637)	2,609,120
Information Services	188,367	7,706	(4,646)	191,427
General Government	9,890,379	3,666,298	(3,652,752)	9,903,925
Total staff agencies	<u>12,642,265</u>	<u>3,877,217</u>	<u>(3,695,101)</u>	<u>12,824,381</u>
PUBLIC SAFETY				
Police	5,597,955	576,703	(394,169)	5,780,489
Fire	15,854,730	961,474	(212,848)	16,603,356
Permit Center	201,359	20,284	(32,434)	189,209
Total public safety	<u>21,654,044</u>	<u>1,558,461</u>	<u>(639,451)</u>	<u>22,573,054</u>
Streets	204,446,989	12,059,227	(4,175,561)	212,330,655
Recreation	23,385,628	2,066,199	(5,601)	25,446,226
Community service	4,871,336	4,884,619	(175)	9,755,780
Sanitation and waste	93,156,421	12,217,235	(3,328,036)	102,045,620
	<u>325,860,374</u>	<u>31,227,280</u>	<u>(7,509,373)</u>	<u>349,578,281</u>
Total capital assets allocated to functions	<u>\$ 360,408,326</u>	<u>\$ 36,662,958</u>	<u>\$ (11,909,965)</u>	<u>\$ 385,161,319</u>

Note This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$36,225 at 9/30/2009 and \$42,550 at 9/30/2008 that are reported in the internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net assets.

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

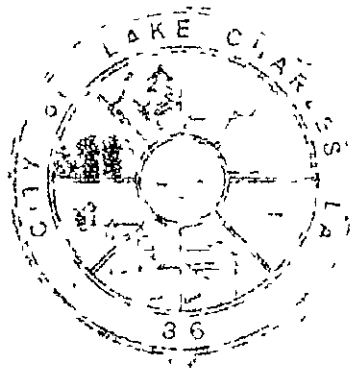
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place

Operating Information

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

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

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CITY OF LAKE CHARLES, LOUISIANA

Net Assets by Component

Last Five Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities						
Invested in capital assets, net of related debt	\$ 152,255	\$ 168,278	\$ 185,082	\$ 160,853	\$ 200,193	\$ 204,550
Restricted	19,721	12,216	10,597	48,485	42,220	30,622
Unrestricted	<u>57,247</u>	<u>64,114</u>	<u>60,816</u>	<u>64,136</u>	<u>48,188</u>	<u>62,216</u>
Total governmental activities net assets	<u>\$ 229,223</u>	<u>\$ 244,608</u>	<u>\$ 256,495</u>	<u>\$ 273,474</u>	<u>\$ 290,601</u>	<u>\$ 297,388</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 51,800	\$ 50,605	\$ 51,436	\$ 59,165	\$ 66,241	\$ 67,502
Unrestricted	<u>4,661</u>	<u>8,442</u>	<u>14,134</u>	<u>5,716</u>	<u>555</u>	<u>2,363</u>
Total governmental activities net assets	<u>\$ 56,461</u>	<u>\$ 59,047</u>	<u>\$ 65,570</u>	<u>\$ 64,881</u>	<u>\$ 66,796</u>	<u>\$ 69,865</u>
Primary Government						
Invested in capital assets, net of related debt	\$ 204,055	\$ 218,883	\$ 236,518	\$ 220,018	\$ 266,434	\$ 272,052
Restricted	19,721	12,216	10,597	48,485	42,220	30,622
Unrestricted	<u>61,908</u>	<u>72,556</u>	<u>74,950</u>	<u>69,852</u>	<u>48,743</u>	<u>64,579</u>
Total governmental activities net assets	<u>\$ 285,684</u>	<u>\$ 303,655</u>	<u>\$ 322,065</u>	<u>\$ 338,355</u>	<u>\$ 357,397</u>	<u>\$ 367,253</u>

* Note GASB 34 adopted in 2003

CITY OF LAKE CHARLES, LOUISIANA

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

	2004	2005	2006	2007	2008	2009
Expenses						
Governmental activities						
General government	\$ 4,018,106	\$ 3,812,105	\$ 4,024,194	\$ 4,102,319	\$ 4,158,299	\$ 4,428,106
Public safety	24,747,219	26,919,170	29,515,842	28,708,138	28,400,481	30,691,441
Public works	21,492,315	20,693,262	28,642,450	24,449,739	26,341,091	26,204,810
Planning and development	2,300,829	2,308,019	2,325,223	2,729,542	3,011,317	2,420,483
General services	3,287,536	3,428,701	6,975,121	5,901,532	5,201,297	7,819,930
Community services	4,564,296	4,928,356	10,314,122	5,814,605	5,658,398	6,101,747
Interest in long-term debt	787,407	1,074,675	1,324,532	1,997,185	2,850,831	2,703,667
Total governmental activities	<u>61,197,708</u>	<u>63,164,288</u>	<u>83,121,484</u>	<u>73,703,060</u>	<u>75,621,714</u>	<u>80,370,184</u>
Business-type activities						
Civic center	2,884,374	2,987,398	2,813,459	3,101,741	3,274,154	3,265,481
Golf Course	1,108,015	1,185,076	1,192,880	1,299,432	1,247,986	1,480,511
Transit	1,472,038	1,481,491	1,662,242	1,996,952	2,540,820	2,359,228
Water	6,844,008	7,045,612	7,757,623	8,144,570	8,829,630	9,139,256
Total business-type activities	<u>12,308,435</u>	<u>12,699,577</u>	<u>13,426,204</u>	<u>14,542,695</u>	<u>15,892,590</u>	<u>16,244,476</u>
Total primary government	<u>\$ 73,506,143</u>	<u>\$ 75,863,865</u>	<u>\$ 96,547,688</u>	<u>\$ 88,245,755</u>	<u>\$ 91,514,304</u>	<u>\$ 96,614,660</u>
Program Revenues						
Governmental activities						
Charges for services						
General government	\$ 4,214,680	\$ 4,188,998	\$ 4,431,182	\$ 4,874,140	\$ 4,855,947	\$ 5,126,923
Public works	4,968,936	5,516,777	5,618,552	5,691,800	8,066,296	8,215,969
Other activities	642,863	804,172	886,296	1,221,578	1,165,914	911,091
Operating grants and contribution	3,866,738	5,168,349	15,728,027	3,968,837	5,920,889	3,801,382
Capital grants and contributions	655,627	802,681	5,076,055	4,472,089	2,917,678	4,913,193
Total governmental activity	<u>14,348,844</u>	<u>16,480,977</u>	<u>31,740,112</u>	<u>20,228,444</u>	<u>22,926,724</u>	<u>22,968,558</u>
Business-type activities						
Charges for services						
Civic center	911,255	845,555	533,072	932,746	915,970	1,047,163
Golf Course	1,010,247	1,038,192	1,009,908	1,046,555	985,883	1,126,764
Transit	66,577	73,227	62,086	80,615	83,792	62,810
Water	6,691,436	6,898,120	6,379,993	6,286,427	6,936,227	7,586,073
Operating grants and contribution	764,235	798,193	1,287,219	1,272,010	1,157,412	1,198,730
Capital grants and contributions	-	-	5,293,304	256,761	1,213,667	1,510,505
Total business-type activity	<u>9,443,750</u>	<u>9,653,287</u>	<u>14,565,582</u>	<u>9,875,114</u>	<u>11,292,951</u>	<u>12,532,045</u>
Total primary government program revenues	<u>\$ 23,792,594</u>	<u>\$ 26,134,264</u>	<u>\$ 46,305,694</u>	<u>\$ 30,103,558</u>	<u>\$ 34,219,675</u>	<u>\$ 35,500,603</u>
Net (expense)/revenue						
Governmental activities	\$ (46,848,864)	\$ (46,683,311)	\$ (51,381,372)	\$ (53,474,616)	\$ (52,694,990)	\$ (57,401,626)
Business-type activities	(2,864,685)	(3,046,290)	1,139,378	(4,667,581)	(4,599,639)	(3,712,431)
Total primary government net expense	<u>\$ (49,713,549)</u>	<u>\$ (49,729,601)</u>	<u>\$ (50,241,994)</u>	<u>\$ (58,142,197)</u>	<u>\$ (57,294,629)</u>	<u>\$ (61,114,057)</u>

* Note GASB 34 adopted in 2003

	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$ 5,888,574	\$ 5,895,575	\$ 5,953,207	\$ 6,536,673	\$ 6,612,603	\$ 7,348,241
Sales taxes	36,119,596	38,271,946	47,667,615	44,710,221	45,584,783	45,149,671
Franchise taxes	4,856,252	5,099,288	6,038,709	5,821,514	6,842,265	5,446,301
Riverboat taxes	6,682,497	7,706,108	3,024,702	6,961,367	8,399,666	9,099,020
Grants and contributions not restricted						
to specific programs	187,044	180,156	205,557	284,017	195,018	201,846
Interest and investment earnings	1,636,726	1,680,895	3,465,720	5,258,465	4,781,799	2,638,358
Miscellaneous	1,865,920	8,330,043	2,652,685	2,902,648	3,717,359	859,064
Gain (loss) on sales of capital asset:	85,290	4,700	28,100	102,703	67,296	-
Transfers	(1,315,990)	(5,100,256)	(5,767,780)	(2,124,636)	(6,378,347)	(6,554,391)
Total governmental activities	56,005,909	62,068,455	63,268,515	70,452,972	69,822,442	64,188,110
Business-type activities						
Grants and contributions not restricted						
to specific programs	479,765	200,000	190,000	200,000	200,000	200,000
Interest and investment earnings	122,601	147,277	362,990	589,768	181,262	26,597
Miscellaneous	28,095	184,062	640,010	1,064,948	252,500	-
Gain (loss) on sales of capital asset:	1,647	-	(1,577,138)	-	(497,393)	-
Transfers	1,315,990	5,100,256	5,767,780	2,124,636	6,378,347	6,554,391
Total business type activities	1,948,098	5,631,595	5,383,642	3,979,352	6,514,716	6,780,988
Total primary government	\$ 57,954,007	\$ 67,700,050	\$ 68,652,157	\$ 74,432,324	\$ 76,337,158	\$ 70,969,098
Change in Net Assets						
Governmental activities	\$ 9,157,045	\$ 15,385,144	\$ 11,887,143	\$ 16,978,356	\$ 17,127,452	\$ 6,786,484
Business-type activities	(916,587)	2,585,305	6,523,020	(688,229)	1,915,077	3,068,557
Total primary government	\$ 8,240,458	\$ 17,970,449	\$ 18,410,163	\$ 16,290,127	\$ 19,042,529	\$ 9,855,041

CITY OF LAKE CHARLES, LOUISIANA

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>One Percent Sales Tax (1965)</u>	<u>Additional One Percent Sales Tax (1987)</u>	<u>Employee's Pay Quarter cent Sales Tax (1995)</u>
2000	\$5,155,335	\$13,100,266	\$13,100,266	\$3,268,928
2001	5,373,976	13,913,944	13,913,944	3,455,464
2002	5,559,910	14,232,232	14,232,232	3,546,611
2003	5,755,614	14,738,034	14,738,034	3,680,714
2004	5,888,574	15,935,923	15,935,923	3,962,435
2005	5,895,575	16,905,803	16,905,803	4,226,453
2006	5,953,207	21,069,476	21,069,476	5,267,376
2007	6,536,673	19,604,922	19,604,747	4,901,540
2008	6,612,603	20,048,716	20,048,779	5,012,194
2009	7,348,241	19,767,418	19,767,417	4,932,015

Notes

L'Auberge du lac Casino opened in May 2005

Harrah's Riverboat closed in September 2005 after sustaining damage from Hurricane Rita

Beginning fiscal year 2007, the City has entered into a Cooperative Endeavor Agreement with the Calcasieu Parish Policy Jury to pool gaming on a parish-wide basis

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

2009 property tax revenues reflect the reassessment of property in 2008

<u>Riverboat Gaming Tax</u>	<u>Electric Utility Franchise</u>	<u>Gas Utility Franchise</u>	<u>Cable Television Franchise</u>
\$6,075,000	\$3,096,916	\$404,659	\$420,144
6,075,000	3,938,095	663,156	459,191
6,110,488	3,233,184	398,356	482,724
6,429,373	3,689,830	540,348	499,422
6,682,497	3,816,930	506,134	533,188
7,706,108	4,037,249	515,915	546,124
3,024,702	4,854,764	659,837	524,107
6,961,367	4,521,714	671,183	628,617
8,399,666	5,215,659	632,849	993,758
9,099,020	3,964,234	588,931	893,136

CITY OF LAKE CHARLES, LOUISIANA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 271,147	\$ 251,448	\$ 292,332	\$ 624,873	\$ 267,009	\$ 215,028	\$ 864,493	\$ 1,999,645	\$ 3,289,392	\$ 230,186
Unreserved	15,977,853	23,010,254	24,264,067	24,036,617	25,481,201	27,722,313	26,835,936	29,486,833	28,820,688	28,007,800
Total General Fund	<u>16,249,000</u>	<u>23,261,702</u>	<u>24,556,399</u>	<u>24,661,490</u>	<u>25,748,210</u>	<u>27,937,341</u>	<u>27,700,429</u>	<u>31,486,478</u>	<u>32,110,080</u>	<u>28,237,986</u>
All other governmental funds										
Reserved	6,653,889	2,548,520	7,496,774	7,485,682	3,876,713	8,525,787	6,437,907	14,060,057	23,285,955	19,013,569
Unreserved, reported in										
Special revenue funds	6,357,463	10,313,652	8,618,629	10,661,898	9,327,261	9,699,426	10,774,273	10,620,548	8,778,666	12,922,418
Capital projects funds	20,761,670	29,101,826	33,771,557	53,762,855	42,344,021	33,283,507	28,477,469	59,084,997	51,085,939	43,174,593
Total all other governmental funds	<u>33,773,022</u>	<u>41,963,998</u>	<u>49,886,960</u>	<u>71,910,435</u>	<u>55,547,995</u>	<u>51,508,720</u>	<u>45,689,649</u>	<u>83,765,602</u>	<u>83,150,360</u>	<u>75,110,580</u>
Total all governmental funds	<u>\$50,022,022</u>	<u>\$65,225,700</u>	<u>\$ 74,443,359</u>	<u>\$ 96,571,925</u>	<u>\$ 81,296,205</u>	<u>\$ 79,446,061</u>	<u>\$ 73,390,078</u>	<u>\$ 115,252,080</u>	<u>\$ 115,260,640</u>	<u>\$ 103,348,566</u>

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

CITY OF LAKE CHARLES, LOUISIANA

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Revenues										
Taxes	\$ 42,920,280	\$ 48,870,255	\$ 45,722,277	\$ 47,714,962	\$ 50,815,251	\$ 54,186,267	\$ 58,915,721	\$ 60,340,385	\$ 62,863,828	\$ 63,906,886
Licenses and permits	4,400,485	5,442,091	4,539,687	5,219,813	5,502,441	5,589,731	6,760,340	6,710,807	7,635,503	6,104,766
Intergovernmental	5,811,970	4,650,805	4,902,427	7,648,860	4,978,600	6,774,038	18,151,628	5,635,828	9,417,429	8,851,035
Charges for services	3,472,143	3,604,664	4,656,723	6,031,983	6,695,931	7,425,881	7,497,818	8,334,042	10,232,457	10,440,834
Fines and forfeitures	382,337	405,332	264,816	234,003	253,528	257,762	257,462	276,359	306,694	322,461
Miscellaneous	4,445,087	6,072,823	3,536,574	4,419,902	3,283,237	8,280,461	8,508,921	9,886,132	6,600,618	4,582,043
Total revenues	61,432,302	69,045,970	63,622,504	71,269,523	71,528,988	82,514,140	100,091,890	91,184,553	97,056,529	94,208,025
Expenditures										
Current operating										
General government	1,960,262	1,933,909	1,929,028	2,152,558	2,251,811	2,240,148	2,280,837	2,298,225	2,449,791	2,598,746
Finance	1,109,145	1,144,619	1,099,504	1,306,851	1,377,726	1,352,825	1,383,033	1,392,804	1,352,358	1,389,805
Human Resources	313,165	312,725	259,088	274,577	253,787	276,304	308,001	292,767	288,724	317,809
Fire	6,943,032	7,132,709	7,400,951	8,714,335	9,659,312	11,535,201	12,577,995	12,579,653	12,634,153	13,074,636
Police	9,127,115	8,983,015	9,943,674	11,504,525	12,765,994	14,119,891	15,026,989	14,371,715	14,094,524	14,196,539
Public works	13,294,908	12,940,959	13,686,621	14,721,471	15,407,571	15,766,960	23,015,679	18,974,532	20,648,106	20,039,183
Planning and development	2,062,355	2,087,068	1,946,772	2,050,593	2,257,639	2,264,326	2,095,331	2,515,448	2,805,009	2,305,258
Community services	3,283,283	3,380,106	3,756,639	3,756,893	3,731,237	3,851,337	9,707,729	5,046,085	4,662,889	4,545,957
General services	2,303,314	2,345,577	2,728,344	2,630,205	2,698,309	2,880,492	6,254,807	3,901,466	5,554,769	4,254,079
Capital projects	17,412,043	9,867,954	9,913,457	23,028,578	31,754,246	21,505,295	23,238,997	16,341,943	19,136,059	28,093,774
Debt service										
Principal retirement	949,562	921,909	855,861	945,967	1,910,667	2,038,438	2,566,162	2,500,302	3,637,281	3,991,176
Bond issuance costs										
Interest and fiscal charges	700,878	664,164	629,940	698,206	787,407	1,074,675	42,978	621,817	2,905,960	2,758,796
Total expenditures	59,459,062	51,714,714	53,759,879	71,783,759	84,853,706	78,905,892	99,780,092	82,230,501	90,165,623	97,565,708
Excess (deficiency) of revenues over expenditures	1,973,240	17,331,256	9,862,625	(515,236)	(13,326,718)	3,608,248	311,798	8,954,052	6,886,906	(3,357,683)
Other financing sources (uses)										
Transfers in	28,418,317	28,185,969	12,557,690	10,381,689	13,181,610	11,911,644	12,016,568	15,728,775	17,610,913	17,216,245
Transfers out	(30,834,934)	(30,313,547)	(13,202,657)	(12,737,887)	(15,130,612)	(17,370,037)	(19,084,348)	(18,403,411)	(24,489,260)	(25,770,636)
Issuance of debt	-	-	-	25,000,000	-	-	700,000	-	-	-
Premium on issuance of debt	-	-	-	-	-	-	-	1,102,586	-	-
Payment to refund pension oblig	-	-	-	-	-	-	-	-	-	-
Total other financing sources(uses)	(2,416,617)	(2,127,578)	(644,967)	22,643,802	(1,949,002)	(5,458,393)	(6,367,780)	32,907,950	(6,878,347)	(8,554,391)
Net change in fund balances	\$ (443,177)	\$ 15,203,678	\$ 9,217,658	\$ 22,128,566	\$ (15,275,720)	\$ (1,850,145)	\$ (6,055,982)	\$ 41,862,002	\$ 8,559	\$ (11,912,074)
Debt service as a percentage of noncapital expenditures	3.93%	3.79%	3.39%	3.36%	5.11%	5.57%	5.16%	7.18%	9.59%	9.37%

CITY OF LAKE CHARLES, LOUISIANA

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property Tax	One Percent Sales Tax (65)	One Percent Sales Tax (87)	Additional Sales Tax (95)	Employee's Pay Quarter cent	Riverboat Gaming Tax	Electric Utility Franchise	Gas Utility Franchise	Cable Television Franchise
2000	5,155,335	13,100,266	13,100,266	3,268,928	6,075,000	420,144	3,096,916	404,659	420,144
2001	5,373,976	13,913,944	13,913,944	3,455,464	6,075,000	459,191	3,938,095	663,156	459,191
2002	5,559,910	14,232,232	14,232,232	3,546,611	6,110,488	482,724	3,233,184	398,356	482,724
2003	5,755,614	14,738,034	14,738,034	3,680,714	6,429,373	499,422	3,689,830	540,348	499,422
2004	5,888,574	15,935,923	15,935,923	3,962,435	6,682,497	533,188	3,816,930	506,134	533,188
2005	5,895,575	16,905,803	16,905,803	4,226,453	7,706,108	546,124	4,037,249	515,915	546,124
2006	5,953,207	21,069,476	21,069,476	5,267,376	3,024,702	524,107	4,854,764	659,837	524,107
2007	6,536,673	19,604,922	19,604,922	4,901,540	6,961,367	628,617	4,521,714	671,183	628,617
2008	6,612,603	20,048,716	20,048,716	5,012,194	8,399,666	993,758	5,215,659	632,849	993,758
2009	7,348,241	19,767,418	19,767,417	4,932,015	9,099,020	893,136	3,964,234	588,931	893,136

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
2000	1999	\$ 221,014,670	\$ 2,210,146,700	\$ 79,319,510	\$ 528,796,733
2001	2000	229,530,010	2,295,300,100	83,296,660	555,311,067
2002	2001	236,891,890	2,368,918,900	84,699,970	564,666,467
2003	2002	243,210,230	2,432,102,300	91,843,990	612,293,267
2004	2003	246,685,030	2,466,850,300	93,673,820	624,492,133
2005	2004	253,965,820	2,539,658,200	96,107,240	640,714,933
2006	2005	261,268,194	2,612,681,940	98,723,970	658,159,800
2007	2006	286,848,080	2,869,480,800	105,860,810	705,738,733
2008	2007	295,823,700	2,958,237,000	114,102,720	760,684,800
2009	2008	352,041,171	3,520,411,710	116,471,700	776,478,000

Note

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

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

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

Source: Calcasieu Parish Tax Assessor

Public Utilities		Total all Property		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$ 18,278,340	\$ 73,113,360	\$ 318,612,520	\$ 2,812,056,793	\$16 14	11 33%
18,819,110	75,276,440	331,645,780	2,925,887,607	16 43	11 33%
19,251,490	77,005,960	340,843,350	3,010,591,327	16 43	11 32%
18,862,920	75,451,680	353,917,140	3,119,847,247	16 43	11 34%
17,451,120	69,804,480	357,809,970	3,161,146,913	16 43	11 32%
17,604,920	70,419,680	367,677,980	3,250,792,813	16 09	11 31%
17,693,580	70,774,320	377,685,744	3,341,616,060	16 09	11 30%
18,358,980	73,435,920	411,067,870	3,648,622,453	16 09	11 27%
18,450,920	73,803,680	428,377,340	3,792,725,480	16 09	11 29%
18,738,980	74,955,920	487,251,851	4,371,845,630	15 35	11 00%

CITY OF LAKE CHARLES, LOUISIANA

Property Tax Millage Rates

Direct and Overlapping Governments

Last Ten Fiscal Years

Calendar Year	City of Lake Charles			Calcasieu Parish School Board				Calcasieu Parish						
	General and Special Revenue Funds	Debt Service Funds	Total	General Fund	Debt Service Funds	Total	Parish Police Jury	Road Districts	Gravity Drainage	Recreation and Com Centers	Fire Protection	Airport Harbor & Terminal	Water & Sewer	Parish Total
1999	16.14	0.00	16.14	18.93	15.00	33.93	42.99	3.93	5.79	0.00	11.54	9.07	26.33	99.65
2000	16.43	0.00	16.43	19.56	27.00	46.56	45.40	4.06	5.92	0.00	12.77	9.20	20.74	98.09
2001	16.43	0.00	16.43	19.56	25.00	44.56	45.40	4.06	5.92	0.00	12.77	9.20	14.74	92.09
2002	16.43	0.00	16.43	19.56	39.50	59.06	45.40	4.06	5.92	0.00	12.77	9.20	15.74	93.09
2003	16.43	0.00	16.43	19.56	35.00	54.56	52.84	4.06	5.92	0.00	12.77	9.20	15.14	99.93
2004	16.09	0.00	16.09	18.72	36.50	55.22	44.19	3.88	5.77	0.00	12.60	8.80	16.25	91.49
2005	16.09	0.00	16.09	18.72	25.00	43.72	44.99	3.88	5.77	7.85	12.60	8.80	18.39	102.28
2006	16.09	0.00	16.09	18.72	25.50	44.22	47.21	3.88	5.79	7.40	11.54	8.80	20.39	105.01
2007	16.09	0.00	16.09	18.72	27.50	46.22	41.5	3.88	5.79	7.00	11.54	8.80	18.14	96.95
2008	15.35	0.00	15.35	18.72	24.00	42.72	39.28	3.67	5.29	7.00	11.08	8.34	18.46	93.12

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, 2008 and December 31, 1999

for Fiscal Year Ended September 30, 2009 and September 30, 2000

Taxpayer	Type of Business	2009			2000		
		Assessed	Rank	Percentage of Total Valuation	Assessed	Rank	Percentage
		Valuation 2008			Valuation 1999		of Total Valuation
PNK (Lake Charles) LLC	Hotel and Casino	\$41,984,870	1	8.53 %	-	-	%
Bell South Telecommunications	Telephone	8,357,110	2	1.70	11,385,510	2	3.43
Entergy Gulf States Inc	Electric utility	7,158,410	3	1.45	4,113,940	6	1.24
Women's & Children's Hospital	Hospital	4,529,050	4	0.92	-	-	
Wal-Mart Stores	Retail	4,465,530	5	0.91	4,714,730	4	1.42
Capital One NA * Hibernia in 1996	Bank	4,217,510	6	0.86	6,165,830	3	1.86
JP Morgan Chase Bank NA * Bank One in 1998	Bank	3,681,880	7	0.75	2,955,810	7	0.89
Cameron State Bank	Bank	2,704,990	8	0.55	-	-	
Seabulk Towing Services	Retail	2,257,500	9	0.46	-	-	
Hertz Lake Charles One, LLC	Rental	1,704,410	10	0.35	-	-	
Harrah's Entertainment Inc * Players in 1998	Riverboat Casino	-	-	-	12,965,060	1	3.91
US Unwired	Telecommunication	-	-	-	4,545,840	5	1.37
Simon, Melvin & Associates	Shopping mall	-	-	-	2,607,030	8	0.79
Lowe's	Retail	-	-	-	2,299,101	9	0.69
Whitney Bank	Bank	-	-	-	1,764,430	10	0.53
		<u>\$81,061,260</u>		<u>16.47%</u>	<u>\$53,517,281</u>		<u>16.14%</u>

2008 Total city valuation \$492,029,555

1999 Total city valuation \$331,645,780

Source Calcasieu Parish Tax Collector

CITY OF LAKE CHARLES, LOUISIANA

Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Total Tax Levy</u>	<u>Less: Cancellations and Reductions</u>	<u>Net Tax Levy</u>
2000	1999	\$ 5,142,416	\$ 46,758	\$ 5,095,658
2001	2000	5,448,959	331,803	5,117,156
2002	2001	5,600,075	29,978	5,570,097
2003	2002	5,814,877	36,921	5,777,956
2004	2003	5,878,836	7,942	5,870,894
2005	2004	5,932,879	36,144	5,896,735
2006	2005	6,081,102	200,513	5,880,589
2007	2006	6,617,407	47,920	6,569,487
2008	2007	6,896,377	83,620	6,812,757
2009	2008	7,483,466	144,030	7,339,436

Source Calcasieu Parish Tax Assessor

Note Property damage reductions in 2006 related to Hurricane Rita

Less: Outstanding Delinquent Taxes	Net Total Taxes Collected	Percent of Net Taxes Collected	Percent of Delinquent Taxes to Net Levy
\$ 78,221	\$ 5,017,437	98.46 %	1.54 %
71,316	5,045,840	98.61	1.39
49,886	5,520,211	99.10	0.90
83,970	5,693,986	98.55	1.45
67,052	5,803,842	98.86	1.14
61,889	5,834,846	98.95	1.05
57,162	5,823,427	99.03	0.97
89,299	6,480,188	98.64	1.36
79,015	6,733,742	98.84	1.16
58,377	7,281,059	99.20	0.80

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	
	General Fund	Public Safety	Public Works	Waste Water	Recreation	Capital Project	Employee's Pay	General	Salaries	Law Enforcement	General	Promotion	Tourism	Total	
1999	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2000	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2001	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2002	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2003	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2004	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2005	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2006	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2007	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.50%	3.97%	0.03%	8.75%		
2008	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%		
2009	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%		

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

CITY OF LAKE CHARLES, LOUISIANA

Principal Sales Taxpayers

Tax Year June 30, 2009 and June 30, 2005

for Fiscal Year Ended September 30, 2009 and September 30, 2005

Taxpayer	Type of Business	2009			2005		
		Tax Paid	Rank	Percentage of Total Valuation	Tax Paid	Rank	Percentage of Total Valuation
Wal-Mart Retail	Retail	\$6,348,564	1	13.75% %	\$5,287,093	1	13.77%
LA Dept of Public Safety	Government	2,019,599	2	4.37%	2,541,536	2	6.62%
L'Auberge Du Lac	Hotel and Casino	1,111,230	3	2.41%	-	-	-
Lowe's	Building supply	915,386	4	1.98%	744,603	3	1.94%
Kroger Stores	Grocery	885,939	5	1.92%	719,611	4	1.87%
Target Stores	Retail	796,968	6	1.73%	412,551	9	1.07%
Stine Lumber Company	Building supply	610,197	7	1.32%	-	-	-
Academy Sports & Outdoors	Retail	582,616	8	1.26%	396,821	10	1.03%
Market Basket Food Stores	Grocery	527,354	9	1.14%	498,779	7	1.30%
Best Buy Stores	Retail	463,224	10	1.00%	-	-	-
Christus St Patrick Hospital	Health Care	-	-	-	588,432	5	1.53%
Home Depot	Building supply	-	-	-	513,543	6	1.34%
Lake Charles Memorial Hospital	Health Care	-	-	-	497,147	8	1.29%
		<u>\$14,261,077</u>		<u>30.88%</u>	<u>\$12,200,116</u>		<u>31.77%</u>

2009 Total sales tax \$ 46,175,905

2005 Total sales tax \$ 38,397,154

Source Calcasieu Parish Sales and Use Tax Department

Historical data prior to 2005 unavailable

CITY OF LAKE CHARLES, LOUISIANA

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years

Fiscal Year	Special Assessment Debt	Pension Refunding Bonds	LCDA Sewer Bonds	LCDA Public Improvement Bonds	Deferred Amount	Total Bonded Debt	Percentage of Personal Income	Per Capita
					LCDA Public Improvement Bonds			
2000	\$ 12,000	\$ 11,545,000	\$ -	\$ -	\$ -	\$ 11,557,000	0.71%	\$ 151
2001	-	10,975,000	-	-	-	10,975,000	0.72%	153
2002	-	10,375,000	-	-	-	10,375,000	0.47%	145
2003	-	9,735,000	25,000,000	-	-	34,735,000	1.57%	484
2004	-	9,060,000	24,285,000	-	-	33,345,000	1.51%	465
2005	-	8,345,000	23,515,000	-	-	31,860,000	1.44%	444
2006	-	7,585,000	22,715,000	-	-	30,300,000	1.37%	422
2007	-	6,775,000	21,880,000	34,480,000	1,084,210	64,219,210	2.71%	895
2008	-	5,915,000	21,010,000	33,370,000	1,029,081	61,324,081	2.54%	838
2009	-	5,005,000	20,100,000	32,195,000	973,952	58,273,952	1.83%	780

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

None of this debt is General Obligation Debt.

See the Schedule of Demographics and Economic Statistics on page 100 for personal income and population data.

CITY OF LAKE CHARLES, LOUISIANA

Computation of Direct and Overlapping

General Obligation Bonded Debt

As of September 30, 2009

<u>Jurisdiction</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Lake Charles</u>	<u>Amount Applicable to Lake Charles</u>
City of Lake Charles	\$ -	100 %	\$ -
Calcasieu Parish School Board	193,165,000	32.678%	63,121,669
Calcasieu Parish Library Bonds	-	32.678%	-
Calcasieu Parish Police Jury	-	32.678%	-
Total Direct and Overlapping General Obligation Bonded Debt	<u>\$ 193,165,000</u>		<u>\$ 63,121,669</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)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 38,163	\$ 40,000	\$ 42,461	\$ 43,744	\$ 44,362	\$ 46,601	\$ 47,601	\$ 44,185	\$ 51,710	\$ 56,732
Total net debt applicable to limit	0	0	0	0	0	0	0	0	0	0
Legal debt margin	<u>\$ 38,163</u>	<u>\$ 40,000</u>	<u>\$ 42,461</u>	<u>\$ 43,744</u>	<u>\$ 44,362</u>	<u>\$ 46,601</u>	<u>\$ 47,601</u>	<u>\$ 44,185</u>	<u>\$ 51,710</u>	<u>\$ 56,732</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal Year 2009

(amounts expressed in thousands)

Assessed value	\$ 487,250
Add back exempt real property	80,078
Total assessed value	<u>\$ 567,328</u>
Debt limit (10% of total assessed value)	\$ 56,732
Total outstanding General Obligation Bonds of City of Lake Charles	-
Legal capacity of City of Lake Charles for General Obligation Bonds	<u>\$ 56,732</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 \$58,273,952 outstanding bonded debt at September 30, 2009. 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

<u>Calendar</u> <u>Year</u>	<u>Population</u>	<u>Personal</u> <u>Income</u> <u>(amts in</u> <u>thousands)</u>	<u>Per</u> <u>Capita</u> <u>Personal</u> <u>Income (1)</u>	<u>Median</u> <u>Age</u>	<u>Public</u> <u>City School</u> <u>Enrollment</u> <u>(K-12 Grades)</u>	<u>Private</u> <u>City School</u> <u>Enrollment</u> <u>(K-12 Grades)</u>	<u>Total</u> <u>City School</u> <u>Enrollment</u> <u>(K-12 Grades)</u>	<u>Unemployment</u> <u>Percentage</u> <u>Rate</u>
1999	76,537	\$ 1,624,498	21,225	32.2	15,590	3,042	18,632	5.1 %
2000	71,757	1,523,042	21,225	35.3	14,335	3,078	17,413	5.3
2001	71,757	2,208,250	30,774	35.3	13,830	2,907	16,737	5.4
2002	71,757	2,208,250	30,774	35.3	14,281	2,907	17,188	5.1
2003	71,757	2,208,250	30,774	35.3	13,668	2,907	16,575	4.7
2004	71,757	2,208,250	30,774	35.3	12,218	2,761	14,979	7.6
2005	71,757	2,208,250	30,774	35.3	13,054	2,541	15,595	3.3
2006	71,757	2,371,425	33,048	36.4	12,952	2,556	15,508	3.0
2007	71,757	2,371,425	33,048	35.3	12,735	2,407	15,142	3.4
2008	71,757	2,371,425	33,048	34.5	12,783	2,741	15,524	5.9

Notes

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

CITY OF LAKE CHARLES, LOUISIANA

Principal Employers in the MSA
Calendar Year 2009 and 2000

Employer	Type of Business	2009			2000		
		Number of Employees	Rank	Percentage of Total MSA	Number of Employees	Rank	Percentage of Total MSA
Calcasieu Parish School Board	Education	4,850	1	5.6%	4,000	1	4.4%
L'Auberge Du Lac	Gaming	2,400	2	2.8%	-	-	-
Turner Industries	Fabrication	2,250	3	2.6%	2,000	3	2.2%
PPG Industries	Basic Chemical	1,296	4	1.5%	1,625	8	1.8%
Citgo Petroleum	Oil Products	1,275	5	1.5%	1,865	5	2.1%
Calcasieu Parish Police Jury	Government	1,173	6	1.4%	-	-	-
Isle of Capri Casino	Gaming	1,171	7	1.4%	2,000	4	2.2%
Christus St. Patrick's Hospital	Health Care	1,085	8	1.3%	2,782	2	3.1%
Lake Charles Memorial Hospital	Health Care	1,039	9	1.2%	1,700	7	1.9%
McNeese State University	Education	844	10	1.0%	-	-	-
Player's Casino (closed 2005)	Gaming	-	-	-	1,800	6	2.0%
Northrop Grumman	Aerospace	-	-	-	1,611	9	1.8%
Conoco	Oil Products	-	-	-	1,200	10	1.3%
		<u>17,383</u>		<u>19.3%</u>	<u>20,583</u>		<u>22.8%</u>

Source: Imperial Calcasieu Regional Planning and Development

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

	2009	2000
Total employment Calcasieu Parish	86,431	90,256

CITY OF LAKE CHARLES, LOUISIANA

Full-time Equivalent City Employees by Function

Last Ten Fiscal Years

Functions/Programs	Full-time Equivalent Employees as of September 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	42	40	41	44	45	45	46	46	46	47
Finance (includes Water business office)	38	37	30	30	30	30	30	30	30	30
Human Resources	5	6	5	5	5	5	5	5	5	5
Public safety										
Fire	147	147	147	147	176	190	190	190	190	190
Police	181	176	176	182	192	194	194	194	194	192
Public works	166	166	167	166	166	166	167	166	166	166
Waste water	55	58	59	61	60	61	64	64	64	64
Transit	16	16	17	19	19	19	19	19	19	19
Water utility	52	50	56	56	57	57	57	57	57	57
Planning and development	25	25	25	24	24	24	25	27	24	24
General services	32	31	34	32	31	30	29	30	33	33
Community Services	81	80	79	77	76	76	78	78	78	77
Total	840	832	836	843	881	897	904	906	906	904

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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
* Legal request for legal action										239
Printing/communication										
* Number of mail pieces metered									67,550	
Risk Management										
* Accident reports/investigations			428	622	523	452	607	595	626	544
* Claims			356	501	414	320	307	302	277	178
Finance/includes Water Business										
Checks issued	13,861	13,525	13,247	15,126	12,566	14,641	15,235	15,553	15,356	15,543
* Occupational licenses processed			4,415	4,446	4,473	4,415	4,391	4,177	4,048	4,169
Purchase orders processed	5,098	4,520	4,882	4,357	3,943	3,990	3,589	4,064	3,738	3,290
Water number of customers	27,245	27,389	27,399	27,760	28,611	27,605	26,889	28,422	28,147	28,124
Water Average daily consumption (millions of gallons per day)	12.5	9.1	9.95	9.62	11.04	12.87	11.35	9.53	10.79	9.33
Human Resources										
* Applications received			989	1,103	1,189	1,108	926	725	711	961
* New hires			332	284	328	368	374	436	483	462
* Employee Health Fair Participation				50	NA	295	250	238	268	285
Public safety										
* Fire Calls for service	1,939	2,011	1,998	1,999	2,107	2,826	2,755	2,503	2,571	2,588
* Fire Code inspections							4,671	3,194	2,775	3,594
Police Calls for service	106,115	118,650	122,091	126,670	105,858	111,788	108,232	96,659	93,886	90,995
Public works										
Solid Waste										
* Tons garbage collected								29,320	26,324	26,320
* Tons incinerated								2,146	3,338	2,322
* Tons trash collected								18,869	10,682	9,583
* Streets Work orders								960	647	1,289
* Transit Bus riders								188,175	178,889	175,875
* Vehicle Maintenance Work orders								5,815	3,530	4,291
* Waste water Work orders								4,584	3,337	9,508
Planning and development										
Building permits issued	5,002	5,354	5,577	5,075	5,229	5,152	6,384	9,438	6,287	4,162
Community Development										
* Down Payment Assistance								9	21	22
* Rehab/Reconstruction								7	15	8
* Street Projects								2	6	6
Community Services										
Recreation and parks										
* Athletic teams										279
* Summer camp attendance								460	470	219
* Civic Center Events								309	356	377
* Golf Course Rounds of golf						40,019	39,498	34,221	32,969	36,464
Art Center/museum										
* Art exhibits									13	9
* Concerts/Events									43	35

Source: Various city departments

* Prior year statistics not available

CITY OF LAKE CHARLES, LOUISIANA

Capital Asset Statistics by Function Last Ten Fiscal Years

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public safety										
Fire Stations	7	7	7	7	8	8	8	8	8	8
Police										
Stations	4	4	4	4	4	4	4	4	4	4
Patrol Units	82	82	82	85	90	90	90	90	92	92
Public works										
Solid Waste/Recycling										
Collection trucks	16	17	16	16	24	24	22	33	32	30
Streets										
Streets (miles)	400	400	483	483	483	483	483	460	460	460
* Streetlights							9229	9285	9285	9285
* Traffic Signals							64	64	66	66
Transit										
* Public Buses	8	8	8	8	8	8	8	7	7	7
* Para-transit buses	2	2	2	2	2	2	2	2	2	4
Waste water										
Sanitary sewers (miles)	600	600	600	600	600	600	600	600	600	600
Storm sewers (miles)	425	425	425	425	425	425	425	425	425	425
* Maximum daily treatment capacity (millions of gallons per day)									13 1	13 1
Water utility										
* Water mains (miles)							410	450	455	458
* Fire hydrants							2500	2800	2820	2850
* Maximum daily capacity (millions of gallons per day)							23	22	22	22
Community Services										
Recreation and parks										
Park acreage	561	561	453	453	453	256	256	256	256	256
Parks	29	29	34	34	34	34	34	34	34	34
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Spray parks	1	1	1	1	1	1	1	1	1	3
Tennis courts	6	6	6	6	6	6	6	6	17	17
Community Centers	13	13	13	13	13	12	12	12	12	12
Civic Center	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Art Center/museum	1	1	1	1	1	2	2	2	2	2

Source Various city departments

* Prior year statistics not available

CITY OF LAKE CHARLES, LOUISIANA

**OMB CIRCULAR A-133
SUPPLEMENTARY REPORTS**

YEAR ENDED SEPTEMBER 30, 2009

CITY OF LAKE CHARLES
LAKE CHARLES, LOUISIANA

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CVA - Certified Valuation Analyst
CFP - Certified Financial Planner

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2009, which collectively comprise the City of Lake Charles, Louisiana's basic financial statements and have issued our report thereon dated March 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Lake Charles, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Lake Charles, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the City of Lake Charles, Louisiana's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting. The significant deficiency is described in the accompanying schedule of questioned costs as item 09-01.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Lake Charles, Louisiana's internal control.

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

Compliance and Other Matters

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

The City of Lake Charles' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Lake Charles' response and, accordingly, we express no opinion on it.

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

Ms Eloy Quirk & Burch
Lake Charles, Louisiana
March 22, 2010

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

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

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

Compliance

We have audited the compliance of the City of Lake Charles, Louisiana with the types of compliance requirements described in the U S Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2009. The City of Lake Charles' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Lake Charles' management. Our responsibility is to express an opinion on the City of Lake Charles' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to

above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lake Charles' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Lake Charles' compliance with those requirements.

In our opinion, the City of Lake Charles, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the City of Lake Charles is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Lake Charles' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the City of Lake Charles as of and for the year ended September 30, 2009, and have issued our report thereon dated March 22, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures, applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Ms Elroy Quirk + Burch

Lake Charles, Louisiana
March 22, 2010

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Period Ending September 30, 2009

<u>Fund</u>	<u>Grant Type</u>	<u>Federal CFDA Number</u>
	Department of Housing & Urban Development:	
110	Community Development Block Grant	14 218
	Louisiana Department of Administration (pass thru agency)	
126	HUD/Emergency Shelter Grant	14 231
126	HUD/Emergency Shelter Grant	14 231
126	HUD/HOME Grant	14 239
126	HUD/CHDOS	-
	Federal Emergency Management Agency:	
	Louisiana Department of Military Affairs (pass thru agency)	
109	Public Assistance Grant	97 036
109	Public Assistance Grant	97 036
124	Hazard Mitigation Grant	-
150	Public Assistance Grant	-
410	Public Assistance Grant	-
403	Public Assistance Grant	-
	Department of Transportation:	
401	Federal Transit Administration	20 507
411	Federal Transit Administration	-
	Environmental Protection Agency:	
121	Brownfields Petroleum Assessment	-
	Department of Agriculture:	
	Louisiana Department of Education (pass thru agency)	
122	Child Nutrition Summer Food Program	10 559
	Treasury Department:	
	United States Secret Service	
130	Federal Financial Crimes Task Force	-

<u>Grant Number</u>	<u>Grant Period</u>		<u>Grant Receipts</u>	<u>Current Expenditures</u>
	<u>From</u>	<u>To</u>		
B-00-MC-22-0004	10/1/08	9/30/09	\$ 1,115,501	\$ 1,082,733
650093-370-401321	10/1/08	9/30/09	14,863	14,863
665943-370-401321	10/1/08	9/30/09	11,830	11,830
M-07-MC-22-0208	10/1/08	9/30/09	374,896	374,896
M-07-MC-22-0208	10/1/08	9/30/09	185,682	185,682
FEMA 1607-DR-LA	10/1/08	9/30/09	360,439	343,157
FEMA 1786-DR-LA	10/1/08	9/30/09	76,140	76,140
FEMA 1607-DR-LA	10/1/08	9/30/09	12,400	12,400
FEMA 1792-DR-LA	10/1/08	9/30/09	404,840	389,209
FEMA 1607-DR-LA	10/1/08	9/30/09	107,350	107,350
FEMA 1607-DR-LA	10/1/08	9/30/09	449,269	449,269
LA-902-260	10/1/08	9/30/09	8,495	8,495
LA-902-274	10/1/08	9/30/09	8,000	8,000
LA-900-304	10/1/08	9/30/09	352,100	352,100
LA-900-322	10/1/08	9/30/09	338,016	338,016
LA-900-325	10/1/08	9/30/09	371,321	371,321
LA-03011001	10/1/08	9/30/09	363,191	363,191
LA-900-274	10/1/08	9/30/09	319,596	319,596
LA-04002400	10/1/08	9/30/09	106,981	106,981
LA-900-322	10/1/08	9/30/09	164,118	164,118
BF-96660601-0	10/1/08	9/30/09	66,298	66,298
	10/1/08	9/30/09	536,345	521,550
	10/1/08	9/30/09	1,391	1,391

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For Period Ending September 30, 2009
 (Continued)

<u>Fund</u>	<u>Grant Type</u>	<u>Federal CFDA Number</u>
	Department of Justice:	
134	Justice Assistance Grant (Sheriff's Office)	-
130	HIDTA (Sheriff's Office)	-
130	FBI Safe Streets Taskforce	-
130	Fugitive Apprehension Taskforce	-
	Louisiana Commission on Law Enforcement (pass thru agency)	
131	DARE	-
132	Crime Activity Patrol	-
132	Operation Trigger Time	-
132	Anti-Gang Initiative	-
132	Command Trailer	97 067
132	GOHSEP	-
132	LCLE Equipment Grant	-
	Louisiana Highway Safety Commission (pass thru agency):	
130	Lake Charles Safe City Project	-
	Louisiana Serve Commission/Dept of Treasury:	
123	Americorps 2008-09 Grant	-
123	Americorps 2009-10 Grant	-
	Total Federal Assistance	

<u>Grant Number</u>	<u>Grant Period</u>		<u>Grant Receipts</u>	<u>Current Expenditures</u>
	<u>From</u>	<u>To</u>		
2007-DJ-BX-0898	10/1/08	9/30/09	19,320	19,320
G09GC0001A	10/1/08	9/30/09	24,182	24,182
166 E-NO-65645	10/1/08	9/30/09	20,621	20,621
DJMS-09-35-M-00				
DJMS-08-35-M-64	10/1/08	9/30/09	21,111	21,111
E09-6-002	10/1/08	9/30/09	24,744	24,744
B08-6-003	10/1/08	9/30/09	39,735	39,735
F08-8-000	10/1/08	9/30/09	14,328	14,328
F71-8-000	10/1/08	9/30/09	22,867	22,867
X08-6-001	10/1/08	9/30/09	59,000	59,000
2008 SHSP	10/1/08	9/30/09	23,807	23,807
PO9-6-014S01	10/1/08	9/30/09	1,239	1,239
PT 2009-44-00-00	10/1/08	9/30/09	33,537	33,537
06AFHLA001	10/1/08	9/30/09	169,917	169,917
09AC094045	10/1/08	9/30/09	4,143	4,143
			<u>\$ 6,227,613</u>	<u>\$ 6,147,137</u>

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2009

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

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

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14 218	Community Development Block Grant
14 239	Home Program
20 507	Federal Transit Administration
10 559	Summer Feeding
97 036	FEMA Public Assistance Grant

Dollar threshold used to distinguish	
between Type A and Type B programs	\$ <u>300,000</u>
Auditee qualified as low-risk auditee?	<u> </u> Yes <u> X </u> No

(continued on next page)

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2009
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

09-01 Possible Fraud Related to Permit Center and Civic Center

Condition	In August, 2009 we were informed by City management that funds were allegedly misappropriated in the Permit Center and the Civic Center. The estimated total funds misappropriated at the Permit Center was \$500 and the estimated total at the Civic Center was \$1,500. The City of Lake Charles Police Department has investigated both instances and submitted the results of their investigation to the Calcasieu Parish District Attorney's office for prosecution. At the time of the issuance of this report, the District Attorney is still investigating the matters.
Criteria	The alleged thefts resulted from a possible break in at the Permit Center and employee manipulation at the Civic Center.
Effect	All assets of the City should be safeguarded to prevent possible theft or abuse which could result in loss of City resources.
Recommendation	Physical safeguards should be installed in the Permit Center to prevent access to funds by unauthorized personnel. Internal controls related to cash receipts need to be improved at the Civic Center specifically related to the cash reconciliation process.
Response	We concur with recommendation. Management has implemented physical safeguards at the Permit Center and has improved internal controls at the Civic Center including enhanced supervision and review procedures. Additionally, City management has implemented on-line cash receipting at the Civic Center to prevent this situation from occurring in the future.

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2009
(Continued)

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

No findings to report

CITY OF LAKE CHARLES, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
Year Ended September 30, 2009

No prior year findings.