

CITY OF LAKE CHARLES, LOUISIANA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the
Fiscal Year Ended
September 30, 2019



Prepared by
Department of Finance

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CITY OF LAKE CHARLES
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2019

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CITY OF LAKE CHARLES

NICHOLASE HUNTER
MAYOR

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(337) 491-1251 • FAX (337) 491-1225

DEPARTMENT OF FINANCE
KAREN D. HARRELL, DIRECTOR

March 23, 2020

Honorable Nicholas Hunter, Mayor
Members of the City Council

Dear Mayor and City Council Members:

In accordance with requirements of the City's Charter and applicable state law, I am pleased to submit the Comprehensive Annual Financial Report of the City of Lake Charles for the fiscal year ended September 30, 2019. This report has been prepared by the City's Finance Department in conformity with generally accepted accounting principles (GAAP), and the basic financial statements contained herein have been independently audited in accordance with generally accepted auditing standards. However, the completeness and reliability of all information presented in this report remains the responsibility of the City's management. McElroy, Quirk, and Burch (APC), a firm of licensed certified public accountants, have audited the City of Lake Charles's financial statements. The purpose of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on these financial statements. The independent auditor's report is presented as the first component of the financial section of this report.

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

City Profile

The City of Lake Charles was incorporated in 1867 and is the principal city and trade center of Southwest Louisiana, which is comprised of a five parish area with a population of 299,229. According to the U. S. Census bureau, Lake Charles' population was 71,993 in 2010. Although the formal census is taken every ten years, the bureau provided an estimated population of 78,001 as of July 2018. The corporate limits of the City include 55 square miles. Lake Charles, which is in Calcasieu Parish, is located on Interstate 10, approximately two hours east of Houston, Texas and west of Baton Rouge, Louisiana.

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

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

United for Progress and Prosperity

TRANSMITTAL LETTER

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

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

Economic Environment

The Lake Charles area has an economic base that has been dominated by petrochemical manufacturing and refining since the 1940's. Over the last couple of decades Southwest Louisiana has diversified its economy with aerospace and gaming industries. The Port of Lake Charles, a deep water port with a 30-mile ship channel to the Gulf of Mexico, is the 12th busiest seaport in the U.S. and the 7th fastest growing port in the nation. It is estimated the total number of jobs generated in Louisiana by the Calcasieu Ship Channel is nearly 37,000. Chennault Industrial Airpark and the Lake Charles Regional Airport support a growing aviation industry. Lake Charles is home to McNeese State University and Sowela Technical Community College. Riverboat Gaming was introduced in 1993 and has provided funding for major capital improvements since that time. Retail and restaurant businesses within the City provide goods and services to a five-parish regional area. Annual art events and over 75 annual festivals provide entertainment to both locals and visitors.

According to *The Louisiana Economic Outlook* released in September 2019 by LSU Economist, Emeritus, Loren Scott, Southwest Louisiana is projected to lead the state in job growth yet again. Over the last five or more years, Southwest Louisiana made history as various companies completed more than \$44 billion in projects with some of the largest projects being the Sabine Pass LNG by Cheniere Energy, Sasol's Ethane Cracker Plant, Semptra's Cameron LNG, and Lotte Chemical's Ethane Cracker and Derivatives Plant.

Companies engaged in the production of liquefied natural gas (LNG) continue to dominate the positive economic impact for Southwest Louisiana. According to Scott's report, Venture Global in Cameron issued a final investment decision (FID) on its \$5.8 billion LNG export terminal and is under construction. Driftwood LNG should begin construction later this year on its \$25 billion liquefaction facility. Once under construction, collectively, Venture Global and Driftwood will generate approximately 8,000 construction jobs and provide approximately 530 permanent jobs. Lake Charles LNG and Magnolia LNG are at various stages of permitting and/or financing. It is relevant to note that pending complex global economic issues are causing delays that may affect the timeline of any or all of these projects. The City has worked diligently to capitalize on the economic boom of our area.

Plans continue for the \$20 million Port Wonder lakefront development project, which will house the Children's Museum of Lake Charles and the Louisiana Department of Wildlife and Fisheries' Science Center and Educational Complex, funded by governmental and private pledges. Utility extensions are under contract to support these and other developments; shoreline stabilization, base flood elevation and renovation of the parking garage are all currently being designed.

The City created three Economic Development Districts in 2019: Lakefront, I-10 Corridor and Enterprise Boulevard. The incremental increase in existing sales taxes of the City may be used to develop and formulate economic development plans that may include financial incentives to public and private entities for projects in each district. In addition to several smaller businesses, two big announcements have been made for development in these districts and are considered huge victories for our community.

Announced in October 2019, Crying Eagle Lakefront Restaurant and Micro Brewery will be built just west of the lakefront parking garage and adjacent to the site for Port Wonder. The project will consist of a family-friendly, full service restaurant, small brew house, scenic seating that will allure locals and motorists traveling through the City on Interstate 10.

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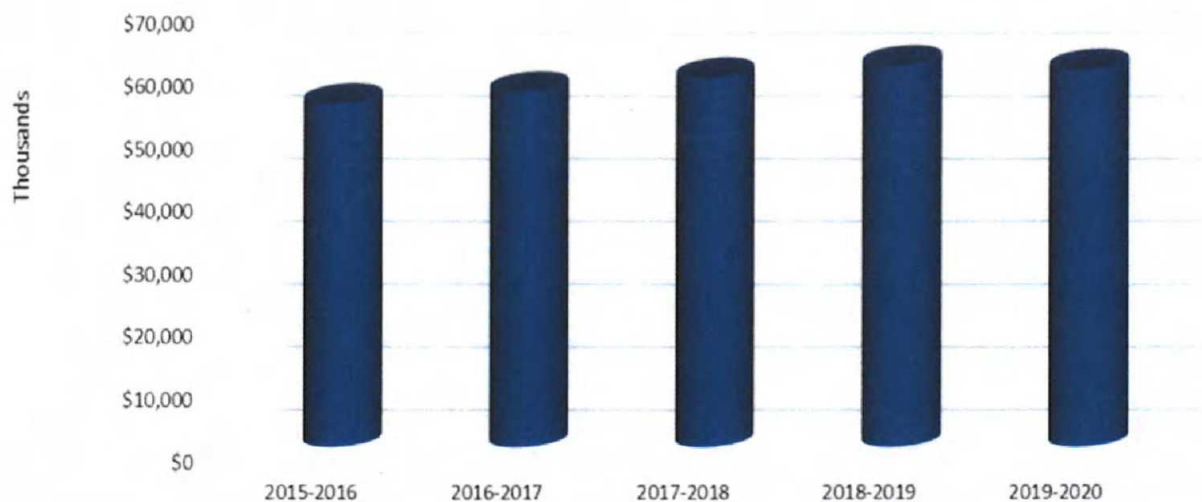
Acadian Ambulance announced in December 2019 its plans to revitalize the former Dimmick Supply Company site located on Enterprise Boulevard. This multi-million dollar economic development project will house multiple components of their operations including their maintenance facility and National EMS Academy. The building will undergo a complete overhaul, and it is anticipated that the location will be operating by the summer.

The City prepared for fiscal year 2020, recognizing that we are experiencing a bit of a slowdown of the growth in the area. These reductions in revenue were anticipated and we are fiscally strong as General Fund reserves of \$37 million represents 45 percent of total expenditures and transfers from that fund in fiscal year 2019. The Capital Budget continues to address the major infrastructure improvements needed for streets, drainage, water and wastewater systems.

Sales taxes are the City's largest revenue source, accounting for 44 percent of all governmental revenue and 64 percent of the General Fund's revenues in 2019. Collections of an additional one-quarter cent tax levy was effective in January 2016. Fiscal year 2017 was a full year of collections, with 75 percent of the tax deposited in the General Fund and 25 percent into the 2015 One-quarter Cent Sales Tax Special Revenue Fund. Sales tax collections decreased by less than one percent in fiscal year 2019 compared to 2018, and followed an increase of 4.4 percent in fiscal year 2018 over fiscal year 2017.

The graph below captures the total sales tax revenue collected for March through February for each of the last five years. For comparison purposes, the 2016 tax levy is not included in the table below. The trend for the four month period of the current fiscal year indicates that City revenues have decreased by 1 percent over the same period last year. The sales tax projections adopted in the fiscal year 2020 budget anticipated a 3.4 percent decline in revenue.

City of Lake Charles Sales Tax Collections: March through February



Many new hotels and apartment complexes are being built. As per the City's Planning Department, in 2018 there were 335 single-family dwelling and 37 multi-family dwelling units permitted for a total of 651 units with a value of \$86 million. In 2019 there were 438 single-family dwelling and 31 multi-family dwelling units permitted for a total of 723 units with a value of \$99.5 million. All are in various stages of construction or have been completed.

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As we are completing the preparation of this report, the world is dealing with the outbreak of the Coronavirus. The World Health Organization has declared Covid-19 a global pandemic, and President Trump has declared a national health emergency. The Nation is undergoing unprecedented precautionary measures to reduce the spread of the virus. Sporting and other major events have been cancelled across the country and the stock market is in a flux. Louisiana has temporarily closed schools, churches, movie theaters and casinos, and restaurants are open for pick up only. Governments and businesses are closed or are working with reduced staff, while essential services are still being provided. The length of this event and the economic impact are currently unknown.

Current and Future Financial Plans

The City's primary operating account, the General Fund, had an ending fund balance of \$37 million at September 30, 2019. The fund balance decrease of \$2.7 million was planned to reduce a fund balance of \$39.8 million from the end of fiscal year 2018. The City was able to transfer \$11.7 million from the General Fund to the Capital Projects fund for needed infrastructure improvements.

The adopted General Fund Budget for fiscal year 2020 projects that operating revenues of \$77.5 million will be sufficient to cover departmental expenditure and operational transfers. The administration and City Council adopted a budget that provides for accumulated fund balance reserves of \$3.5 million to be transferred to the Capital Project Fund to pay for ongoing improvements, primarily to the City's wastewater system basins and to pay for additional drainage projects. As budgeted, the fund balance at the end of fiscal year 2020 would total \$33.6 million.

General Fund revenues are projected be reduced in fiscal year 2020 and therefore the City adopted budgeted expenditures are equal to the prior year, rather than provide for any increase. Budgeted salaries and fringe benefits of \$47.4 million account for 65 percent of the General Fund departmental expenditure budget of \$72.8 million.

The fund balance in the General Fund is \$37 million which represents 52 percent of the 2019 departmental expenditures and non-capital transfers. It is the City's policy to maintain a 30 percent minimum fund balance target for the General Fund.

Capital Improvements:

The adopted capital budget for fiscal year 2020 was \$41 million and included \$11 million for streets and drainage, \$15.7 million for utility improvements and \$11.7 for community and general government projects. Below are highlights of current capital improvement projects, as of the date of this report:

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

- Holly Hill Utility Improvements - \$3.0 million City capital and Parish funds
- George West Water Treatment Plant – Pressure Filter System Improvements Phase I - \$2.7 million City water funds
- Wastewater Treatment Plant B/C Demolition Phase II - \$1.4 million City capital funds
- 1st Ave Multi-Use Trail – \$1.2 million DOTD, FHWA, Recreational Trails and City capital funds
- Highway 385 Multi-Use Trail (Clarence Street – Ryan to Lakeshore) - \$1.2 million DOTD and City capital funds
- Various Drainage projects - \$3.1 million (Fournet Street, North Moss Street, Pine Valley Way, Opal Drive and Placid Lane, Walters Street and Laurel Street, Legendre Street Phase II, Kirkman Street, North Grace and Highway Streets, 2nd Avenue and Lake Street/Sallier Intersection (CCTV), Deaton Street CCTV, Clooney Street CCTV, Maidstone and Woodside Drainage, and South Roosevelt Street Phase II)

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- Various Road, Bridge and Sidewalk projects - \$1.5 million City capital funds (2018 City Wide Striping, CDBG Asphalt Overlays, Louisiana Avenue Bridge Repairs at Contraband Bayou, Russell Street Bridge Piling Rehabilitation, Mitchell Street Sidewalk, Drozan Street Sidewalk, and Sidewalk at the corner of Lake Street and Waverly Street)
- Wastewater System Improvement projects – \$1.1 million (The Dome Lift Station, Common Street and Legion Street Lift Stations, Emergency Pipe Repairs at the intersection of St. John and Franklin Street)
- Other Governmental projects - \$1.2 million (College Oaks Park New Restroom Building, North Beach Erosion Repair, Fire Station #7 (Tybee Ln) Building Repair, Transit Storage Facility, and Civic Center Fiber Feed)

Projects currently in design phase or under construction:

- Prien Lake Road Phase 1 (Cove Lane to Ihles Road) - \$21 million City and Parish funds will be used
- Sallier Street –City capital and Parish Transportation funds
- Various road projects - \$10 million (Ihles road widening, Kirkman and Opelousas intersection improvements, North Grace and Highway Streets, Comeaux Street, Sally Mae Street, I-10 Corridor Beautification, Mill Street and Division Street Streetscape, Sale and Ryan intersection improvements, 2019 Asphalt Overlays, 2019 Supplemental Striping, and 2019 Supplemental Overlays)
- Various sidewalk projects – \$2.3 million (2018 Sidewalks, 2019 Sidewalks, 2019 Supplemental Sidewalks)
- Bridge repair and rehabilitation - \$700 thousand (Shattuck Street Overpass and Henderson Bayou Bridge)
- Various drainage projects – \$10.2 million Citywide Closed Circuit Television (CCTV), general drainage and lateral maintenance, Enterprise Boulevard, River Road, Broadmoor Terrace, Legendre Street Phase II, 4th Avenue/Midtown, Oak Park Boulevard, North Division, Hodges Street and Pujo Street drainage, and East Prien Lake Road and 5th Avenue CCTV)
- Wastewater Loop – Study and design phase with City capital funds and possible participation by the Parish
- Wastewater Treatment Plant A Basin Rehabilitation - \$3.5 million City capital funds
- Wastewater System Improvement projects - \$6.3 million City capital funds (Collection System Repairs – various streets, Ham Reid Sewer Extension, Sewer Main Rehabilitation – various streets, and University Area Sewer Rehabilitation)
- New Water Treatment Plant & Distribution Lines - \$26 million will be funded by accumulated reserves in the Water Utility Fund and a potential loan from the Department of Health Drinking Water Revolving Loan Fund
- Water System Improvement projects - \$8.8 million City water funds (Southwest Ground Storage Tank #2, McNeese Plant Sedimentation, George West Plant Transmission Main Extension, Southwest Water Plant Pressure Filter Rehabilitation Phase II, Southwest Water Plant Chlorine Containment, George West Plant Pressure Filter Rehab Phase II, and Country Club Water Looping)
- Various Community Services and Recreation projects - \$1.5 million City capital funds and donations (Partners in Parks, Hillcrest/Bellard Park Improvements, Fitzenreiter Road Boat Dock rehabilitation, Nellie Luther Memorial Pocket Park, Civic Center Amphitheatre Electrical System upgrade)

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- New municipal golf course - currently under construction at the Morganfield development to replace Mallard Cove which is closing to allow for the expansion of the Chennault International Airport and will be funded primarily by Chennault, along with City participation
- Lakefront Parking Garage – currently under design, the City will be refurbishing the existing garage on the Lake to provide necessary parking for upcoming developments along the lakefront
- Port Wonder – under design and study
- Lakefront infrastructure improvements – utility extension; retaining wall and embankment to support future development; land based and over-the-water boardwalk under design

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

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

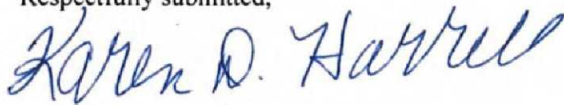
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lake Charles for its comprehensive annual financial report for the fiscal year ended September 30, 2018. The City also received this award for its reports of the preceding thirty-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 Finance Department staff. We also wish to acknowledge Mayor Hunter, his administration, and the City Council who take an active role in planning and conducting the City's financial affairs. We truly appreciate their interest and support.

Respectfully submitted,



Karen Domingue Harrell
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Lake Charles
Louisiana**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

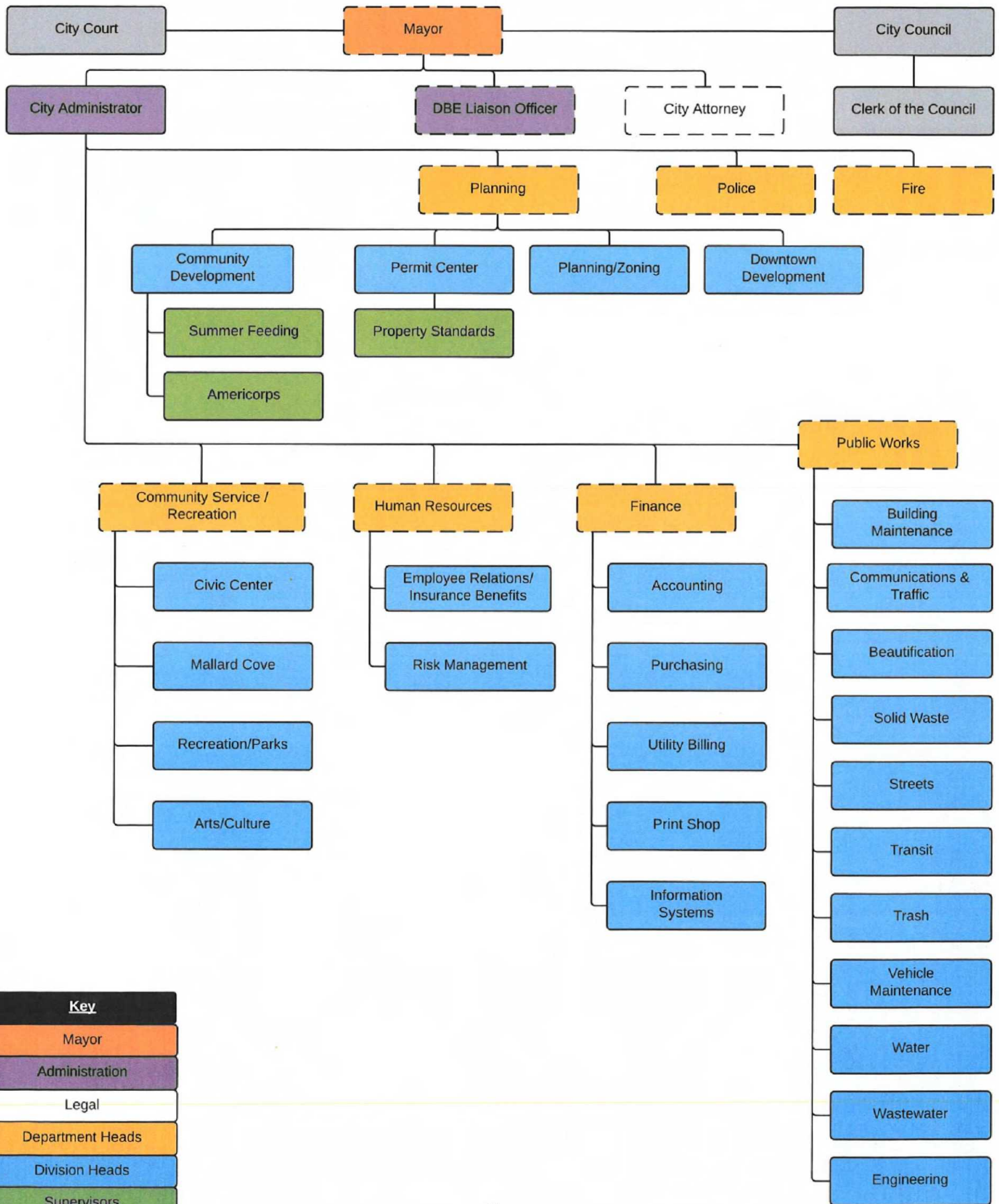
Christopher P. Morill

Executive Director/CEO

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City of Lake Charles Organization Chart



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**CITY OF LAKE CHARLES
ELECTED CITY OFFICIALS**

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

**CITY OF LAKE CHARLES
DEPARTMENT HEADS**

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City Court of Lake Charles or the Office of the Ward Three Marshal, which represent 0.4 percent, 0.3 percent and 1.1 percent, respectively, of the assets, net position and revenues of the governmental activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City Court of Lake Charles and the Office of the Ward Three Marshal, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2020, on our consideration of the City of Lake Charles, Louisiana's, internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Lake Charles, Louisiana's internal control over financial reporting and compliance.



Lake Charles, Louisiana
March 23, 2020

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, 2019, and accompanies the basic financial statements beginning on page 27 of this report. The transmittal letter on pages 1 - 6 of this report provides further information from a broader perspective, and should be consulted in conjunction with this discussion and the financial statements themselves for a more complete understanding of the City's financial condition and economic environment.

Financial Highlights

- The City's total net position at the end of fiscal year 2019 was \$525 million, compared to the September 30, 2018 balance of \$506 million. Per the Statement of Activities, total Governmental and Business-Type Activities revenues of \$153 million were used to cover total expenses of \$134 million, primarily public safety and public works related activities.
- Total revenue from both governmental and business-type activities was \$153 million, which was an increase of 3 percent from the previous year total of \$149 million. The sales tax revenue of \$67 million accounts for 44 percent of total revenues, and were reduced by 1 percent compared to prior year. Capital grants and contributions increased to \$14 million compared to \$11 million in fiscal year 2018, due to increases in intergovernmental revenues.
- In the fund financial statements, total governmental fund balances of \$153.2 million is an increase of \$14.7 million from \$138.5 million in 2018. The Capital Project Fund accounted for the increase in reserves due to additional transfers for capital improvements that will be completed in the current fiscal year, as well as funds accumulated for projects that are currently under design.
- The 2019 governmental fund revenues of \$132.3 million are an increase of 4 percent above the \$126.9 million collected in 2018. Intergovernmental revenues increased by nearly \$4 million primarily for capital expenditure reimbursements for state and local projects. The increase in miscellaneous revenue, for the second consecutive year, is primarily due to additional interest earnings across all funds.
- Governmental fund expenditures of \$112.9 million is a 4.5% reduction from the 2018 expenditures of \$118.2 million. Although most expenditure categories increased over last year, the Capital Project category reduction of \$9 million accounts for the overall reduction in expenses.
- The General Fund operating revenues of \$79.8 million were exceeded by expenditures of \$82.5 million resulting in a total fund balance reduction of \$2.7 million. The total expenditures included \$11.7 million in transfers from the General Fund to the Capital Project Fund. The ending fund balance was \$37 million at September 30, 2019 compared to \$39.8 million at the end of fiscal year 2018.

The Financial Statements

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

1. The government-wide financial statements are designed to provide an organization-wide overview similar in nature to the form of reporting used for private-sector businesses. The two components of this presentation are:
 - The Statement of Net Position is roughly equivalent to a private business balance sheet, summarizing all of the City's assets and liabilities and reporting the difference between the two as "net position." Changes in net position over time may provide an indication of either an improving or declining financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The Statement of Activities is an organization-wide operating statement which accounts for changes in fund net position during the City's 2019 fiscal year. This statement takes into account all revenues and expenses accrued for that year, regardless of when cash is received or paid.

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

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

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

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

The City maintains fourteen individual governmental funds, five of which are classified as major. Budget to actual statements for three funds are separately displayed in the Required Supplemental Information section beginning on page 88 of this report. There are nine special revenue funds which are aggregated into a single display on those schedules but are individually presented in the combining statements referred to below.

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

3. Notes to the financial statements provide additional information and explanation necessary for full understanding of the government-wide and fund financial statements and are presented on pages 42 - 86 of this report.
4. Required Supplemental Information is included with information related to OPEB, Net Pension Liability and budget to actual schedules for the major governmental funds.
5. Other information, consisting of the combining statements for the nine non-major governmental funds and two internal service funds, is presented immediately following the Required Supplemental Information.
6. The statistical section contains primarily trend data and non-financial information about the City's various activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City-wide Financial Analysis

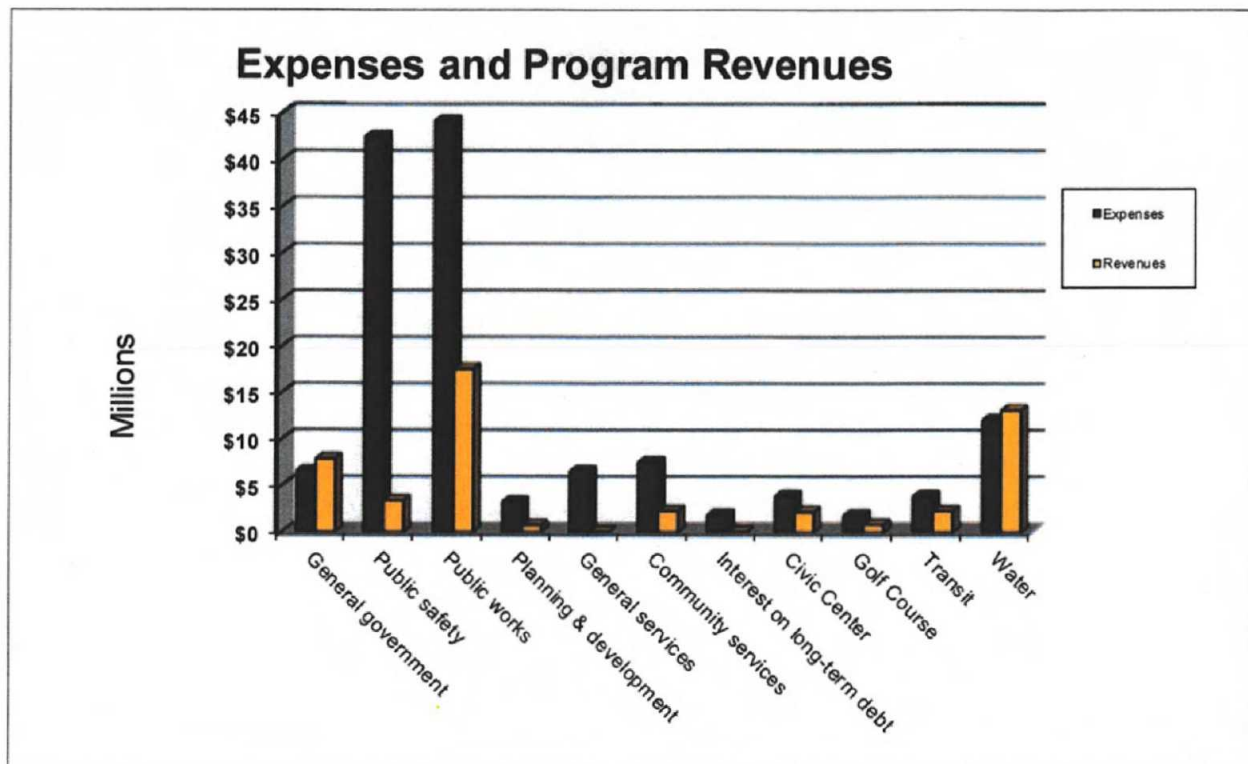
As shown on the government-wide financial statements, the City's net position at the end of 2019 was \$525,254,097, with 74 percent of this total consisting of capital assets, i.e., physical plant, equipment, and infrastructure, less related outstanding debt. An additional 6 percent of the net position is externally restricted by law or contract, leaving 20 percent as unrestricted net position which is generally available for use at the City's discretion. Year-end assets, liabilities, and net position are summarized below. It should be noted that the investment in capital assets is not available as a financial resource for payment of related debt, other liabilities, or future costs, which will require the use of either existing financial resources or future revenues. Also note that capital assets are reported net of accumulated depreciation and that the infrastructure portion of these reported assets includes only those projects completed since 1975.

NET POSITION						
(in thousands)						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 190,544	\$ 175,482	\$ 33,424	\$ 31,338	\$ 223,968	\$ 206,820
Capital assets	374,885	377,382	73,788	73,313	448,673	450,695
Total assets	565,429	552,864	107,212	104,651	672,641	657,515
Deferred outflows of resources	16,675	13,879	1,475	1,195	18,150	15,074
Long-term liabilities	133,345	132,745	6,352	5,395	139,697	138,140
Current and other liabilities	17,826	20,778	2,780	3,089	20,606	23,867
Total liabilities	151,171	153,523	9,132	8,484	160,303	162,007
Deferred inflows of resources	5,022	4,488	212	215	5,234	4,703
Net position:						
Net investment in capital assets	313,647	307,134	73,788	73,313	387,435	380,447
Restricted	34,219	32,950	-	-	34,219	32,950
Unrestricted	78,046	68,648	25,554	23,833	103,600	92,481
Total net position	\$ 425,912	\$ 408,732	\$ 99,342	\$ 97,146	\$ 525,254	\$ 505,878

Total net position of \$525,254,097 is an increase of \$19,376,198 or 3.8 percent from the 2018 net position of \$505,877,899. The change in net position for governmental activities was a 4 percent increase, while business-type activities experienced a 2 percent increase. Explanations of the changes are outlined in the pertinent sections below.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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



On an overall basis, the City's total costs in 2019 were \$112.5 million for governmental activities and \$21.7 million for business-type activities. The portions not covered by program revenues, or net costs funded by taxes and other general revenues, were \$80 million for governmental activities. The public safety function (fire and police) historically accounts for the largest share of net cost, with \$39 million in excess expenses over program revenues during 2019. Total expenses of \$134 million are a 5.5 percent increase over 2018 expenses of \$127 million.

The City's total revenue for 2019 was \$153.5 million, a 3 percent increase from 2018 revenues of \$149 million. Sales tax revenue of \$67 million in the Governmental Activities was a 1 percent decrease from 2018 collections.

The Statement of Activities for 2019 categorizes the City's revenues as either program revenues, which are service charges or grants and contributions for specific governmental or business-type functions, or general revenues which include most taxes and other revenue sources of a government-wide nature.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Major components of program and general revenues, together with total expenses and the resulting change in net position, are summarized below for the 2019 fiscal year.

CHANGES IN NET POSITION (in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	\$ 20,917	\$ 21,427	\$ 15,197	\$ 16,011	\$ 36,114	\$ 37,438
Operating grants & contributions	5,011	4,522	3,103	3,044	8,114	7,566
Capital grants & contributions	6,020	2,408	180	982	6,200	3,390
General revenues:						
Property taxes	11,246	10,863	-	-	11,246	10,863
Sales taxes	67,170	67,840	-	-	67,170	67,840
Utility franchise taxes	5,801	5,878	-	-	5,801	5,878
Riverboat gaming taxes	11,046	10,736	-	-	11,046	10,736
Other general revenues	7,119	4,862	738	406	7,857	5,268
Total revenues	134,330	128,536	19,218	20,443	153,548	148,979
Expenses:						
General government	6,585	6,062	-	-	6,585	6,062
Public safety	42,492	38,772	-	-	42,492	38,772
Public works	44,160	42,804	-	-	44,160	42,804
Planning and development	3,292	2,821	-	-	3,292	2,821
General services	6,558	6,876	-	-	6,558	6,876
Community services	7,520	7,111	-	-	7,520	7,111
Interest in long-term debt	1,865	2,055	-	-	1,865	2,055
Civic Center	-	-	3,913	3,899	3,913	3,899
Golf Course	-	-	1,815	1,874	1,815	1,874
Transit	-	-	3,897	3,656	3,897	3,656
Water	-	-	12,075	11,207	12,075	11,207
Total expenses	112,472	106,501	21,700	20,636	134,172	127,137
Excess before transfers	21,858	22,035	(2,482)	(193)	19,376	21,842
Transfers	(4,678)	(2,758)	4,678	2,758	-	-
Increase (decrease) net position	17,180	19,277	2,196	2,565	19,376	21,842
Net position - beginning	408,732	389,455	97,146	94,581	505,878	484,036
Net position - ending	\$ 425,912	\$ 408,732	\$ 99,342	\$ 97,146	\$ 525,254	\$ 505,878

As indicated by the above table and the following chart, sales taxes are the City's largest single revenue source, accounting for 44 percent of all government-wide revenue in 2019, and were relatively unchanged from the previous year. The current trend for the past 4 month's collections indicates revenues are equal to the collections for the same 4-month period in fiscal year 2019.

Charges for services of \$36 million account for 24 percent of all revenue and were decrease by \$1.3 million in 2019 compared to prior year. Revenue collected in both the Wastewater Special Revenue and Water Enterprise Funds account for the decrease and therefore is reflected in both the Governmental and Business-type activities. Analysis indicated that heavy rainfall during the year accounted for reduced consumption.

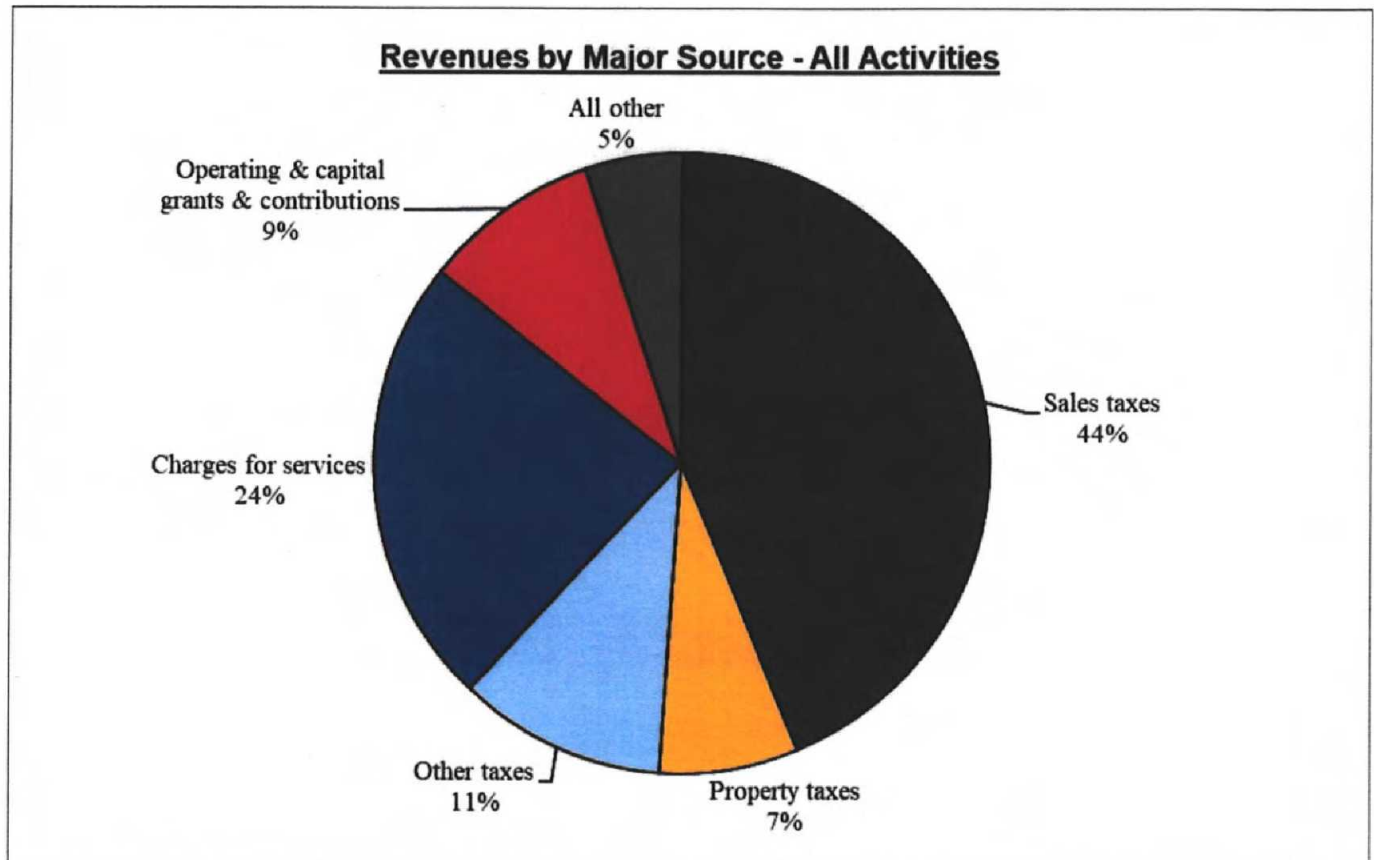
Capital grants and contributions increased by \$2.8 million to \$6.2 million in 2019. Intergovernmental revenues from several sources were received for infrastructure projects. The city received \$825,000 from a new parish-wide hotel

MANAGEMENT'S DISCUSSION AND ANALYSIS

tax levied by the Southwest Louisiana Convention and Visitor's Bureau; through a cooperative endeavor agreement with the CVB, each municipality receives the portion of the tax collected within their boundaries. Lake Charles City Court provided an additional \$1 million from their building fund and those funds were used to advance refund a portion of their City Court building loan.

Property taxes account for 7.3 percent of total revenues and increased by 3 percent in 2019. Gaming tax revenue accounts for 7 percent of total revenues and increased by 3 percent over the prior year. 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.

Other General Revenues include revenues from cash and investment earnings, and accounts for the increase of \$2.6 million over 2018 earnings.



Total expenses increased by 5.5 percent to \$134 million compared to \$127 million in 2018. The public safety category accounts for 32 percent of all expenses and was the largest categorical increase of \$3.7 million, primarily due to increases in salary and related fringe benefits. Public Works, which account for 33 percent of all expenditures, increased by 3%.

Analysis of Fund Financial Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City's governmental funds had a combined fund balance of \$153,221,071 at the end of fiscal year 2019, an increase of \$14.7 million from fiscal year 2018 balance of \$138,530,138 million. The fund balance in the Capital Project fund increased by \$17.5 million and accounts for the increase. The fund balance in the General Fund was \$37 million at year end, a decrease of \$2.7 million.

The City's proprietary funds' net position increased to \$99,341,818 in 2019 compared to \$97,145,987. The Water Fund's net position increased by \$2.2 million as the City continues to accumulate funds for future capital improvements and expansions to the City's water system, primarily a new water treatment plant with supporting transport lines. The Golf Course is also accumulating funds for construction of the new municipal course.

General Fund Summary

The General Fund is the City's principal operating fund, accounting for more than half of all revenue received by the City and 60 percent of revenue for all governmental funds.

The City ended fiscal year 2018 with a fund balance reserve of \$39.8 million in the General Fund and therefore was able to transfer \$11.7 million for capital projects in fiscal year 2019. As illustrated in the Required Supplemental Informational section of this report, the budget was amended during the year to provide for an additional \$5 million for a supplemental infrastructure improvement package.

The General Fund revenues of \$79,826,403 were increased by less than one percent over fiscal year 2018 collections. Total sales tax revenues of \$51 million account for 64 percent of all General Fund revenues and were a slight .4 percent decrease from last fiscal year. Property taxes account for 12.5 percent of General Fund revenues and increased to nearly \$10 million, an increase of 3.5 percent.

Actual General Fund operating expenditures of \$66,577,442 were increased by 3.2 percent over prior year expenditures of \$64,515,764. Salaries of \$27.6 million accounts for 41.5 percent of total expenditures and were up \$813,000 or 3 percent from prior year. Effective January 1, 2019 all full time non-public safety employees received a 2.5 percent across the board increase and employees of the Fire Department received a 3 percent pay increase. A pay matrix was implemented for Civil Service members of the Police Department, which increased pay by varying percentages, depending on years of service and rank. These raises were in addition to the two percent longevity pay given annually for eligible employees. Entry level pay for all firemen and police officers were adjusted to reflect the across the board increases. Overtime increased to \$4 million in 2019 compared to \$3.6 million in 2018, of which 93 percent is for the Fire and Police Departments.

Contribution expenses for all retirement systems were increased to \$6.5 million in 2019 compared to \$6.3 million in the 2018 fiscal year. For the period July, 1 2018 through June 30, 2019, retirement contribution rates were 26.5 percent for the Fire Department, 32.25 percent for the Police Department and 14 percent for all other employees. The contribution rates for two systems were increased again, effective July 1, 2019.

The General Fund had operating transfers which are necessary to subsidize the grant funds and the proprietary funds totaling \$4.2 million in fiscal year 2019. When funds are available, the City may elect to provide funding for needed capital projects. The City adopted budget for fiscal year 2019 included \$5.5 million for capital improvements, primarily for wastewater system improvements and drainage projects. The budget was increase by \$5 million during the year for a total transfer of \$11,758,500 for capital projects. The additional funds were used for roadways and transportation projects. In fiscal year 2018 the City transferred \$6 million to the Capital Project Fund, primarily for wastewater and drainage projects.

In summary, current year operating revenues of \$79.8 million were sufficient to cover operating expenditures of \$66.5 million but transfers of \$16 million resulted in a fund balance decrease of \$2.7 million. The General Fund's ending balance in 2019 was \$37,092,202, which represents 45 percent of total expenditures and all transfers made from the fund that year. The fund balance amount at 2018 fiscal year end was \$39,792,758.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Other Major Fund Summary

The revenues recorded in the Riverboat Gaming Special Revenue Fund of \$11 million was a 3 percent increase over prior year. The gaming taxes received by the City each year are first and primarily dedicated to the repayment of a portion of the City's debt obligations. Remaining funds are used to fund one-time capital improvements. Revenues exceeded transfers and increased fund balance reserves to \$1.9 million for fiscal year end 2019 compared to \$1.2 million in 2018.

The Wastewater Special Revenue Fund revenues of \$17.4 million in fiscal year 2019 was a decrease of 5.9 percent compared to \$18.5 million in 2018. Sales tax receipts of 16 percent of one cent are dedicated to wastewater and were unchanged at \$4.3 million for the past two years. Sewer user fees are the primary source of revenue and decreased to \$12.7 million, an 8 percent decline from the prior year. The decrease was due to both a reduction in consumption, as well as a restructure of the rate plan. The rate schedule provides an increase in water and sewer fees effective January 1, 2020.

Wastewater operating expenses of \$10.5 million is a 2.8 percent increase over last fiscal year. Each year funds are transferred to the Capital Project Fund and to debt service funds to pay for debt service obligations. The transfer to the Capital Project Fund is used for infrastructure improvements to the wastewater system. Needed expansions and improvements are considered when determining a rate schedule. Total transfers in fiscal year 2019 were \$8.4 million; \$3.4 million for debt service payments and \$5 million for capital improvements. The transfer in 2018 was \$6.8 million, and included \$3.5 million for capital improvements and \$3.3 million for debt service payments. Fund balance reserves from 2018 of \$6.2 million were decreased by \$1.2 million in 2019 to \$5 million.

The Debt Service Fund revenues and expenditures increased because of a \$1 million receipt of funds from Lake Charles City Court, which were used to prepay a portion of the debt related to the City Court building that was completed in 2013. Transfers of \$9 million into the debt service funds come primarily from the Wastewater, Gaming and Capital Project funds and are used to meet the annual principal and interest debt service requirement.

Capital Project Fund Summary

The Capital Projects Fund revenues increased to \$14.9 million compared to \$10.6 million in fiscal year 2018. Included in this total is intergovernmental revenue which increased \$2.4 million and included funds from DOTD and the Calcasieu Parish Police Jury for various projects. A new intergovernmental revenue source is from the Southwest Louisiana Convention and Tourist Bureau, which is levying an additional 1 percent hotel tax and paying the City the portion of that tax related to hotels within the City limits, which totaled \$825,000 in 2019. Funds from the Capital Improvement Fee, which were previously recorded in the Water Fund, totaled \$530,000 and is included as a charge for services in the Capital Project Fund for the first time in 2019. Interest earnings in this fund increased by \$1.1 million compared to last fiscal year.

There was \$22.9 million transferred into the fund from the General, Riverboat Gaming, Wastewater and other special revenue funds. The funds are used for improvements to streets and drainage, wastewater system improvements and other general capital projects. Transfers from other funds totaled \$18 million in 2018.

Expenditures of \$18 million in fiscal year 2019 is a reduction of \$9 million or 33 percent compared to \$27 million in fiscal year 2018. Many large wastewater projects were completed in 2017 and 2018 and although there is constant work ongoing in this category of expenses, \$4 million less was spent on wastewater projects in 2019. Expenses for street projects were \$1 million less in fiscal year 2019 compared to 2018 due to the completion of two large asphalt overlay projects and the Lake Street rebuild accounted for in 2018. Fire truck acquisitions are paid for out of the capital project funds and two were purchased at a cost of \$1.8 million in 2018 but none were received in 2019. Fiscal year 2019 was spent planning and preparing for many large projects that will be underway by the end of 2020 and will draw on the accumulation of funds currently available in that fund. Fund balance was increased by \$17.5 million to \$94.5 million in 2019.

The business-type activities revenues of \$14.7 million are decreased by \$1.3 million or 8 percent from fiscal year 2018. Charges for Services were down in each of the Enterprise funds but the reduction in the Water Fund accounts for most of the reduction. Operating expenses, less depreciation, increased by 3 percent over the previous year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Nonoperating revenue and capital contributions and transfers increased by \$2 million to \$9.2 million in fiscal year 2019, and included capital transfers from governmental funds. Total net position increased by \$2.2 million from the prior year, as funds are accumulated for several capital projects.

Capital Assets

The City's total net investment in capital assets of \$449 million at the end of the 2019 fiscal year was a decrease of \$2 million from \$451 million at the end of 2018. Infrastructure increased by \$16.7 million during the year, most of which were for projects that were included in construction in progress in fiscal year 2018, primarily street and sewer projects. On-going construction projects in the Governmental Activities include streets and wastewater system improvements.

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

Net Investment in Capital Assets as of September 30, 2019						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 16,199	\$ 16,180	\$ 2,186	\$ 2,185	\$ 18,385	\$ 18,365
Construction in progress	14,139	26,300	2,313	7,770	16,452	34,070
Buildings	25,044	27,414	5,617	5,772	30,661	33,186
Improvements other than buildings	73,639	77,425	60,512	53,826	134,151	131,251
Equipment	13,941	14,885	3,160	3,760	17,101	18,645
Infrastructure	231,923	215,178	-	-	231,923	215,178
Total	<u>\$ 374,885</u>	<u>\$ 377,382</u>	<u>\$ 73,788</u>	<u>\$ 73,313</u>	<u>\$ 448,673</u>	<u>\$ 450,695</u>

Debt Administration

As of September 30, 2019, the City's Governmental Activities reported \$133.3 million in non-current liabilities compared to \$132.7 million in the previous year. Bonded debt of \$45.5 million is reduced from \$51.7 million in fiscal year 2018 and is payable from future annual appropriations, all of the outstanding bond principal is due within ten years.

The City has no outstanding general obligation debt to which a bond rating can be assigned. All outstanding bond issues are insured and therefore rated "AAA" by Standard and Poor's. Statutory debt limits are not applicable to any of the City's current outstanding debt.

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

The voters of Lake Charles approved a \$90 million bond issue in November 2006. Through the Louisiana Local Government Environmental Facilities and Community Development Authority (LCDA), the City has issued bonds in 2007 and in 2010 totaling \$75 million. The proceeds were used for improving streets and roads, park and recreation facilities, water and wastewater systems, downtown and/or lakefront development infrastructure and

MANAGEMENT'S DISCUSSION AND ANALYSIS

economic development initiatives within the City. Riverboat gaming revenue, sales tax revenues and funds from sewer user fees are used to repay the debt.

The City issued \$15,825,000 in Revenue Refunding Bonds in December 2014. The proceeds were used to advance refund a portion of the outstanding 2007 Public Improvement Bonds. In May 2017 the City issued \$24,140,000 in Revenue Refunding Bonds to refund the remaining 2007 Public Improvement Bonds and to advance refund a portion of the outstanding 2010 Public Improvement Bonds. Both Series were assigned a rating of "AA-" (stable outlook) by Standard and Poor's.

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

The City of Lake Charles was approved in 2011 by the Louisiana Department of Environmental Quality (DEQ) for a \$21,000,000 loan from the State Revolving Loan Fund for improvements to the City's wastewater system. During fiscal year 2018 the City received the remaining loan proceeds. Current principal balance is \$15,642,001. The debt will be repaid with sewer user fees of the Wastewater Special Revenue Fund through 2032.

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

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

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

Economic Outlook and Next Year's Budget

Southwest Louisiana made history in the last five or more years as various companies completed approximately \$44 billion in projects with some of the largest projects being the Sabine Pass LNG by Cheniere Energy, Sasol Ethane Cracker Plant, Semptra's Cameron LNG, and Lotte Chemical's ethane cracker and derivatives plant. The area is seeing the results of the completion of these projects as it relates to taxes and employment, but these reductions were anticipated and are not causing any particular financial concerns. Additional projects have been announced and are at various stages of the permitting process and have construction schedules projected out as far as 2025.

Listed below are some of the current trends:

- Sales tax: City of Lake Charles sales taxes revenue decreased by 1 percent in fiscal year 2019, following several years of moderate growth. The 2019 collections fell slightly below the budgeted amount. The City anticipated a similar decline for 2020 and reduced projections accordingly. The current trend for the first four months of fiscal year 2020 when compared to the same period in fiscal year 2019 reflects a 1.5 percent increase.
- Gaming industry: The L'Auberge and Golden Nugget Casinos combined to make Lake Charles the largest casino market in Louisiana. Collections of admission taxes increased by 3 percent to \$11 million in 2019. However net gaming proceeds for Calcasieu Parish gaming entities were reduced by 6 percent in calendar year 2019, with major bridge repairs on the interstate believed to be a contributing factor. The 2020 adopted budget anticipated a decrease in revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Labor market trends: The Louisiana Workforce Commission report dated January 31, 2020 for December 2019 reflected a Civilian Labor Force statewide unemployment rate of 4.9 percent and the United States unemployment rate of 3.5 percent. The Not Seasonally Adjusted unemployment rate for the Lake Charles MSA was estimated at 4.3 percent for December 2019 compared to 3.4 percent in December 2018. The report stated that the Lake Charles MSA lost 1,000 jobs over the year but it should be noted that the area has added jobs over the year in 99 of the last 102 months. The job loss is related to the completion of several of the large industrial projects.

The above items and other economic indicators were considered when preparing the budget for the 2020 fiscal year.

The City adopted a 2020 General Fund budget with revenue projections of \$77.5 million which will be used to cover operational expenses and transfers. Additionally, the budget authorized the use of \$3.5 million of its previously accumulated fund balance to be transferred to the Capital Project Fund, primarily to pay for needed improvements to the wastewater basin system and drainage improvements.

The adopted Capital Project budget of \$41 million includes \$11 million for streets and drainage, \$15.7 million for water and wastewater projects, and \$11.7 million for community and government services, as well as debt service obligations. Sources of funding include projected sales tax revenues of \$7.2 million and a transfer of prior year sales tax revenue from the Debt Service Fund of \$1.7 million that was not needed to repay debt in 2018. Transfers from other funds to pay for capital improvements include \$6.4 million from the Riverboat Gaming Fund, \$3.5 million from the General Fund and \$3.5 million from the Wastewater Fund. Also included is anticipated bond proceeds of \$5 million for improvements to the Civic Center, including the lakefront area. The City will continue spending funds that were previously accumulated for roads, wastewater and water system improvements and other projects.

The City has several big projects under design, such as a new Water Treatment Plant, with supporting distribution lines. A major sewer transport line is needed to provide relief to existing lines, as well as allow for expansion into areas that are currently underserved. Both of these projects will be funded from accumulated reserves and proceeds from state revolving loan funds. Preliminary work has begun on the Prien Lake Road project and construction should begin by the end of the calendar year. This project is funded by both the City and the Calcasieu Parish Police Jury.

The City and Mayor Hunter continue in their endeavor to develop the lakefront. Plans are moving forward for Port Wonder. This proposed \$20 million lakefront project will house the Children's Museum of Lake Charles and the Louisiana Department of Wildlife and Fisheries' Science Center and Educational Complex. Both governmental and private partners have combined financial commitments to fund the project. The City has secured a commitment from Crying Eagle Restaurant and Brewery to develop a business on the lakefront. Plans are under design to renovate the parking garage and surrounding area. Bids will be accepted within the next several months to build a bulkhead along the lakefront and provide the groundwork for all of this as well as future development. The water and sewer utilities are currently being extended into the area to service all future development.

The Economic Development Districts that were created along the Lakefront, I-10 corridor and Enterprise Boulevard provide incentives for development and businesses to open in these areas. There have been several big announcements as a result of the creation of the districts. The most visible project will be Acadian Ambulance Service multi-million revitalization of the former Dimmick Supply Company building on Enterprise Boulevard. The company anticipates being in operation by summer 2020, housing multiple components of their operation including their maintenance facility and their training academy. Several small businesses have been approved for incentives and will be built and opened by the end of the year. This was the vision for the area when the districts were created and the City anticipates that more businesses will follow.

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 Position

September 30, 2019

	Primary Government			Component Units	
	Governmental	Business-Type		City	City
	Activities	Activities	Total	Court	Marshal
ASSETS					
Cash and cash equivalents	\$ 89,602,185	\$ 13,482,881	\$ 103,085,066	\$ 582,762	\$ 646,156
Investments	86,571,189	14,659,080	101,230,269	-	-
Receivables (net of allowance for uncollectables)	13,885,565	2,236,661	16,122,226	-	1,963
Internal balances	(936,434)	936,434	-	-	-
Inventories	338,497	314,241	652,738	-	-
Prepays	1,083,228	14,697	1,097,925	-	-
Restricted assets:					
Cash and cash equivalents	-	1,779,876	1,779,876	830,130	-
Capital assets not being depreciated:					
Land	16,199,452	2,185,506	18,384,958	-	-
Construction in progress	14,138,475	2,313,100	16,451,575	-	-
Capital assets net of accumulated depreciation:					
Building	25,043,878	5,616,732	30,660,610	-	-
Improvements other than buildings	73,639,171	60,512,223	134,151,394	-	-
Equipment	13,941,486	3,160,087	17,101,573	323,997	100,205
Infrastructure	231,923,203	-	231,923,203	-	-
Total assets	565,429,895	107,211,518	672,641,413	1,736,889	748,324
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on debt refundings	1,269,225	-	1,269,225	-	-
Deferred outflows related to net pension liab	12,155,117	974,841	13,129,958	30,043	-
Deferred outflows related to OPEB	3,251,134	500,009	3,751,143	-	-
	16,675,476	1,474,850	18,150,326	30,043	-
LIABILITIES					
Accounts payable & other current liabilities	4,658,173	995,696	5,653,869	133,611	5,583
Liabilities payable from restricted assets	-	1,779,437	1,779,437	-	-
Noncurrent liabilities:					
Claims payable within one year	6,815,286	-	6,815,286	-	-
Claims payable in more than one year	1,476,053	-	1,476,053	-	-
Due within one year	6,352,613	5,000	6,357,613	-	-
Due in more than one year	60,541,593	697,476	61,239,069	-	-
OPEB payable due in more than one year	6,871,354	1,002,799	7,874,153	-	-
Net pension liability due in more than one year	64,456,461	4,651,662	69,108,123	583,854	-
Total liabilities	151,171,533	9,132,070	160,303,603	717,465	5,583
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to net pension liab	5,021,559	212,480	5,234,039	24,818	-
NET POSITION					
Net investment in capital assets	313,646,949	73,787,648	387,434,597	323,997	100,205
Restricted for:					
Capital projects	29,152,444	-	29,152,444	-	-
Debt service	5,066,903	-	5,066,903	-	-
Unrestricted	78,045,983	25,554,170	103,600,153	700,652	642,536
Total net position	\$ 425,912,279	\$ 99,341,818	\$ 525,254,097	\$ 1,024,649	\$ 742,741

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, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			City Court	City Marshal
					Governmental Activities	Business-Type Activities	Total		
Primary government:									
Governmental activities:									
General government	\$ 6,585,196	\$ 6,490,449	\$ 231,128	\$ 1,191,864	\$ 1,328,245	\$ -	\$ 1,328,245	\$ -	\$ -
Public safety	42,491,635	54,922	3,362,334		(39,074,379)	-	(39,074,379)	-	-
Public works	44,160,415	13,476,408	37,540	4,059,216	(26,587,251)	-	(26,587,251)	-	-
Planning and development	3,291,552	446,802	286,976		(2,557,774)	-	(2,557,774)	-	-
General services	6,558,381	2,066	10,179		(6,546,136)	-	(6,546,136)	-	-
Community services	7,519,692	446,374	1,082,890	768,449	(5,221,979)	-	(5,221,979)	-	-
Interest in long-term debt	1,864,766	-	-		(1,864,766)	-	(1,864,766)	-	-
Total governmental activities	112,471,637	20,917,021	5,011,047	6,019,529	(80,524,040)	-	(80,524,040)	-	-
Business-type activities:									
Civic center	3,913,590	1,021,589	1,158,003	25,000	-	(1,708,998)	(1,708,998)	-	-
Golf Course	1,815,144	845,364			-	(969,780)	(969,780)	-	-
Transit	3,896,717	190,815	1,945,040	154,704	-	(1,606,158)	(1,606,158)	-	-
Water	12,074,665	13,138,924			-	1,064,259	1,064,259	-	-
Total business-type activities	21,700,116	15,196,692	3,103,043	179,704	-	(3,220,677)	(3,220,677)	-	-
Total primary government	\$ 134,171,753	\$ 36,113,713	\$ 8,114,090	\$ 6,199,233	\$ (80,524,040)	\$ (3,220,677)	\$ (83,744,717)	\$ -	\$ -
Component units:									
City Court	\$ 1,733,612	\$ 127,801	\$ 396,759	\$ 157,210				\$ (1,051,842)	\$ -
City Marshal	1,094,985	1,026,092	-	-				-	(68,893)
Total component units	\$ 2,828,597	\$ 1,153,893	\$ 396,759	\$ 157,210	-	-	-	\$ (1,051,842)	\$ (68,893)
General revenues:									
Property taxes					11,246,318	-	11,246,318	-	-
Sales taxes					67,169,609	-	67,169,609	-	-
Franchise taxes					5,801,232	-	5,801,232	-	-
Riverboat taxes					11,045,968	-	11,045,968	-	-
Grants and contributions not restricted to specific programs					238,919	-	238,919	-	-
Interest and investment earnings					4,569,271	738,783	5,308,054	28,893	-
Miscellaneous					2,310,815	-	2,310,815	9,939	-
Transfers					(4,677,725)	4,677,725	-	-	-
Total general revenues and transfers					97,704,407	5,416,508	103,120,915	38,832	-
Change in net position					17,180,367	2,195,831	19,376,198	(1,013,010)	(68,893)
Net position - beginning as restated					408,731,912	97,145,987	505,877,899	2,037,659	811,634
Net position - ending					\$ 425,912,279	\$ 99,341,818	\$ 525,254,097	\$ 1,024,649	\$ 742,741

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

CITY OF LAKE CHARLES, LOUISIANA

Balance Sheet Governmental Funds September 30, 2019

	<u>General</u>	<u>Riverboat Gaming Special Revenue</u>
ASSETS		
Cash (Note 4-A)	\$ 14,005,288	\$ 781,720
Investments (Note 4-A)	20,436,488	599,112
Receivable (net of allowance for uncollectable)		
Accounts (Note 4-B)	6,832,913	-
Special Assessments	-	-
Accrued interest	11,832	-
Intergovernmental (Note 4-B)	59,886	539,178
Due from other funds (Note 4-F)	294,272	13,046
Inventory	338,497	-
Prepaid items	291,368	-
Total assets	<u>\$ 42,270,544</u>	<u>\$ 1,933,056</u>
LIABILITIES		
Accounts payable	\$ 2,535,228	\$ -
Contracts payable	30,724	-
Escrow	991,910	-
Due to other funds	1,610,534	-
Unearned revenue	-	-
Other liabilities	9,946	-
Total liabilities	<u>5,178,342</u>	<u>-</u>
FUND BALANCES		
Nonspendable:		
Inventory	338,497	-
Prepaid items	291,367	-
Restricted:		
Sales tax and bond funds for capital projects	-	-
Debt service reserve	-	-
Committed :		
Capital projects	-	-
Wastewater system improvements	-	-
Debt service payments	-	-
Other purposes - subsequent year's expenditures	3,472,701	219,140
Assigned:		
Community services	-	-
Public safety	-	-
Disaster recovery	-	-
Capital projects	-	1,713,916
Unassigned	32,989,637	-
Total fund balances	<u>37,092,202</u>	<u>1,933,056</u>
Total liabilities and fund balances	<u>\$ 42,270,544</u>	<u>\$ 1,933,056</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
\$ 2,667,482	\$ 5,032,154	\$ 36,829,526	\$ 7,474,739	\$ 66,790,909
637,572	26,269	55,770,125	1,350,245	78,819,811
2,000,391	-	836,205	333,865	10,003,374
-	-	196,865	-	196,865
-	-	106,428	-	118,260
-	132,707	665,006	366,732	1,763,509
-	25,138	420,696	360,586	1,113,738
-	-	-	-	338,497
39,158	2,200	95,000	14,417	442,143
<u>\$ 5,344,603</u>	<u>\$ 5,218,468</u>	<u>\$ 94,919,851</u>	<u>\$ 9,900,584</u>	<u>\$ 159,587,106</u>
\$ 330,668	\$ 25,138	\$ 86,756	\$ 362,076	\$ 3,339,866
-	-	230,003	-	260,727
11,966	-	-	3,896	1,007,772
2,179	-	20,697	13,314	1,646,724
-	-	95,000	6,000	101,000
-	-	-	-	9,946
<u>344,813</u>	<u>25,138</u>	<u>432,456</u>	<u>385,286</u>	<u>6,366,035</u>
-	-	-	-	338,497
39,158	2,200	95,000	14,417	442,142
-	-	29,152,444	-	29,152,444
-	5,066,904	-	-	5,066,904
-	-	55,427,345	-	55,427,345
3,160,602	-	9,567,143	-	12,727,745
-	124,226	-	-	124,226
1,800,030	-	-	2,426,591	7,918,462
-	-	-	763,489	763,489
-	-	-	866,851	866,851
-	-	-	2,960,275	2,960,275
-	-	245,463	2,483,675	4,443,054
-	-	-	-	32,989,637
<u>4,999,790</u>	<u>5,193,330</u>	<u>94,487,395</u>	<u>9,515,298</u>	<u>153,221,071</u>
<u>\$ 5,344,603</u>	<u>\$ 5,218,468</u>	<u>\$ 94,919,851</u>	<u>\$ 9,900,584</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	374,865,817
Other long-term assets are not available to pay for current-period expenditures.	101,000
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	23,606,474
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.	(137,536,000)
Deferred outflows and inflows of resources are not available to pay current period expenditures and therefore are not reported in the government funds	11,653,917
Net position of governmental activities	<u>\$ 425,912,279</u>

CITY OF LAKE CHARLES, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For Fiscal Year Ended September 30, 2019

	<u>General</u>	<u>Riverboat Gaming Special Revenue</u>
Revenues:		
Taxes	\$ 64,726,232	\$ 11,045,969
Licenses and permits	6,809,618	-
Intergovernmental	3,255,237	-
Charges for services	2,813,555	-
Fines and forfeitures	242,223	-
Miscellaneous	1,979,538	110,893
Total revenues	<u>79,826,403</u>	<u>11,156,862</u>
Expenditures:		
Current operating:		
General government	3,529,417	-
Finance	1,875,037	-
Human Resources	416,168	-
Fire	17,278,379	-
Police	20,260,123	-
Public works	15,675,002	-
Planning and development	2,364,079	-
Community services	-	-
General services	5,179,237	-
Capital projects	-	-
Debt service:		
Principal retirement	-	-
Interest and fiscal charges	-	-
Total expenditures	<u>66,577,442</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>13,248,961</u>	<u>11,156,862</u>
Other financing sources (uses):		
Transfers in	-	-
Transfers out	(15,949,517)	(10,411,647)
Total other financing sources (uses)	<u>(15,949,517)</u>	<u>(10,411,647)</u>
Net change in fund balances	(2,700,556)	745,215
Fund balance at beginning of year	<u>39,792,758</u>	<u>1,187,841</u>
Fund balance at end of year	<u>\$ 37,092,202</u>	<u>\$ 1,933,056</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
\$ 4,273,774	\$ -	\$ 7,479,102	\$ 5,085,931	\$ 92,611,008
-	-	-	-	6,809,618
-	1,191,864	4,603,165	1,978,646	11,028,912
12,733,422	-	530,000	219,731	16,296,708
-	-	-	-	242,223
382,184	142,931	2,271,386	422,805	5,309,737
<u>17,389,380</u>	<u>1,334,795</u>	<u>14,883,653</u>	<u>7,707,113</u>	<u>132,298,206</u>
-	-	-	-	3,529,417
-	-	-	-	1,875,037
-	-	-	-	416,168
-	-	-	-	17,278,379
-	-	-	754,731	21,014,854
9,822,157	-	-	-	25,497,159
-	-	-	796,454	3,160,533
-	-	-	5,975,181	5,975,181
-	-	-	13,158	5,192,395
653,782	-	18,032,774	-	18,686,556
-	8,043,321	-	-	8,043,321
-	2,260,548	-	-	2,260,548
<u>10,475,939</u>	<u>10,303,869</u>	<u>18,032,774</u>	<u>7,539,524</u>	<u>112,929,548</u>
<u>6,913,441</u>	<u>(8,969,074)</u>	<u>(3,149,121)</u>	<u>167,589</u>	<u>19,368,658</u>
322,000	9,010,491	22,890,500	1,758,738	33,981,729
(8,390,000)	-	(2,217,790)	(1,690,500)	(38,659,454)
<u>(8,068,000)</u>	<u>9,010,491</u>	<u>20,672,710</u>	<u>68,238</u>	<u>(4,677,725)</u>
(1,154,559)	41,417	17,523,589	235,827	14,690,933
<u>6,154,349</u>	<u>5,151,913</u>	<u>76,963,806</u>	<u>9,279,471</u>	<u>138,530,138</u>
<u>\$ 4,999,790</u>	<u>\$ 5,193,330</u>	<u>\$ 94,487,395</u>	<u>\$ 9,515,298</u>	<u>\$ 153,221,071</u>

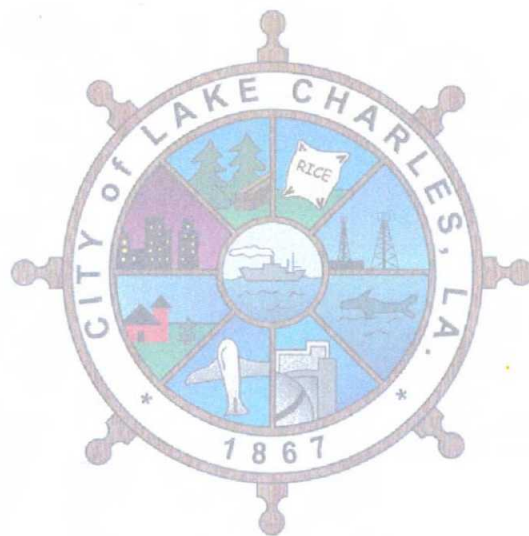
CITY OF LAKE CHARLES, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For Fiscal Year Ended September 30, 2019

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

Net change in fund balances - total governmental funds	\$ 14,690,933
Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(2,511,897)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	5,000
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	8,355,413
Net effect of pension liability recognition	(3,081,072)
Net effect of OPEB liability recognition	(1,544,366)
Deferred charge on debt refunding, net current year amortization	(168,340)
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>1,434,696</u>
Change in net position of governmental activities	<u><u>\$ 17,180,367</u></u>

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

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CITY OF LAKE CHARLES, LOUISIANA

Statement of Net Position

Proprietary Funds

September 30, 2019

	Business-type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Civic Center	Golf Course	Public Transit	Water Utility	Totals 2019	
ASSETS						
Current assets:						
Cash	\$ 573,405	\$ 1,545,688	-	\$ 11,363,788	\$ 13,482,881	\$ 22,811,276
Investments	3,673,418	-	41,453	10,944,209	14,659,080	7,751,378
Restricted cash:						
Customer deposits	-	-	-	1,779,876	1,779,876	-
Accounts receivable (net of allowance for uncollectible)	5,613	1,931	650	1,346,821	1,355,015	1,795,076
Accrued interest receivable	2,227	-	-	2,133	4,360	8,481
Intergovernmental receivables	-	-	877,286	-	877,286	-
Due from other funds	-	474,908	55	350,000	824,963	-
Inventories	22,293	39,181	-	252,767	314,241	-
Prepaid items	5,409	170	2,747	6,371	14,697	641,085
Total current assets	4,282,365	2,061,878	922,191	26,045,965	33,312,399	33,007,296
Capital assets:						
Land	-	1,065,697	806,824	312,985	2,185,506	-
Buses	-	-	3,379,112	-	3,379,112	-
Buildings and structures	18,768,595	2,123,406	4,579,511	747,281	26,218,793	-
Improvements	21,223,385	2,798,078	134,089	86,727,822	110,883,374	-
Construction in Progress	50,040	-	49,527	2,213,533	2,313,100	-
Equipment, furniture and fixtures	3,548,303	382,780	1,006,587	2,384,580	7,322,250	57,620
Total capital assets	43,590,323	6,369,961	9,955,650	92,386,201	152,302,135	57,620
Less accumulated depreciation	34,056,029	2,831,952	3,668,744	37,957,762	78,514,487	37,772
Total capital assets (net of accumulated depreciation)	9,534,294	3,538,009	6,286,906	54,428,439	73,787,648	19,848
Total assets	13,816,659	5,599,887	7,209,097	80,474,404	107,100,047	33,027,144
DEFERRED OUTFLOW OF RESOURCES						
Deferred amounts related to net pension liabilities	189,780	87,757	152,603	544,701	974,841	101,158
Deferred amounts related to net pension liabilities	87,984	53,649	75,109	283,267	500,009	25,752
Total deferred outflow of resources	277,764	141,406	227,712	827,968	1,474,850	126,910

	Business-type Activities-Enterprise Funds					Governmental Activities - Internal Service Funds
	Civic Center	Golf Course	Public Transit	Water Utility	Totals 2019	
LIABILITIES						
Current liabilities :						
Accounts payable	78,464	37,056	274,018	573,524	963,062	39,862
Contracts payable	11,477	-	1,229	-	12,706	-
Customer deposits payable	-	-	-	1,779,437	1,779,437	-
Escrow	18,909	1,018	-	-	19,927	-
Due to other funds	179,363	-	108,410	4,199	291,972	6
Total current liabilities	288,213	38,074	383,657	2,357,160	3,067,104	39,868
Non-current liabilities:						
Compensated absences	122,998	69,730	124,500	385,248	702,476	144,483
OPEB liability	176,331	123,620	143,212	559,636	1,002,799	58,838
Net pension liability	905,578	418,753	728,177	2,599,154	4,651,662	482,699
Accrued insurance claims	-	-	-	-	-	6,490,287
Incurred-not reported claims	-	-	-	-	-	325,000
Accrued insurance claims-noncurrent	-	-	-	-	-	1,476,053
Total non-current liabilities	1,204,907	612,103	995,889	3,544,038	6,356,937	8,977,360
Total liabilities	1,493,120	650,177	1,379,546	5,901,198	9,424,041	9,017,228
DEFERRED INFLOW OF RESOURCES						
Deferred amounts related to net pension liabilities	41,365	19,128	33,262	118,725	212,480	22,049
NET POSITION						
Net investment in capital assets	9,534,294	3,538,009	6,286,906	54,428,439	73,787,648	19,848
Unrestricted	3,025,644	1,533,979	(262,905)	20,854,010	25,150,728	24,094,929
Total net position	\$ 12,559,938	\$ 5,071,988	\$ 6,024,001	\$ 75,282,449	98,938,376	\$ 24,114,777
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds					403,442	
Net position of business-type activities					\$ 99,341,818	

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

CITY OF LAKE CHARLES, LOUISIANA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2019

	<u>Business-type</u>	
	<u>Civic Center</u>	<u>Golf Course</u>
Operating revenues:		
Charges for services	\$ 992,962	\$ 826,083
Other	28,049	13,341
Total operating revenues	<u>1,021,011</u>	<u>839,424</u>
Operating expenses:		
Personal services	1,384,043	830,271
Materials and supplies	210,369	388,649
Maintenance	296,827	176,277
Utilities	486,203	49,129
Transportation	-	-
General and administration	293,196	139,826
Claims and losses paid	-	-
Depreciation	1,258,179	238,216
Total operating expenses	<u>3,928,817</u>	<u>1,822,368</u>
Operating income (loss)	<u>(2,907,806)</u>	<u>(982,944)</u>
Nonoperating revenues (expenses):		
Operating grants-governmental agencies	1,158,003	-
Interest	117,013	7,005
Gain (loss) on retirement or transfer of capital assets	578	5,940
Other	-	-
Total nonoperating revenues	<u>1,275,594</u>	<u>12,945</u>
Income (loss) before operating transfers	<u>(1,632,212)</u>	<u>(969,999)</u>
Capital contributions and transfers:		
Capital contributions - governmental agencies	25,000	-
Capital contributions - governmental funds	-	1,700,000
Transfers in (out)	572,669	639,569
Total capital contributions and transfers	<u>597,669</u>	<u>2,339,569</u>
Change in net position	<u>(1,034,543)</u>	<u>1,369,570</u>
Net position at beginning of year - as restated	<u>13,594,481</u>	<u>3,702,418</u>
Net position at end of year	<u>\$ 12,559,938</u>	<u>\$ 5,071,988</u>

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

Activities-Enterprise Funds			Governmental
Public Transit	Water Utility	Totals 2019	Activities - Internal Service Funds
\$ 85,160	\$ 11,978,879	\$ 13,883,084	\$ 15,807,152
96,779	666,560	804,729	587,220
181,939	12,645,439	14,687,813	16,394,372
1,204,301	4,173,395	7,592,010	775,781
227,480	1,458,677	2,285,175	14,933
258,223	616,856	1,348,183	-
39,141	876,250	1,450,723	-
125,179	-	125,179	-
1,487,702	3,195,764	5,116,488	2,057,136
-	-	-	12,734,960
602,703	1,812,138	3,911,236	6,226
3,944,729	12,133,080	21,828,994	15,589,036
(3,762,790)	512,359	(7,141,181)	805,336
1,945,040	-	3,103,043	-
9,545	605,219	738,782	780,554
8,877	15,908	31,303	-
-	455,261	455,261	-
1,963,462	1,076,388	4,328,389	780,554
(1,799,328)	1,588,747	(2,812,792)	1,585,890
154,704	-	179,704	-
-	350,000	2,050,000	-
1,090,487	325,000	2,627,725	-
1,245,191	675,000	4,857,429	-
(554,137)	2,263,747	2,044,637	1,585,890
6,578,138	73,018,702		22,528,887
\$ 6,024,001	\$ 75,282,449		\$ 24,114,777

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

151,194
\$ 2,195,831

CITY OF LAKE CHARLES, LOUISIANA

Statement of Cash Flows

Proprietary Funds

Fiscal Year Ended September 30, 2019

	Civic Center
Cash flows from operating activities:	
Receipts from customers	\$ 1,050,392
Receipts from interfund charges for risk management services	-
Payments to employees	(1,264,214)
Payments to suppliers	(1,294,757)
Internal activity - payments from other funds	-
Internal activity - payments to other funds	159,629
Net cash provided by operating activities	<u>(1,348,950)</u>
Cash flow from noncapital financing activities:	
Operating subsidies	372,669
Shared revenue from governmental agencies	1,158,003
Net cash provided by noncapital financing activities	<u>1,530,672</u>
Cash flows from capital and related financing activities:	
Purchases/sale of capital assets	(32,563)
Contracts payable	(240,946)
Capital subsidies from governmental agencies - current year	25,000
Capital improvement fee	-
Capital transfers	200,000
Net cash provided (used for) capital and related financing activities	<u>(48,509)</u>
Cash flow from investing activities:	
Purchase of investment securities	(50,684)
Proceeds from sale and maturities of investment securities	-
Interest on investments	92,978
Net cash provided (used for) investing activities	<u>42,294</u>
Net increase (decrease) in cash and cash equivalents	175,507
Cash and cash equivalents at beginning of year	397,899
Cash and cash equivalents at end of year	<u>\$ 573,406</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (2,907,806)
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	1,258,179
(Increase) decrease in accounts receivable	29,381
(Increase) decrease in due from other funds	-
(Increase) decrease in inventories	1,921
(Increase) decrease in prepaid items	(451)
(Increase) decrease in deferred outflows of resources related to NP liability	42,707
(Increase) decrease in deferred outflows of resources related to OPEB liability	(87,984)
Increase (Decrease) in accounts payables	1,547
Increase (Decrease) in miscellaneous payables	(9,397)
Increase (Decrease) in customer deposit account	-
Increase (Decrease) in compensated absences payable	244
Increase (Decrease) in OPEB liability	132,652
Increase (Decrease) in NP liability	30,858
Increase (Decrease) in due deferred inflows of resources	(430)
Increase (Decrease) in due to other funds	159,629
Total adjustments	<u>1,558,856</u>
Net cash provided (used) by operating activities	<u>\$ (1,348,950)</u>

Noncash investing and capital activities:

Assets retired/transferred cost \$550,125 and had accumulated depreciation of \$527,809, loss of \$22,316.

Change in the fair value of investments resulted in an unrealized gain of \$208,916 at year end 2019

and an unrealized loss of \$129,872 at year end 2018.

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

Business-type Activities - Enterprise Funds

Golf Course	Transit	Water Utility	Totals 2019	Governmental Activities Internal Service Funds
\$ 837,493	\$ 194,051	\$ 12,787,275	\$ 14,869,211	\$ (212,533)
-	-	-	-	15,440,935
(756,287)	(1,091,474)	(3,790,012)	(6,901,987)	(720,508)
(767,248)	(2,118,430)	(6,169,870)	(10,350,305)	(14,738,622)
(459,596)	(55)	(350,000)	(809,651)	-
-	4,081	(8,747)	154,963	(7)
<u>(1,145,638)</u>	<u>(3,011,827)</u>	<u>2,468,646</u>	<u>(3,037,769)</u>	<u>(230,735)</u>
639,569	1,081,987	325,000	2,419,225	-
-	1,909,481	-	3,067,484	-
<u>639,569</u>	<u>2,991,468</u>	<u>325,000</u>	<u>5,486,709</u>	<u>-</u>
(20,400)	8,877	(357,770)	(401,856)	(21,677)
-	(158,877)	(3,933,664)	(4,333,487)	-
-	153,278	-	178,278	-
-	-	455,261	455,261	-
<u>1,700,000</u>	<u>8,500</u>	<u>350,000</u>	<u>2,258,500</u>	<u>-</u>
<u>1,679,600</u>	<u>11,778</u>	<u>(3,486,173)</u>	<u>(1,843,304)</u>	<u>(21,677)</u>
-	(965)	(231,582)	(283,231)	(101,581)
-	-	9,000,000	9,000,000	6,850,000
<u>7,005</u>	<u>9,546</u>	<u>526,391</u>	<u>635,920</u>	<u>726,585</u>
<u>7,005</u>	<u>8,581</u>	<u>9,294,809</u>	<u>9,352,689</u>	<u>7,475,004</u>
<u>1,180,536</u>	<u>-</u>	<u>8,602,282</u>	<u>9,958,325</u>	<u>7,222,592</u>
<u>365,152</u>	<u>-</u>	<u>4,541,382</u>	<u>5,304,433</u>	<u>15,588,684</u>
<u>\$ 1,545,688</u>	<u>\$ -</u>	<u>\$ 13,143,664</u>	<u>\$ 15,262,758</u>	<u>\$ 22,811,276</u>
\$ (982,944)	\$ (3,762,790)	\$ 512,359	\$ (7,141,181)	\$ 805,336
238,216	602,703	1,812,138	3,911,236	6,226
(1,931)	12,113	57,926	97,489	(1,165,969)
(459,596)	(55)	(350,000)	(809,651)	-
1,537	-	1,389	4,847	-
(170)	(480)	(184)	(1,285)	(46,945)
19,748	34,341	122,576	219,372	22,764
(53,649)	(75,109)	(283,267)	(500,009)	(25,752)
(2,791)	21,654	(12,787)	7,623	4,681
(10,582)	-	-	(19,979)	108,243
-	-	83,910	83,910	-
14,154	14,007	24,095	52,500	5,643
78,299	113,240	421,904	746,095	38,826
14,270	24,814	88,568	158,510	16,448
(199)	(346)	(1,234)	(2,209)	(229)
-	4,081	(8,747)	154,963	(7)
<u>(162,694)</u>	<u>750,963</u>	<u>1,956,287</u>	<u>4,103,412</u>	<u>(1,036,071)</u>
<u>\$ (1,145,638)</u>	<u>\$ (3,011,827)</u>	<u>\$ 2,468,646</u>	<u>\$ (3,037,769)</u>	<u>\$ (230,735)</u>

NOTES TO FINANCIAL STATEMENTS

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Discretely Presented Component Units

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

City Court of Lake Charles:

This entity is created by state statutes, which provide for its governance by independently elected officials and has a jurisdictional area extending beyond the corporate limits of the City. Although legally separate, City Court is fiscally dependent upon the government because of the statutory requirements that the City provides and maintains the physical facilities necessary for its operation. The relationship between the City and City Court is such that exclusion would cause the City's financial statements to be incomplete. Financial data reported for the City Court component unit is from its separately audited financial statements for the fiscal year ended December 31, 2018.

Ward Three Marshal:

The office of Ward Three Marshal, which is governed by an independently elected official, is created in the same statutory manner as City Court and has a corresponding area of jurisdiction. Although legally separate, the office of Ward Three Marshal is fiscally dependent upon the government because of the statutory requirements that the City provides and maintains the physical facilities necessary for its operation. The relationship between the Marshal and the City is such that exclusion would cause the City's financial statements to be incomplete. Financial data reported for this component unit are from its separately audited financial report for the year ended December 31, 2018. Complete financial statements of the individual component units are available from the City of Lake Charles at 326 Pujo Street, Lake Charles, Louisiana 70601.

NOTES TO FINANCIAL STATEMENTS

B. Government-wide and Fund Financial Statement

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

The City of Lake Charles reports the following proprietary funds:

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

D. Assets, Liabilities and Net Position

1. Deposits and Investments

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

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

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

2. Receivables and Payables

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

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

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

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

3. Inventories and Unpaid Items

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

NOTES TO FINANCIAL STATEMENTS

recorded as prepaid items in fiscal year 2019 in both the governmental-wide and fund financial statements.

4. Restricted Assets

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

5. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are often financed on a pay-as-go basis. However, the City has incurred debt for the construction of sewer treatment facility and issued bonds to fund capital improvements, such as roads, water, sewer, recreation and downtown development activities. All current bonded debt will be repaid by 2027.

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

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

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned, but unused, vacation pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. There was not any amount recorded in the governmental fund statements as a payable to employees who had terminated as of the end of the fiscal year on September 30, 2019.

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

Sick pay is not vested except at retirement or 20 year of service, where accumulated sick pay hours up to six hundred (600) are payable to qualified employees. The termination payment liability was calculated by developing a ratio based on historical data of sick leave paid at termination compared with sick leave accumulated and by applying that ratio to the sick leave accumulated by the current employee population as of September 30, 2019. Because there was no current liability at the end of the fiscal year, all estimated termination payment liability is recorded in the government-wide and proprietary fund financial statements.

City employees may receive compensatory time off with pay in lieu of overtime pay for work in excess of regular scheduled hours. Accumulation of unused compensatory time is limited, and any unused or unpaid portion is payable upon separation from employment. Compensatory time is accrued when incurred in the government-wide and proprietary funds financial statements. There was no current portion of compensatory time recorded in the governmental fund statement at September 30, 2019.

At September 30, 2019 the total liability reported on the Statement of Net Position for accrued vacation, sick and compensatory time was \$4,382,498 for Governmental Activities, which includes \$144,483 from the Internal Service Funds. The amount recorded in Business-Type Activities equaled \$702,476.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has items that qualify for reporting in this category. It has deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the life of the refunded debt. The \$1,269,225 balance of deferred outflows of resources related to bond refunding will be recognized as interest expense over the remaining life of the bonds. The City also has deferred outflow of resources related to net pension liability of \$13,129,958. The City also has deferred outflow of resources related to OPEB liability of \$3,751,143.

The statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City has reported deferred inflows related to the net pensions liability in the amount of \$5,234,039.

Additional information on deferred outflows/inflows of resources related to both defined benefit pension plans as well as postemployment benefits other than pension plans (OPEB) can be found in Note 5.

8. Long-Term Obligations

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

NOTES TO FINANCIAL STATEMENTS

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

9. Fund Equity

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

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

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

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

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

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

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

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

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

2. Reconciliation of Government-Wide Financial Statements

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

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

NOTES TO FINANCIAL STATEMENTS

The details of this \$137,536,000 difference are as follows:

2009 Revenue Refunding Bonds payable	\$ 3,430,000
Premium on 2009 LCDA Bonds payable (to be amortized over the life of the debt)	78,406
2010 LCDA Bonds payable	2,315,000
Premium on 2010 LCDA Bonds payable (to be amortized over the life of the debt)	86,425
2014 LCDA Refunding Bonds payable	11,925,000
Premium on 2014 LCDA Refunding Bonds payable (to be amortized over the life of the debt)	575,200
2017 LCDA Refunding Bonds payable	24,140,000
Premium on 2017 LCDA Refunding Bonds payable (to be amortized over the life of the debt)	2,950,182
Cooperative endeavor-Sales Tax Dist. No. 3	264,492
Compensated absences	4,238,016
Other post employee benefits (OPEB) payable	6,812,516
Net pension liability	63,973,762
LC City Court building project	1,105,000
DEQ loan -- sewer plant rehabilitation	15,642,001
Net adjustment to reduce fund balance-total governmental funds to arrive at net position-governmental activities	<u>\$ 137,536,000</u>

Deferred outflows and inflows of resources are not available to pay current period expenditures, therefore are not reported in the governmental funds. The details of this \$11,653,917 difference are as follows:

Deferred outflows on charges on bond refunds	\$ 1,269,225
Deferred outflows of resources - related to net pension liability	12,155,117
Deferred outflows of resources - related to OPEB	3,251,134
Deferred inflows of resources - related to net pension liability	(5,021,559)
Net adjustment to increase fund balance to arrive at net position - governmental activities	<u>\$ 11,653,917</u>

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

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

The details of the (\$2,511,897) are as follows:

Capital outlays	\$ 17,095,615
Depreciation expense	(19,419,406)
Loss on retirement of capital assets	(188,106)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (2,511,897)</u>

NOTES TO FINANCIAL STATEMENTS

Another element of that reconciliation states that, "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this \$8,355,413 are as follows:

Principal repayment:	
2009 Revenue refunding bonds	\$ 1,615,000
2010 LCDA public improvement bonds	2,235,000
2014 LCDA public improvement refunding bonds	1,785,000
Compensated absences	(337,708)
Cooperative endeavor - Sales Tax Dist. No. 3	350,000
Proceeds from premium on 2009 Revenue refunding bonds (to be amortized as interest over the life of the debt)	39,203
Proceeds from premium on 2010 Revenue refunding bonds (to be amortized as interest over the life of the debt)	86,424
Proceeds from premium on 2014 public improvement refunding bonds (to be amortized as interest over the life of the debt)	69,721
Proceeds from premium on 2017 public improvement refunding bonds (to be amortized as interest over the life of the debt)	368,773
Lake Charles City Court building loan	1,130,000
DEQ loan - sewer plant improvements	1,014,000
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 8,355,413</u>

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

The proprietary fund statements of net position include reconciliation between net position - total enterprise funds and net position of business-type activities as reported in the governmental-wide statements of net position. The description of the sole element of that reconciliation is "adjustment to reflect the consolidation of internal service fund activities related to enterprise funds." The details of this \$403,442 are as follows:

Internal payable representing costs in excess of charges to the business-type activities - prior year	\$ 252,248
Internal payable representing costs in excess of charges to the business-type activities - current year	151,194
Net adjustment to decrease net position - enterprise funds to arrive at net position - business-type activities	<u>\$ 403,442</u>

NOTES TO FINANCIAL STATEMENTS

3. Stewardship, Compliance, and Accountability

A. Budgetary Information

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

1. The Mayor submits the proposed operating budget for the fiscal year commencing October 1 to the City Council no later than August 15. This budget includes proposed expenditures and the means of financing them.
2. A summary of the proposed budget and notices of public hearing is published in accordance with statutory requirements.
3. The proposed budget is subject to one or more public hearings before the City Council prior to adoption by ordinance, which must occur no later than September 15. The City Charter requires a two-thirds vote of the City Council to amend the proposed budget submitted by the Mayor.
4. Expenditures are legally restricted to budgetary appropriations at the department level within the General Fund and at the fund level for Special Revenue Funds, which are not departmentalized. Revisions, which alter the total expenditures of any such department or fund, must be approved by budget amendment ordinance adopted by the City Council at the request of the Mayor. Transfers of budgeted amounts between expenditure objects or programs within the same department and fund are authorized to be made administratively by the Director of Finance.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Capital Projects Fund, which is budgeted on a project basis. Formal budgetary integration is not employed in the Debt Service Funds because effective budgetary control is alternatively achieved through the respective bond indentures and provisions.
6. Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Comparisons of budgeted and actual results of operation are presented for the General Fund and Special Revenue Funds in the accompanying financial statements. The Capital Projects Fund is not included in this budget, and actual comparison, as the capital budget which encompasses that fund, is presented on the basis of cumulative as opposed to annual budget amounts.
7. All budgetary appropriations, except capital project budgets, lapse at the end of each fiscal year.
8. Budgeted amounts are as originally adopted or as amended by the City Council. The originally adopted General Fund expenditure budget of \$82,820,591 was amended during the fiscal year to include an additional transfer of \$5,350,000 for capital projects, bringing the total expenditure budget to \$88,170,591.

The originally adopted amount of all Special Revenue Funds was \$43,221,576. Amendments reduced the budget by \$3,023,351 and resulted in the final total Special Revenue Fund budget of \$40,198,225. An annual amendment is necessary in response to grant awards compared to actual expenditures within the fiscal year.

NOTES TO FINANCIAL STATEMENTS

B. Encumbrances

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

In accordance with generally accepted accounting principles, outstanding encumbrances at year end for which goods or services have been received are reclassified to expenditures and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year end and are either canceled or are included as re-appropriations of fund balance for the subsequent year. Encumbrances at year end in funds that are budgeted on a project basis, including Enterprise Fund construction projects, are carried forward along with their related appropriations and are not subject to an annual cancellation and re-appropriation. Such balances are classified as committed fund balance in the Capital Project Fund. Significant project encumbrances are included in the "construction commitments" section of the capital asset note disclosure. The total amount reserved for encumbrances in all funds at fiscal year ended September 30, 2019 are as follows:

Major Funds:	
Capital Projects	\$ 6,067,719
Proprietary Funds:	
Transit	325,115
Water Utility	465,968
Total Proprietary Funds	791,083
Total Reserved for Encumbrances	
Fiscal Year ended September 30, 2019	\$ 6,858,802

C. Excess of Expenditures Over Appropriations and Deficit Fund Equity

There was no deficit fund equity in any fund at fiscal year ended September 30, 2019.

D. Unfavorable Revenue & Expenditure Variances

The revenue received from the Community Development Special Revenue Fund was \$728,514 which was \$2,266 less than the \$730,780 budgeted amount. The unfavorable variance in this special revenue fund is attributable to variances in grant program revenues, which are budgeted on the basis of grant awards but actual revenues received are based on annual expenditure reimbursements in those funds. The expenditures from the Economic Development District Fund were \$13,158 which was \$5,158 more than the budgeted amount. The unfavorable variance is attributable to higher than anticipated expenditures related to special charges. The Grants Special Revenue Fund also had a \$2 unfavorable variance in total expenditures. None of the variances were large enough to require an amendment to those budgets.

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.

NOTES TO FINANCIAL STATEMENTS

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, 2019 was \$103,000,073 (carrying amount \$100,691,237).

The total includes restricted cash in the amount of \$1,779,876 from customer deposits in the Water Utility Enterprise Fund. The amounts do not include petty cash of \$24,350 or \$3,823,170 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 \$326,185 reported as accounts payable in the Recreation Special Revenue Fund and Transit Enterprise Fund.

The carrying amounts of cash deposits for component units at their respective balance sheet dates were \$582,762 for City Court and \$646,156 for the Ward Three Marshal. These amounts were fully covered by federal deposit insurance or were collateralized entirely by U.S. Treasury and government agency securities held by a Federal Reserve Bank in the entity's name.

Fair Value Reporting – Investments

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

The City utilizes the market-based approach for determining the fair value of investments. Level 1 investments are valued using prices quoted for identical assets in active markets. Level 2 investments are valued using quoted prices in active markets for similar investments, or other valuations based on matrix, cost, or market pricing techniques. The city has no Level 3 investments. Louisiana Asset Management Pool (LAMP) is excluded from fair value assessment. As of September 30, 2019, the City had the following investments and maturities:

Investment type	Maturity	Fair Value/ Net Asset Value
U.S. agencies non-callable	Less than 1 year	\$ 1,383,510
United States Treasury Bonds (Level 1)		1,383,510
U.S. agencies callable	Less than 1 year	21,215,674
Federal Farm Credit Bank (Level 2)		3,395,614
Federal Home Loan Bank (Level 2)		864,871
Federal Home Loan Mortgage Corporation (Level 2)		3,993,245
Federal National Mortgage Association (Level 2)		12,961,944
U.S. agencies callable	1 - 5 year	30,985,837
Federal Farm Credit Bank (Level 2)		2,981,664
Federal Home Loan Bank (Level 2)		12,000,000
Federal Home Loan Mortgage Corporation (Level 2)		16,004,173
Louisiana Asset Management Pool (Net Asset Value)		47,645,248
		<u>\$ 101,230,269</u>

NOTES TO FINANCIAL STATEMENTS

Credit Risk – Investments

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

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

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

Interest Rate Risk – Investments

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

Custodial Credit Risk – Investments

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

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

NOTES TO FINANCIAL STATEMENTS

B. Receivables

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

Governmental-type Activities	General	Riverboat Gaming	Wastewater	Debt Service
Receivables:				
Accounts	\$ 3,729,612	\$ -	\$ 2,137,907	\$ -
Taxes	4,275,323	-	353,603	-
Property standards & special assessment	-	-	-	-
Interest	11,832	-	-	-
Intergovernmental	59,886	539,178	-	132,707
Gross receivables	8,076,653	539,178	2,491,510	132,707
Less: allowance for uncollectable	(1,172,022)	-	(491,119)	-
Net total receivables	\$ 6,904,631	\$ 539,178	\$ 2,000,391	\$ 132,707

Governmental-type Activities (continued)	Capital Projects	Non-major Funds	Internal Service	Total Governmental Activities
Receivables:				
Accounts	\$ 217,400	\$ 13,316	\$ 1,795,076	\$ 7,893,311
Taxes	618,805	320,549	-	5,568,280
Property standards & special assessment	196,865	-	-	196,865
Interest	106,428	-	8,481	126,741
Intergovernmental	665,006	1,054,677	-	2,451,454
Gross receivables	1,804,504	1,388,542	1,803,557	16,236,651
Less: allowance for uncollectable	-	(687,945)	-	(2,351,086)
Net total receivables	\$ 1,804,504	\$ 700,597	\$ 1,803,557	\$ 13,885,565

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	\$ 5,613	\$ 1,931	\$ 650	\$ 1,840,371	\$ 1,848,565	\$ 9,741,876
Taxes	-	-	-	-	-	5,568,280
Property standards & special assessment	-	-	-	-	-	196,865
Interest	2,228	-	-	2,133	4,361	131,102
Intergovernmental	-	-	877,286	-	877,286	3,328,740
Gross receivables	7,841	1,931	877,936	1,842,504	2,730,212	18,966,863
Less: allowance for uncollectable	-	-	-	(493,551)	(493,551)	(2,844,637)
Net total receivables	\$ 7,841	\$ 1,931	\$ 877,936	\$ 1,348,953	\$ 2,236,661	\$ 16,122,226

Intergovernmental receivables consisted of the following, net of uncollectable allowance of \$2,640,795:

Governmental-type activity:	
Calcasieu Parish Policy Jury	\$ 687,954
Calcasieu Parish District Attorney	1,693
Calcasieu Parish Tax Assessor	884
Calcasieu Parish School Board	100,000
Lake Charles City Court	132,707
U.S. Department of Justice	33,240
Community Development Grant	269,181
LA Department of Treasury	6,265
LA Commission on Law Enforcement and Admin. Of Criminal Justice Grant	15,272
LA Department of Military Affairs	516,063
LA Department of Health and Hospitals	250
Total Government-type activities	<u>1,763,509</u>
Business-type activity:	
LA Department of Transportation	<u>877,286</u>
Total Business-type activities	<u>877,286</u>
Total Primary government	<u>\$ 2,640,795</u>

NOTES TO FINANCIAL STATEMENTS

C. Capital Assets

Capital asset activity for the fiscal year ended September 30, 2019 was as follows:

Primary Government
Governmental Activities:

Asset	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets - not being depreciated:				
Land	\$ 16,180,010	\$ 19,442	\$ -	\$ 16,199,452
Construction in progress	26,299,681	8,273,637	(20,434,843)	14,138,475
Total capital assets - not being depreciated	42,479,691	8,293,079	(20,434,843)	30,337,927
Capital assets - being depreciated:				
Buildings	57,405,028	25,158	(167,190)	57,262,996
Improvements	113,013,757	1,007,025	(156,360)	113,864,422
Machinery & Equipment	40,919,204	2,956,496	(1,921,478)	41,954,222
Infrastructure	354,474,813	25,284,677	-	379,759,490
Total capital assets - being depreciated	565,812,802	29,273,356	(2,245,028)	592,841,130
Less accumulated depreciation for:				
Buildings	(29,990,979)	(2,382,968)	154,829	(32,219,118)
Improvements	(35,589,139)	(4,792,472)	156,360	(40,225,251)
Machinery & Equipment	(26,033,679)	(3,724,790)	1,745,733	(28,012,736)
Infrastructure	(139,296,585)	(8,539,702)	-	(147,836,287)
Total accumulated depreciation	(230,910,382)	(19,439,932)	2,056,922	(248,293,392)
Total capital assets - being depreciated, net	334,902,420	9,833,424	(188,106)	344,547,738
Governmental activities capital assets, net	\$ 377,382,111	\$ 18,126,503	\$ (20,622,949)	\$ 374,885,665

The assets of the Internal Service Funds are included in the table for assets related to governmental-type activities. Total assets are \$57,620 with accumulated depreciation of \$37,772. Remaining value of assets at September 30, 2019 equaled \$19,848; and this total is included in the net asset statement for the Governmental-type activities.

NOTES TO FINANCIAL STATEMENTS

Business-type activities:

Asset	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets - not being depreciated:				
Land	\$ 2,185,506	\$ -	\$ -	\$ 2,185,506
Construction in progress	7,769,822	920,234	(6,376,956)	2,313,100
Total capital assets - not being depreciated	9,955,328	920,234	(6,376,956)	4,498,606
Capital assets - being depreciated:				
Buildings	26,127,817	92,975	(2,000)	26,218,792
Improvements	101,428,210	9,455,162	-	110,883,372
Machinery & Equipment	10,947,356	316,567	(562,561)	10,701,362
Total capital assets - being depreciated	138,503,383	9,864,704	(564,561)	147,803,526
Less accumulated depreciation for:				
Buildings	(20,356,221)	(247,839)	2,000	(20,602,060)
Improvements	(47,602,512)	(2,768,643)	-	(50,371,155)
Machinery & Equipment	(7,186,765)	(894,754)	540,244	(7,541,275)
Total accumulated depreciation	(75,145,498)	(3,911,236)	542,244	(78,514,490)
Total capital assets, being depreciated, net	63,357,885	5,953,468	(22,317)	69,289,036
Business-type activities capital assets, net	\$ 73,313,213	\$ 6,873,702	\$ (6,399,273)	\$ 73,787,642

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

Governmental activities:	
General government	\$ 264,035
Public safety	2,014,612
Public works	15,336,193
Planning and development	36,407
General services	343,876
Community services	1,424,283
Capital assets held by the government's internal service funds are charges to the various functions based on their usage of the assets	20,526
Total depreciation expense - governmental activities	<u>\$ 19,439,932</u>
Business-type activities:	
Civic Center	\$ 1,258,179
Golf Course	238,216
Transit	602,703
Water	1,812,138
Total depreciation expense - business-type activities	<u>\$ 3,911,236</u>

NOTES TO FINANCIAL STATEMENTS

D. Discretely Presented Component Units

Capital asset activity for the year ended December 31, 2018 was as follows for City Court:

Governmental activities	Balance 1/01/2018	Additions	Deletions	Balance 12/31/2018
Governmental activities:				
Equipment	\$ 182,105	\$ -	\$ -	\$ 182,105
Furniture and fixtures	82,827	16,480	-	99,307
Software	192,457	-	-	192,457
Total at historical cost	457,389	16,480	-	473,869
Less accumulated depreciation:				
Equipment	(76,517)	(14,657)	-	(91,174)
Furniture and fixtures	(32,741)	(6,272)	-	(39,013)
Software	-	(19,685)	-	(19,685)
Total accumulated depreciation	(109,258)	(40,614)	-	(149,872)
Governmental activities capital assets, net	\$ 348,131	\$ (24,134)	\$ -	\$ 323,997

Capital asset activity for the year ended December 31, 2018 was as follows for City Marshal:

Governmental activities	Balance 1/01/2018	Additions	Deletions	Balance 12/31/2018
Governmental activities:				
Automobiles & equipment	\$ 605,122	\$ -	\$ -	\$ 605,122
Furniture and fixtures	13,763	-	-	13,763
Buildings & improvements	42,268	-	-	42,268
Totals at historical cost	661,153	-	-	661,153
Less accumulated depreciation:				
Automobiles & equipment	(508,867)	(35,047)	-	(543,914)
Furniture and fixtures	(9,819)	(1,966)	-	(11,785)
Buildings & improvements	(4,192)	(1,057)	-	(5,249)
Total accumulated depreciation	(522,878)	(38,070)	-	(560,948)
Governmental activities capital assets, net	\$ 138,275	\$ (38,070)	\$ -	\$ 100,205

NOTES TO FINANCIAL STATEMENTS

E. Construction Commitments

The City had total commitments of \$6,665,684 with contractors for unfinished construction projects as of September 30, 2019 categorized as follows:

Project type	Expended to date	Remaining commitment
Streets and storm drainage	\$ 1,195,318	\$ 3,328,129
Waterlines	-	146,750
Water Facilities	-	126,100
Sanitary sewer rehabilitation	1,429,567	2,657,501
Recreation / community facilities	205,506	28,729
Transit Facility	12,285	325,115
Civic Center Improvements	-	53,360
Total	\$ 2,842,676	\$ 6,665,684

All remaining commitments are financed from City revenues previously received.

F. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of September 30, 2019 is as follows:

Due to / from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Civic Center Fund	\$ 179,363
	Waste Water Fund	2,179
	Water Fund	4,154
	Transit Fund	108,410
	Risk Management Fund	6
	Non-major Governmental Funds	160
Debt Service Fund	General Fund	25,138
Capital Projects Fund	General Fund	400,000
	Capital Projects Fund	20,697
Riverboat Gaming Fund	Non-major Governmental Funds	13,046
Non-Major Governmental Funds	General Fund	360,488
	Non-Major Governmental Funds	98
Civic Center Fund	Disaster Recovery Fund	-
Golf Course	General Fund	474,908
Transit Fund	Non-major Governmental Funds	10
	Water Fund	45
Water Fund	General Fund	350,000
Total		\$ 1,938,702

NOTES TO FINANCIAL STATEMENTS

Interfund Transfers:

Transfer out:	General Fund	Riverboat Fund	Wastewater Fund	Capital Project Fund	Other Special Revenue Funds
Transfer in:					
Debt Service	\$ 264,321	\$ 3,138,380	\$ 3,390,000	\$ 2,217,790	\$ -
Capital Projects	10,400,000	6,200,000	4,600,000	-	1,690,500
Non-major Governmental	1,185,471	573,267	-	-	-
Civic Center	372,669	200,000	-	-	-
Golf Course	1,639,569	300,000	400,000	-	-
Transit	1,090,487	-	-	-	-
Water	675,000	-	-	-	-
Waste Water	322,000	-	-	-	-
Total	\$ 15,949,517	\$ 10,411,647	\$ 8,390,000	\$ 2,217,790	\$ 1,690,500

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

NOTES TO FINANCIAL STATEMENTS

G. Long-Term Debt

Bonds payable as of September 30, 2019 are comprised of the following individual issues and are entirely related to governmental activities:

<u>\$ 17,735,000</u> <u>2009 Revenue Refunding Bonds - LCDA</u> Original issue was for construction of sewer treatment facility due in amounts of \$1,270,000 to \$1,750,000 through 2021; interest rates of 2% to 4%.	\$ 3,430,000
<u>\$ 39,280,000</u> <u>2010 Fixed Rate Revenue Bonds - LCDA</u> for City of Lake Charles Public Improvement Projects (roads, utilities, downtown/lakefront development, economic development and parks) due in annual amounts of \$1,575,000 to \$3,200,000 through 2027; interest rates of 2% to 4.125%.	2,315,000
<u>\$ 15,825,000</u> <u>2014 Fixed Rate Revenue Refunding Bonds - LCDA</u> Original issue was for City of Lake Charles Public Improvement Projects (roads, utilities, downtown/lakefront development, economic development and parks) due in annual amounts of \$50,000 to \$2,450,000 through 2027; interest rates of 2% to 5%.	11,925,000
<u>\$ 24,140,000</u> <u>2017 Fixed Rate Revenue Refunding Bonds - LCDA</u> Original issue was for City of Lake Charles Public Improvement Projects (roads, utilities, downtown/lakefront development, economic development and parks) due in the annual amounts of \$1,715,000 to \$3,050,000 through 2027; interest rates of 4% to 5%.	24,140,000
Total bonds payable	<u>\$ 41,810,000</u>

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

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

Governmental Activities			
Year ending September 30:	Principal	Interest	Total
2020	\$ 5,875,000	\$ 1,785,425	\$ 7,660,425
2021	6,145,000	1,528,925	7,673,925
2022	4,410,000	1,284,825	5,694,825
2023	4,760,000	1,088,075	5,848,075
2024	4,840,000	853,575	5,693,575
2025	5,055,000	634,400	5,689,400
2026	5,255,000	439,650	5,694,650
2027	5,470,000	224,500	5,694,500
Total	\$ 41,810,000	\$ 7,839,375	\$ 49,649,375

NOTES TO FINANCIAL STATEMENTS

Direct Placement Debt as of September 30, 2019 is comprised of the following individual issues and are entirely related to governmental activities:

\$ 21,000,000 2011 Louisiana Department of Environmental Quality Loan - Original issue was for rehabilitation and rebuild of existing wastewater treatment facility due in amounts of \$212,000 to \$2,691,000 through 2032; interest rates of 0.45% and administrative fee of 0.50% - direct placement. \$ 15,642,001

\$ 3,000,000 2011 Calcasieu Parish Public Trust Authority Revenue Bonds Original issue was for the construction of Lake Charles City Court Building due in the annual amounts of \$95,000 to \$175,000 through 2031; interest rates of 3.783% - direct placement. 1,105,000

Total direct borrowing \$ 16,747,001

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

Governmental Activities			
Year ending September 30:	Principal	Interest	Total
2020	\$ 1,164,000	\$ 109,543	\$ 1,273,543
2021	1,174,000	99,639	1,273,639
2022	1,194,000	89,501	1,283,501
2023	1,208,000	79,034	1,287,034
2024	1,224,000	68,336	1,292,336
2025 - 2029	5,830,000	200,320	6,030,320
2030 - 2032	4,953,001	51,618	5,004,619
Total	\$ 16,747,001	\$ 697,991	\$ 17,444,992

The City of Lake Charles has approval from the Lake Charles City Council and the State Bond Commission to issue \$20 million from the Louisiana Department of Health Drinking Water Revolving Loan Fund (DWRLF) and \$15 million from the Louisiana Department of Environmental Quality Revolving Loan Fund.

NOTES TO FINANCIAL STATEMENTS

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019 was as follows:

	Balance 10/01/2018	Additions	Reductions	Balance 9/30/2019	Due within one year
Governmental activities:					
Bonds payable:					
Revenue Refunding Bonds	\$ 5,045,000	\$ -	\$ (1,615,000)	\$ 3,430,000	\$ 1,680,000
Deferred amount of revenue bonds	117,610	-	(39,203)	78,407	39,203
Revenue Bonds LC Public Imp 2010	4,550,000	-	(2,235,000)	2,315,000	2,315,000
Deferred amount of revenue bonds	172,849	-	(86,424)	86,425	86,424
Revenue Refunding Bonds LC Public Imp 2014	13,710,000	-	(1,785,000)	11,925,000	165,000
Deferred amount of revenue bonds	644,922	-	(69,721)	575,201	69,721
Revenue Refunding Bonds LC Public Imp 2017	24,140,000	-	-	24,140,000	-
Deferred amount of revenue bonds	3,318,955	-	(368,773)	2,950,182	368,773
Total bonds payable	51,699,336	-	(6,199,121)	45,500,215	4,724,121
Compensated absences	4,039,147	1,002,661	(659,309)	4,382,499	200,000
Other post-employment benefits	2,062,779	5,117,022	(308,447)	6,871,354	-
Net pension liability	62,156,220	12,007,457	(9,707,216)	64,456,461	-
LC City Court building-direct placement	2,235,000	-	(1,130,000)	1,105,000	140,000
DEQ loan - direct placement	16,656,001	-	(1,014,000)	15,642,001	1,024,000
Cooperative endeavor - Sales Tax Dist. 3	614,492	-	(350,000)	264,492	264,492
Long-term liabilities	\$ 139,462,975	\$ 18,127,140	\$ (19,368,093)	\$ 138,222,022	\$ 6,352,613
Business-type activities:					
Compensated absences	\$ 649,976	\$ 11,089	\$ 41,411	\$ 702,476	\$ 5,000
Other post-employment benefits	256,704	793,533	(47,438)	1,002,799	-
Net pension liability	4,493,152	865,429	(706,919)	4,651,662	-
Long-term liabilities	\$ 5,399,832	\$ 1,670,051	\$ (712,946)	\$ 6,356,937	\$ 5,000

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$144,483 of internal service compensated absences; \$58,838 OPEB liabilities and \$482,699 in Net Pension liabilities are included in the above statement.

NOTES TO FINANCIAL STATEMENTS

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

General Fund	Wastewater Fund	Other Special Revenue Funds
\$ 518,848	\$ 35,166	\$ 105,049

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

Refunding of Bonds

The City has issued 2014 and 2017 Revenue Refunding Bonds. In both transactions, the reacquisition price exceeded the net carrying amount of the old debt. This amount of \$1,269,225 is being reported as a deferred outflow of resources and amortized over the life of the new debt, which is the same as the old debt. The amount includes \$726,751 from the 2014 Revenue Refunding Bonds and \$542,474 from the 2017 Revenue Refunding Bonds. Amortization for 2019 was \$90,843 and 77,496 for each respective issue.

Defeasance of Debt

The City of Lake Charles defeased certain revenue bonds by placing the proceeds of the new bond in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of September 30, 2019, \$19,720,000 of outstanding bonds are considered defeased.

5. Other Information

A. Risk Management

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

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

The Risk Management Fund also accounts for payment of hazard insurance premiums and third-party claims administration services under a comprehensive risk limitation and insurance program. Under this program, the City's retained risk for all auto liability and general liability is generally limited to a maximum of \$500,000 per claim or loss. The City's self-insured retention for workmen's compensation is \$1 million for all employees.

NOTES TO FINANCIAL STATEMENTS

Total net position at September 30, 2019 was \$17,705,918. Specific ordinance authorization is required of any claim in excess of \$100,000 or for any reduction or use of the amount designated for catastrophic losses. However, all estimable claims are accrued as current or long-term liabilities when incurred, without regard to the level of authorization required for payment.

The City established a self-insurance program for employee health benefits as of January 1, 1993 and accounts for this program through a separate internal service fund. Total net position of that fund at September 30, 2019 was \$6,408,859. The amount of risk retained by the fund during 2019 was limited to \$150,000 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 2018:	\$ 6,543,018	\$ 1,650,000	\$ 8,193,018
Incurred and adjusted claims	2,364,389	8,619,020	10,983,409
Claim payments	(2,774,311)	(8,219,020)	(10,993,331)
Unpaid claims, beginning of fiscal year 2019:	6,133,096	2,050,000	8,183,096
Incurred and adjusted claims	3,578,578	9,264,626	12,843,204
Claim payments	(3,670,334)	(9,064,626)	(12,734,960)
Total unpaid claims September 30, 2019:			
Current claims due within one year	4,565,287	2,250,000	6,815,287
Long-term claims due one year or more	1,476,053	-	1,476,053
Total unpaid claims September 30, 2019:	\$ 6,041,340	\$ 2,250,000	\$ 8,291,340

NOTES TO FINANCIAL STATEMENTS

B. Property Tax

The City levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the City on property values assessed by the Calcasieu Parish Tax Assessor and approved by the State of Louisiana Tax Commission. All millages except the General Alimony tax were reauthorized in 2016 for an additional 10 years. The distribution of the City's levy (tax rate per \$1,000 assessed value) to its funds was as follows for 2019 and 2018:

Tax	Fiscal year 2019	Fiscal year 2018
General Alimony	6.02	6.02
Special recreation	1.69	1.69
Employee salary	5.23	5.23
Special street improvement	2.29	2.29
Total Millage	15.23	15.23

C. Contingencies and Commitments

The City has a number of outstanding contracts, the breach of any, of which could result in a liability to the City. The amount of the liability to the City at September 30, 2019, if any, is not estimable.

D. Joint Service Agreements

The City of Lake Charles and the Calcasieu Parish Police Jury entered into a joint service agreement, with an effective date of January 1, 2010, regarding operational responsibility for a consolidated animal services and shelter program. The term of the agreement was for the calendar year 2010 through 2012, with an optional to renew for additional years. The City agreed to fund one-half of the operating budget, after the reduction for self-generated revenue and other specified grant revenue. The fifty percent amount is based on the average service call breakdown between the City and the Parish. The 2019 payment was \$466,551.

The City of Lake Charles and the Calcasieu Parish Police Jury are statutorily required to fund the operations of the Ward Three Court and Marshal's Office. The Parish paid the City \$229,210 in 2019 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 2019, the Parish remitted \$2,406,379 to the City. The activity of this District is presented as a blended component unit of the Parish since the Police Jury's and the District's governing board are the same.

E Gaming Activity and Agreements

In 2007, the City of Lake Charles and the Calcasieu Parish Police Jury entered into a cooperative endeavor agreement thereby creating the Calcasieu Parish Gaming Revenue District which is responsible for collecting fees and assessments related to gaming activity conducted within the boundaries of the Parish and the City of Lake Charles and then distributing those collections to participating entities. The entities eligible for participation in this distribution are currently the Parish, the City of Lake Charles, the City of Sulphur, the City of Dequincy, the Town of Vinton, the Town of Iowa and the Town of Westlake. Specifically excluded from the definition of gaming revenues to be collected by the new district is the annual cash payment received by the Parish from the Isle of Capri. The City received \$11,045,969 during fiscal year 2019 as a result of this agreement.

F. Other Postemployment Benefits Other than Pensions (OPEB)

For the fiscal year ended September 30, 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." This statement addresses the fact that certain postemployment benefits other than pensions, which for the City consists of healthcare benefits only, are related to employee services and salaries received presently but that will benefit the employee in the future, upon retirement, and whose costs will be borne by the City in the future.

Plan Description: The City provides certain continuing healthcare benefits for its retired employees. The City OPEB Plan is a single employer defined benefit plan administered by the City. The contribution requirements of the retirees and the participating employees are established in the annual operating budget and may be amended in the subsequent year by City management. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No.75.

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

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

For coverage under the plan prior to age 65, retirees pay 100% of the blended active premium. There is no retiree contribution to the OPEB plan other than the retiree share of insurance premiums paid monthly which for 2019 consisted of \$585 per month for retiree only and \$1,170 for retiree and dependent coverage. After age 65, retirees may participate in a retiree-pay-all Medicare Advantage plan. Three optional plans are administered by Blue Cross Blue Shield and are completely paid by the retiree. Pharmacy benefits are included. Therefore, there is no post- retirement benefit increase/liability to the City after age 65.

City employees, with at least 25 years of full time service and a retirement date after January 1, 2019, who retain City health insurance are now entitled to a \$300 per month supplement towards their monthly insurance premium. The City will provide for this supplement for up to 60 months, until the retiree becomes eligible for Medicare or reaches age 66, whichever occurs first.

NOTES TO FINANCIAL STATEMENTS

Employees Covered by Benefit Terms: The September 30, 2019 total OPEB liability was determined using the October 1, 2019 actuarial valuation that included the following employees covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	47
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	805
Total	852

Total OPEB Liability

The City's total OPEB liability of \$7,874,153 was measured at September 30, 2019 and was determined by an actuarial valuation as of October 1, 2019.

Actuarial Assumptions and Other Inputs:

The total OPEB liability in October 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

- Actuarial Cost Method – Entry age normal
- Valuation date – October 1, 2019
- Measurement date – September 30, 2019
- Inflation rate was 2.5% (reduced from 3.0% previously); 2.3% used for medical trend inflation
- Salary Increase Rate - 2019 MERSLA Plan B report was used for city employees and the 2019 LAMPERS report was used for police and fire employees (previously 3.5% was used).

<i>MERSLA Plan B</i>		<i>LAMPERS</i>	
Years of Service	Salary Increase	Years of Service	Salary Increase
1-4	7.40%	1-2	9.75%
Above 4	4.90%	3-23	4.75%
		Above 23	4.25%

- Discount Rate was 2.66% net of expenses (reduced from 3.2% previously). The discount rate was based on the Bond Buyer 20-Bond General Obligation Index for the measurement dates.
- Health Care Cost Trend – see table on following page (previously was 5.50%)
- Coverage Assumption – 25% of active participants are assumed to elect medical coverage at retirement.
- Marriage Assumptions - For active participants, husbands are assumed to be three years older than their wives. 25% of active participants making it to retirement are assumed to be married and elect spouse coverage. Actual spouse dates of birth are used for current retirees if provided.
- Mortality Rate was based on the PubG.H-2010 table projected forward with MP-2019. Pub-2010 tables for disabled lives and contingent survivors were also used.

NOTES TO FINANCIAL STATEMENTS

Changes in the Total OPEB Liability

Balance at September 30, 2018	<u>\$ 2,319,483</u>
Change for the year:	
Service Cost	246,459
Interest Cost	210,055
Effect of Plan changes	1,134,543
Effect of Economic/Demographic gains or losses	4,174,794
Effect of assumption changes or inputs	144,704
Expected Benefit Payments	<u>(355,885)</u>
Net Changes	<u>(5,554,670)</u>
Balance at September 30, 2019	<u>\$ 7,874,153</u>

The amount of total OPEB liability estimated to be due and payable within one year is \$390,762

Sensitivity Analysis:

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

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Total OPEB liability	<u>\$ 8,428,032</u>	<u>\$ 7,874,153</u>	<u>\$ 7,330,468</u>

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

	1% Decrease (8.8%)	Current Healthcare Cost (9.8%)	1% Increase (10.8%)
Total OPEB liability	<u>\$ 7,013,339</u>	<u>\$ 7,874,153</u>	<u>\$ 8,903,580</u>

NOTES TO FINANCIAL STATEMENTS

The trend assumptions for medical, pharmacy, and retiree premiums are summarized below:

Year	With Excise Tax and Health Insurer Fee	Without Excise Tax and Health Insurer Fee	Year	With Excise Tax and Health Insurer Fee	Without Excise Tax and Health Insurer Fee
2019	9.80%	9.80%	2047 - 2048	5.50%	4.80%
2020	7.70%	7.70%	2049	5.40%	4.80%
2021	5.60%	5.60%	2050	5.40%	4.70%
2022	5.10%	5.10%	2051	5.30%	4.70%
2023	5.00%	5.00%	2052 - 2053	5.20%	4.70%
2024	4.90%	4.90%	2054 - 2055	5.20%	4.60%
2025	4.80%	4.80%	2056 - 2059	5.10%	4.60%
2026	4.70%	4.70%	2060 - 2062	5.00%	4.60%
2027 - 2030	4.60%	4.60%	2063 - 2064	4.90%	4.50%
2031	4.70%	4.70%	2065	4.80%	4.40%
2032	4.90%	4.70%	2066	4.70%	4.30%
2033 - 2034	5.10%	4.70%	2067	4.60%	4.30%
2035	5.30%	4.70%	2068	4.50%	4.20%
2036	5.60%	4.70%	2069	4.40%	4.10%
2037 - 2038	5.70%	4.70%	2070	4.30%	4.00%
2039	5.60%	4.70%	2071	4.20%	4.00%
2040 - 2043	5.60%	4.80%	2072	4.10%	3.90%
2044	5.50%	4.80%	2073	4.10%	3.80%
2045 - 2046	5.60%	4.80%	2074+	4.00%	3.80%

For the year ended September 30, 2019, the City recognized OPEB expense of \$2,159,412. At September 30, 2019, the City's actuarial valuation reported deferred outflows of resources of \$3,751,143. At September 30, 2019, the City's actuarial valuation did not report any deferred inflows of resources related to OPEB.

Deferred Inflows and Outflows

As of September 30, 2019, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$0	\$ 3,625,479
Changes of assumptions	0	125,664
Total	\$0	\$ 3,751,143

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

<u>Year ended September 30</u>	
2020	\$568,355
2021	568,355
2022	568,355
2023	568,355
2024	568,355
2025 & beyond	909,368

G. Retirement CommitmentsPlan Descriptions

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

Plan Description- MERS

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

Plan Description- MPERS

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

Plan Description- FRS

The Firefighters' Retirement System (FRS) is the administrator of a cost-sharing, multiple-employer, defined benefit pension plan. Membership in the System is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire

NOTES TO FINANCIAL STATEMENTS

protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. The System provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability include all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

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

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

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

Plan Description- LASERS

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

Benefits Provided

Retirement Benefits- MERS (Plan B)

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

NOTES TO FINANCIAL STATEMENTS

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

Retirement Benefits- MPERS

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

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

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

Retirement Benefits- FRS

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

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

Retirement Benefits- LASERS

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Members may also choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The

NOTES TO FINANCIAL STATEMENTS

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

Deferred Retirement Options

In lieu of terminating employment and accepting a service retirement allowance, any member of MERS who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. A MERS member may participate in DROP only once. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment, are credited to the MERS member's individual DROP account. Interest is earned when the member has completed DROP participation. Upon termination of employment prior to or at the end of the participation period, the member may receive a lump sum from the account or a true annuity based on the account balance. If employment is not terminated at the end of the three year DROP participation period, payments into the DROP account cease and the person resumes active contributing membership in MERS.

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

A member of FRS may elect to participate in the deferred retirement option plan (DROP) for up to 36 months, after completing 20 years of creditable service and age 50 or 25 years at any age. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit. If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred

NOTES TO FINANCIAL STATEMENTS

retirement option plan account until the participant retires. Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

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

Disability Benefits

A member of MERS Plan B is eligible to retire and receive a disability benefit if he or she has at least 10 years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. The monthly maximum retirement benefit under Plan B of MERS is the lesser of an amount equal to two percent of member's final compensation multiplied by years of service (not less than 30 percent of member's final compensation) or an amount equal to what the member's normal retirement benefit would be based on final compensation at time of disability, but assuming continuous service until member's earliest normal retirement age.

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

A member of FRS disability benefit or any member who has been officially certified as totally disabled solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member, is entitled to disability

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benefits. Any member under the age of fifty who becomes totally disabled will receive a disability benefit equal to 60 percent of final compensation for an injury received in the line of duty; or 75 percent of his accrued retirement benefit with a minimum of 25 percent of average salary for any injury received, even though not in the line of duty. Any member age fifty or older who becomes totally disabled from an injury sustained in the line of duty is entitled to a disability benefit equal to the greater of 60 percent final compensation or his accrued retirement benefit. Any member age fifty or older who becomes totally disabled as a result of any injury, even though not in the line of duty, is entitled to a disability benefit equal to his accrued retirement benefit with a minimum of 25 percent of average salary. The surviving spouse of a member who was on disability retirement at the time of death receives a benefit of \$200 per month. When the member takes disability retirement, he may, in addition, take an actuarially reduced benefit in which case the member's surviving spouse receives 50 percent of the disability benefit being paid immediately prior to the death of the disability retiree. The retirement system may reduce benefits paid to a disability retiree who is also receiving workers compensation payments.

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

Survivor's Benefit

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

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

Survivor benefits for FRS are payable to survivors of a deceased member who dies and is not eligible for retirement as follows. If any member is fatally injured in the line of duty and leaves a surviving eligible spouse, the spouse is entitled to an annual benefit equal to two-thirds of the deceased member's final compensation. If any member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit equal to 3 percent of the deceased member's average final compensation multiplied by his total years of creditable service; however, in no event is the

NOTES TO FINANCIAL STATEMENTS

annual benefit less than 40 percent nor more than 60 percent of the deceased member's average final compensation. Children of the deceased member who are under the age of eighteen years are entitled to the greater of \$200 per month or 10 percent of average final compensation (not to exceed 100 percent of average final compensation) until reaching the age of eighteen or until the age of twenty-two if enrolled full-time in an institution of higher learning, unless the surviving child is physically handicapped or mentally disabled in which case the benefit is payable regardless of age. If a deceased member dies leaving no surviving spouse, but at least one minor child, each child is entitled to receive forty percent of the deceased's average final compensation, not to exceed an aggregate of sixty percent of average final compensation.

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

Cost of Living Increases

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

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

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

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

Contributions

The MERS, MPERS, FRS, and LASERS employer contribution rates are established annually under LRS 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the system's actuary. Each plan pays a separate actuarially-determined employer contribution rate. For the year ending September 30, 2019 the employer contribution rate for MERS Plan B was 14.00%; MPERS was 32.50%; FRS was 27.75%; and LASERS was 42.40% & 42.00% for those hired after January 1, 2011. Employer contributions to

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MERS, MPERS, FRS, and LASERS were \$2,521,041; \$2,965,386; \$2,244,074; and \$13,831 respectively, for the year ended September 30, 2019. Employees participating in MERS are required to contribute 5.00%; employees participating in MPERS are required to contribute 10.00%; employees participating in the FRS are required to contribute 10.00%; employees participating in LASERS are required to contribute 11.50% & 13% hired after January 1, 2011.

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. MERS receives ad valorem taxes and state revenue sharing funds. MPERS receives insurance premium tax monies appropriated by the legislature each year based on an actuarial study. FRS receives insurance premium tax monies appropriated by the legislature each year based on an actuarial study. The City of Lake Charles recognizes revenue in an amount equal to its proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended September 30, 2019, the City of Lake Charles recognized revenue as a result of support received from non-employer contributing entities of \$621,709 for its participation in MERS; \$598,065 for its participation in MPERS; \$940,448 for its participation in the FRS; and \$4,315 for its participation in LASERS.

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

At September 30, 2019, the City of Lake Charles reported a liability for MERS, MPERS, FRS, and LASERS of \$20,628,206, \$26,382,528, \$21,967,632, and \$129,756, respectively, for its proportionate share of the net pension liability. The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liability were determined by actuarial valuations as of that date. The City of Lake Charles's proportion of the net pension liability for each retirement system was based on a projection of the City of Lake Charles's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the City of Lake Charles's proportion for MERS was 23.557030% and increased by 0.023093% to 23.580123% for June 30, 2019. The City's proportion of MPERS at June 30, 2018 was 3.034602%, and decreased by 0.129573% to 2.905029% at June 30, 2019. The City's proportion of FRS was 3.640922% at June 30, 2018 and decreased by 0.132786% to 3.508136% at June 30, 2019. At June 30, 2018, the City of Lake Charles's proportion for LASERS was 0.001860% and decreased by 0.000070% to 0.001790% for June 30, 2019.

For the year ended September 30, 2019, the City of Lake Charles recognized pension expense, for which there were no forfeitures, as follows:

Pension Plan	Pension Expense
MERS	\$ 4,829,391
MPERS	4,456,220
FRS	4,123,989
LASERS	16,731
Total	\$ 13,426,331

NOTES TO FINANCIAL STATEMENTS

At September 30, 2019, the City of Lake Charles reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources					
	MERS	MPERS	FRS	LASERS	Total
Differences between expected and actual experience	\$ -	\$ 55,357	\$ -	\$ 797	\$ 56,154
Changes in assumptions	1,257,489	1,478,428	1,998,520	1,112	4,735,549
Net difference between projected and actual earnings on pension plan investments	2,172,658	1,714,029	1,477,262	4,483	5,368,432
Changes in Proportion and differences between employer contributions and proportionate share of contributions	290,873	263,628	541,436	-	1,095,937
Employer contributions subsequent to measurement date	601,994	699,359	568,907	3,625	1,873,885
Total	\$ 4,323,014	\$ 4,210,801	\$ 4,586,125	\$ 10,017	\$ 13,129,957

Deferred Inflows of Resources					
	MERS	MPERS	FRS	LASERS	Total
Differences between expected and actual experience	\$ 914,951	\$ 811,672	\$ 1,584,620	\$ 270	\$ 3,311,513
Changes in assumptions	-	-	1,599	-	1,599
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	-
Changes in Proportion and differences between employer contributions and proportionate share of contributions	27,311	783,104	1,110,512	-	1,920,927
Employer contributions subsequent to measurement date	-	-	-	-	-
Total	\$942,262	\$1,594,776	\$2,696,731	\$270	\$5,234,039

During the year ended September 30, 2019, employer contributions totaling \$601,944; \$699,359; \$568,907; and \$3,625 were made subsequent to the measurement date for MERS, MPERS, FRS, and LASERS respectively. These contributions are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTES TO FINANCIAL STATEMENTS

Year Ended June 30:	MERS	MPERS	FRS	LASERS
2020	\$ 1,603,293	\$ 1,432,492	\$ 658,847	\$ 4,513
2021	697,422	(331,604)	(317,632)	(1,305)
2022	289,303	387,857	516,100	1,233
2023	188,741	427,921	494,598	1,680
2024			(3,579)	
2025			(27,847)	
Total	\$ 2,778,759	\$ 1,916,666	\$ 1,320,487	\$ 6,121

Actuarial Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. The components of the net pension liability of MERS, MPERS, FRS, and LASERS employers as of June 30, 2019 are as follows:

	MERS Plan B	MPERS
Total pension liability	\$ 258,352,439	\$ 3,132,449,454
Plan fiduciary net position	170,871,104	2,224,281,981
Total net pension liability	\$ 87,481,335	\$ 908,167,473

	FRS	LASERS
Total pension liability	\$ 2,405,122,324	\$ 19,527,612,295
Plan fiduciary net position	1,778,931,314	12,282,698,991
Total net pension liability	\$ 626,191,010	\$ 7,244,913,304

The City of Lake Charles's allocation is 23.580123% of the Total Net Pension Liability for MERS; 2.905029% of the Total Net Pension Liability for MPERS; 3.508136% of the Total Net Pension Liability for the FRS, and 0.001790% of the Total Net Pension Liability for LASERS.

The total pension liabilities for MERS, MPERS, FRS, and LASERS in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

NOTES TO FINANCIAL STATEMENTS

	MERS	MPERS														
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost														
Expected remaining service lives	3 years	4 years														
Investment rate of return	7.0%, net of investment expense, including inflation	7.125%, net of investment expense														
Inflation rate	2.5%	2.5%														
Projected salary increases	<table><tr><td>Years of Service</td><td>Salary Growth Rate</td></tr><tr><td>1-4</td><td>7.4% (Plan B)</td></tr><tr><td>5 & over</td><td>4.9% (Plan B)</td></tr></table>	Years of Service	Salary Growth Rate	1-4	7.4% (Plan B)	5 & over	4.9% (Plan B)	<table><tr><td>Years of Service</td><td>Salary Growth Rate</td></tr><tr><td>1-2</td><td>9.75%</td></tr><tr><td>3-23</td><td>4.75%</td></tr><tr><td>24 & over</td><td>4.25%</td></tr></table>	Years of Service	Salary Growth Rate	1-2	9.75%	3-23	4.75%	24 & over	4.25%
Years of Service	Salary Growth Rate															
1-4	7.4% (Plan B)															
5 & over	4.9% (Plan B)															
Years of Service	Salary Growth Rate															
1-2	9.75%															
3-23	4.75%															
24 & over	4.25%															
Cost of living adjustments	None	None														
Mortality	For Annuitant and beneficiary mortality tables used were: PubG-2010(B) set equal to 120%. For employees, PubG-2010(B) tables set equal to 120% were used. PubNS-2010(B) table set equal to 120% was selected for disabled annuitants	Mortality Rate assumptions were based off an experience study performed from July 1, 2009 - June 30, 2014. For Healthy Annuitant & Beneficiaries - RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct tables were used (set back 1 year for females). For Employees - RP-2000 Employee table was used (set back 4 years for males and back 3 years for females). For Disabled Annuitants - RP2000 Disabled Lives table was used (set back 5 years for males and back 3 years for females).														

	FRS	LASERS												
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost												
Expected remaining service lives	7 years	2 years												
Investment rate of return	7.15%, net of investment expense including inflation	7.60%, net of investment expense												
Inflation rate	2.5%	2.50%												
Projected salary increases	Vary from 14.75% in the first two years of service to 4.50% with 25 or more years of experience.	<table><tr><td>Member Type</td><td>Lower to Upper Range</td></tr><tr><td>Regular</td><td>3.2% - 13.0%</td></tr><tr><td>Judges</td><td>2.8% - 5.3%</td></tr><tr><td>Corrections</td><td>3.8% - 14.0%</td></tr><tr><td>Hazardous Duty</td><td>3.8% - 14.0%</td></tr><tr><td>Wildlife</td><td>3.8% - 14.0%</td></tr></table>	Member Type	Lower to Upper Range	Regular	3.2% - 13.0%	Judges	2.8% - 5.3%	Corrections	3.8% - 14.0%	Hazardous Duty	3.8% - 14.0%	Wildlife	3.8% - 14.0%
Member Type	Lower to Upper Range													
Regular	3.2% - 13.0%													
Judges	2.8% - 5.3%													
Corrections	3.8% - 14.0%													
Hazardous Duty	3.8% - 14.0%													
Wildlife	3.8% - 14.0%													
Cost of living adjustments	Only those previously granted	Only those previously granted												
Mortality	Mortality Rate assumptions based off an experience study performed from July 1, 2009 - June 30, 2014. The data was then combined with standard tables to produce current levels of mortality. For Employees, Annuitants & Beneficiaries - RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct tables were used projected to 2031. For Disabled Annuitants - the RP-2000 Disabled Lives mortality table was used (set back 5 years for males and set back 3 years for females).	For Non-Disabled Members - RP-2014 Healthy mortality table was used with mortality improvement projected using the MP-2018 scale. For Disabled Members - RP-2000 Disabled Retiree mortality table was used with no projection for mortality improvement. Termination, disability, and retirement assumptions were projected based off a 5 year experience study for the System's members for 2019.												

NOTES TO FINANCIAL STATEMENTS

The MERS actuarial assumptions used in the June 30, 2019 valuation were based on the results of an experience study for the period July 1, 2013 through June 30, 2018. The MPERS and FRS actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return for MERS is 7.00%, MPERS is 7.89%, FRS is 7.94%, and LASERS is 9.00% for the year ended June 30, 2019.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for MERS, MPERS, FRS and LASERS as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocations				Long Term Expected Real Rate of Return			
	MERS	MPERS	FRS	LASERS	MERS	MPERS	FRS	LASERS
Equity	50%	48.5%	49%	n/a	2.15%	3.28%	3.40%	n/a
Fixed income	35%	33.5%	31%	n/a	1.51%	0.80%	0.67%	n/a
Alternatives	15%	18.0%	10%	n/a	0.64%	1.06%	0.67%	n/a
Other	0%	0.0%	10%	n/a	0.00%	0.00%	0.45%	n/a
Subtotal	100%	100%	100%	n/a	4.30%	5.14%	5.19%	6.25%
Inflation adjustment					2.70%	2.75%	2.75%	2.75%
Total					7.00%	7.89%	7.94%	9.00%

Discount Rates

The discount rate used to measure the total pension liability for MERS was 7.00%, MPERS was 7.125%, and FRS was 7.15%. The discount rate used to measure the total pension liability for LASERS was 7.60%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the actuary. Based on those assumptions, the net position of MERS, MPERS, FRS, and LASERS were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTES TO FINANCIAL STATEMENTS

The following table presents the City of Lake Charles's proportionate share of the net pension liability using the discount rate of 7.00% for MERS, 7.125% for MPERS, 7.15% for FRS, and 7.60% for LASERS as well as what the City of Lake Charles's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00% for MERS, 6.125% for MPERS, 6.15% for FRS, and 6.60% for LASERS) or one percentage-point higher (8.00% for MERS, 8.125% for MPERS, 8.15% for FRS, and 8.60% for LASERS) than the current rate:

Pension Plan	1% Decrease	Net Pension Liability at Current Discount	1% Increase
MERS	\$ 27,492,082	\$ 20,628,206	\$ 14,823,213
MPERS	36,759,555	26,382,528	17,677,241
FRS	31,810,618	21,967,632	13,706,179
LASERS	163,769	129,756	101,027
Total	\$ 96,226,024	\$ 69,108,122	\$ 46,307,660

Payables to the Pension Plans

At September 30, 2019, payables to MERS, MPERS, FRS, and LASERS were \$266,170, \$299,597, \$269,622, and \$1,556 respectively, for September 30, 2019 employee and employer legally-required contributions.

H. Federally Assisted Grant Programs

The City participates in a number of federally assisted grant programs, with the principal grantor agencies being the U.S. Department of Transportation, the Department of Housing and Urban Development, and the U.S. Department of Military Affairs. These programs are subject to compliance audits by the grantors or their representatives, and the City's compliance with applicable grant requirements for the year ended September 30, 2019 will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

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

NOTES TO FINANCIAL STATEMENTS

During fiscal year 2019 the following amounts were recorded in the accompanying financial statements under various federal and state pass-through entitlements:

Fund	Fiscal year 2019
Community Development	\$ 668,441
Grant Fund	1,246,440
Capital Projects Fund	2,265,579
Transit Enterprise Fund	1,968,636
Recreation Fund	1,750
Disaster Recovery Fund	10,179

I. Dedication of Proceeds and Flow of Funds - Two and One-Half Percent Sales and Use Tax

One Percent Sales and Use Tax:

Proceeds of the one percent sales tax levied by the City of Lake Charles (2019 collections \$26,711,079; 2018 collections \$26,833,765; 2017 collections \$25,695,368) are collected by the General Fund and may be used for virtually any operating or capital needs of the City of Lake Charles. This tax levy was originally authorized in 1965 and was recently re-authorized for an additional 25 years from March 1, 2015.

Additional Dedicated One Percent Sales Tax:

In November 1986, a sales tax election was held, and the City of Lake Charles was authorized to collect an additional dedicated one percent sales tax levy for a period of five years commencing January 1, 1987. This tax has since been reauthorized for periods of five years extending through 1996, and then for ten years through 2006. This tax was re-authorized in 2016 for an additional 10 years through 2026. Proceeds of this additional one percent sales tax levied by the City of Lake Charles (2019 collections \$26,711,079; 2018 collections \$26,833,765; 2017 collections \$25,695,368) were deposited directly to the funds for which they are dedicated on a percentage basis as follows:

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

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

The voters approved a sales tax levy of one-quarter of one percent in January 1995 for the purpose of maintaining the salaries and benefits of City employees. This tax levy is authorized for a period of ten years from its effective date of April 1, 1995. This tax has been reauthorized for ten years, extending through 2025.

NOTES TO FINANCIAL STATEMENTS

Proceeds of this tax (2019 collections \$6,677,655; 2018 collections \$6,708,442; 2017 collections \$6,423,849) are recorded exclusively in the General Fund.

Additional One-Quarter Percent Sales Tax:

The voters approved a sales tax levy of one-quarter of one percent in October 2015 for the purpose of securing the bonded debt of the City, should primary sources of repayment become insufficient. Funds not used for this purpose shall be reauthorized for capital improvements. The balance of funds not otherwise needed for the bond reserve fund shall be used to pay for salaries, operational, maintenance and other capital needs. This tax levy is authorized for a period of fifteen years from its effective date of January 1, 2016. Proceeds of this tax (2019 collections \$6,619,849; 2018 collections \$6,635,894; 2017 collections \$6,372,112) were deposited into the General Fund and the Sales Tax Reserve Fund.

J. Schedule of Compensation Paid to Governing Board

	Salary	Vehicle Usage	Per Diem	Total
Mayor:				
Nicholas Hunter	\$ 136,170	\$ 7,200	\$ 37	\$ 143,407
Councilmen:				
Luvertha August	18,000			18,000
Mark Eckard	18,000	249	52	18,301
Rodney Geyen	18,000			18,000
John Ieyoub	18,000			18,000
Mary Morris	18,000			18,000
Johnnie Thibodeaux	18,000			18,000
Stuart Weatherford	15,000			15,000
Total	\$ 259,170	\$ 7,449	\$ 89	\$ 266,708

REQUIRED SUPPLEMENTAL INFORMATION



CITY OF LAKE CHARLES, LOUISIANA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For Fiscal Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>2019</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Taxes	\$65,108,817	\$65,108,817	\$64,726,232	(\$382,585)
Licenses and permits	6,436,400	6,436,400	6,809,618	373,218
Intergovernmental	3,123,090	3,123,090	3,255,237	132,147
Charges for services	2,742,300	2,742,300	2,813,555	71,255
Fines and forfeitures	263,000	263,000	242,223	(20,777)
Miscellaneous	1,001,350	1,001,350	1,979,538	978,188
Total revenues	<u>78,674,957</u>	<u>78,674,957</u>	<u>79,826,403</u>	<u>1,151,446</u>
Expenditures:				
Current:				
General government	3,666,917	3,666,917	3,529,417	137,500
Finance	2,064,545	2,064,545	1,875,037	189,508
Human Resources	468,062	468,062	416,168	51,894
Fire	17,780,468	17,780,468	17,278,379	502,089
Police	20,856,671	20,856,671	20,260,123	596,548
Public works	18,398,162	18,398,162	15,675,002	2,723,160
Planning	2,702,743	2,702,743	2,364,079	338,664
General services	6,233,475	6,233,475	5,179,237	1,054,238
Total expenditures	<u>72,171,043</u>	<u>72,171,043</u>	<u>66,577,442</u>	<u>5,593,601</u>
Excess (deficiency) of rev over exp	<u>6,503,914</u>	<u>6,503,914</u>	<u>13,248,961</u>	<u>6,745,047</u>
Other financing sources (uses):				
Transfers out	<u>(10,649,548)</u>	<u>(15,999,548)</u>	<u>(15,949,517)</u>	<u>50,031</u>
Total other financing sources (uses)	<u>(10,649,548)</u>	<u>(15,999,548)</u>	<u>(15,949,517)</u>	<u>50,031</u>
Net change in fund balances	<u>(4,145,634)</u>	<u>(9,495,634)</u>	<u>(2,700,556)</u>	<u>6,795,078</u>
Fund balance at beginning of year	<u>39,792,758</u>	<u>39,792,758</u>	<u>39,792,758</u>	<u>-</u>
Fund balance at end of year	<u><u>\$35,647,124</u></u>	<u><u>\$30,297,124</u></u>	<u><u>\$37,092,202</u></u>	<u><u>\$6,795,078</u></u>

CITY OF LAKE CHARLES, LOUISIANA
Riverboat Gaming Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2019

	Budgeted Amounts		2019	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ 10,500,000	10,500,000	11,045,969	545,969
Miscellaneous	33,000	33,000	110,893	77,893
Total revenues	10,533,000	10,533,000	11,156,862	623,862
Expenditures:				
Other services and charges	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	10,533,000	10,533,000	11,156,862	623,862
Other financing sources (uses):				
Transfers out	(10,723,630)	(10,723,630)	(10,411,647)	311,983
Total other financing sources (uses)	(10,723,630)	(10,723,630)	(10,411,647)	311,983
Excess (deficiency) of rev and other sources over exp and other uses	(190,630)	(190,630)	745,215	935,845
Fund balance at beginning of year	1,187,841	1,187,841	1,187,841	-
Fund balance at end of year	\$997,211	\$997,211	1,933,056	\$935,845

CITY OF LAKE CHARLES, LOUISIANA

Waste Water Special Revenue Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For Fiscal Year Ended September 30, 2019

	Budgeted Amounts		2019 Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Sales tax revenue	\$ 4,336,000	\$ 4,208,000	\$ 4,273,774	\$ 65,774
Charges for services	13,889,800	12,589,800	12,733,422	143,622
Miscellaneous	227,000	227,000	382,184	155,184
Total revenues	<u>18,452,800</u>	<u>17,024,800</u>	<u>17,389,380</u>	<u>364,580</u>
Expenditures:				
Personal services	4,195,650	3,870,385	3,850,500	19,885
Contractual and operational services	3,500,795	3,737,677	3,485,188	252,489
Materials & supplies	1,344,500	1,159,803	1,007,214	152,589
Special Current Charges	1,676,500	1,586,280	1,479,255	107,025
Capital outlay	1,393,000	756,300	653,782	102,518
Total expenditures	<u>12,110,445</u>	<u>11,110,445</u>	<u>10,475,939</u>	<u>634,506</u>
Excess (deficiency) of rev over exp	<u>6,342,355</u>	<u>5,914,355</u>	<u>6,913,441</u>	<u>999,086</u>
Other financing sources (uses):				
Transfers in	322,000	322,000	322,000	-
Transfers out	<u>(8,390,000)</u>	<u>(8,390,000)</u>	<u>(8,390,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(8,068,000)</u>	<u>(8,068,000)</u>	<u>(8,068,000)</u>	<u>-</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>(1,725,645)</u>	<u>(2,153,645)</u>	<u>(1,154,559)</u>	<u>999,086</u>
Fund balance at beginning of year	<u>6,154,349</u>	<u>6,154,349</u>	<u>6,154,349</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,428,704</u>	<u>\$ 4,000,704</u>	<u>\$ 4,999,790</u>	<u>\$ 999,086</u>

CITY OF LAKE CHARLES, LOUISIANA

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
For Fiscal Year Ended September 30, 2019**

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

City of Lake Charles
Schedule of Changes in Total OPEB Liability and Related Ratios
For Fiscal Year Ended September 30, 2019

Financial Statement Reporting Date	Measurement Date	Service Cost	Interest	Difference between actual and expected experience	Changes of Assumptions	Benefit Payments	Net change in Total OPEB Liability	Total OPEB Liability - Beginning	Total OPEB Liability - Ending	Covered Payroll	Total OPEB Liability as a Percentage of Covered Payroll
9/30/2019	9/30/2019	\$246,459	\$210,055	\$5,309,337	\$ 144,704	\$(355,885)	\$ 5,554,670	\$ 2,319,483	\$ 7,874,153	\$ 33,948,098	23.19%
9/30/2018	9/30/2018	\$ 80,569	\$ 74,556	N/A	N/A	\$(169,901)	\$ (14,776)	\$ 2,334,259	\$ 2,319,483	\$ 31,113,777	7.45%

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

There are no assets in a trust compliant with GASB Codification P22.101 or P52.101 to pay related benefits.

CITY OF LAKE CHARLES, LOUISIANA

Schedule of Employer's Proportionate Share Of Net Pension Liability

For Plan Year Ended June 30, 2019

Plan Year	Employer Proportionate of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
MERS:					
2019	23.580123%	\$ 20,628,206	\$ 17,873,547	115.4%	66.1%
2018	23.557030%	19,925,284	17,323,152	115.0%	65.6%
2017	23.681348%	20,489,879	17,438,404	117.5%	63.5%
2016	21.782416%	18,055,628	16,114,347	112.0%	63.3%
2015	20.920534%	14,218,580	14,405,300	98.7%	68.7%
2014	20.829217%	9,779,242	14,297,054	68.4%	76.9%
MPERS:					
2019	2.905029%	26,382,528	9,096,534	290.0%	71.0%
2018	3.034602%	25,654,711	8,951,135	286.6%	71.9%
2017	3.038824%	26,530,219	9,036,361	293.6%	70.1%
2016	2.900519%	27,186,035	7,918,823	343.3%	66.0%
2015	2.951862%	23,124,753	7,901,901	292.6%	70.7%
2014	2.991097%	18,712,548	7,668,782	244.0%	75.1%
FRS:					
2019	3.508136%	21,967,632	8,478,716	259.1%	74.0%
2018	3.640922%	20,942,867	8,670,196	241.6%	74.8%
2017	3.620155%	20,750,182	8,444,443	245.7%	73.5%
2016	3.485849%	22,800,604	8,504,518	268.1%	68.2%
2015	3.543553%	19,124,954	7,530,781	254.0%	72.5%
2014	3.805176%	16,932,704	7,478,773	226.4%	76.0%
LASERS:					
2019	0.001790%	129,756	34,344	377.8%	62.9%
2018	0.001860%	126,510	34,344	368.4%	64.3%
2017	0.001940%	136,413	34,344	397.2%	62.5%
2016	0.001910%	149,984	34,344	436.7%	57.7%
2015	0.001880%	127,800	34,344	372.1%	62.7%
2014	0.001910%	119,368	34,344	347.6%	65.0%

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

CITY OF LAKE CHARLES, LOUISIANA

Schedule of Employer's Pension Contributions

For Fiscal Year Ended September 30, 2019

<u>Fiscal Year</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions As a Percent of Covered Payroll</u>
<u>MERS:</u>					
2019	\$ 2,521,041	\$ 2,521,041	\$ -	\$ 18,007,421	14.00%
2018	2,345,618	2,345,618	-	17,466,943	13.43%
2017	1,968,428	1,968,428	-	17,072,028	11.53%
2016	1,649,933	1,649,933	-	16,491,457	10.00%
2015	1,399,446	1,399,446	-	14,730,952	9.50%
2014	1,276,122	1,276,122	-	14,268,318	8.94%
<u>MPERS:</u>					
2019	2,965,386	2,965,386	-	9,178,306	32.31%
2018	2,800,627	2,800,627	-	9,005,739	31.10%
2017	2,748,475	2,748,475	-	8,705,259	31.57%
2016	2,540,782	2,540,782	-	8,216,344	30.92%
2015	2,438,032	2,438,032	-	7,867,402	30.99%
2014	2,415,255	2,415,255	-	7,754,805	31.15%
<u>FRS:</u>					
2019	2,244,074	2,244,074	-	8,371,498	26.81%
2018	2,288,192	2,288,192	-	8,636,937	26.49%
2017	2,189,624	2,189,624	-	8,568,354	25.55%
2016	2,147,160	2,147,160	-	8,032,163	26.73%
2015	2,161,180	2,161,180	-	7,518,430	28.75%
2014	2,148,278	2,148,278	-	7,531,809	28.52%
<u>LASERS:</u>					
2019	13,831	13,831	-	34,344	40.27%
2018	13,675	13,675	-	34,344	39.82%
2017	13,065	13,065	-	34,344	38.04%
2016	13,163	13,163	-	34,344	38.33%
2015	13,162	13,162	-	34,344	38.32%
2014	12,467	12,467	-	34,344	36.30%

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

OTHER SUPPLEMENTAL INFORMATION



OTHER SUPPLEMENTAL INFORMATION

CITY OF LAKE CHARLES, LOUISIANA

Schedule of Total Compensation for Mayor, City of Lake Charles
For Fiscal Year ended September 30, 2019

Compensation for Mayor of City of Lake Charles fiscal year 2019:

Nicholas Hunter, Mayor October 1, 2018 - September 30, 2019	
Purpose:	Amount
Salary	\$136,170
Vehicle Usage	7,200
Benefits - health insurance	9,592
Benefits - FICA & Medicare	10,247
Benefits - retirement	19,064
Travel	37
Total	\$182,310

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

CITY OF LAKE CHARLES, LOUISIANA
Combining Balance Sheet
Nonmajor Governmental Funds
For Fiscal Year Ended September 30, 2019

					2015 One- Quarter Cent	Economic	Facility	Disaster	Community	Total Nonmajor Governmental
ASSETS	Grants	Recreation	Central School	Special Events	Sales Tax	Dev Districts	Renewal	Recovery	Development	Funds
Cash (Note 4-A)	\$ 841,177	\$ -	\$ 47,810	\$ 96,872	\$ 1,602,180	19,493	\$ 1,953,533	\$ 2,800,190	\$ 113,484	\$ 7,474,739
Investments (Note 4-A)	61,552	81,614	56,937	-	-	-	1,150,142	-	-	1,350,245
Receivable (net of allowance for uncollectable)										
Accounts (Note 4-B)	554	178,106	11,368	89	136,940	6,808	-	-	-	333,865
Intergovernmental (Note 4-B)	60,276	343	-	-	-	-	-	185,462	120,651	366,732
Due from other funds (Note 4-F)	68,595	276,100	-	-	-	-	-	-	15,891	360,586
Prepaid items	-	10,667	-	3,750	-	-	-	-	-	14,417
Total assets	<u>\$1,032,154</u>	<u>\$ 546,830</u>	<u>\$ 116,115</u>	<u>\$ 100,711</u>	<u>\$ 1,739,120</u>	<u>\$ 26,301</u>	<u>\$ 3,103,675</u>	<u>\$ 2,985,652</u>	<u>\$ 250,026</u>	<u>\$ 9,900,584</u>
LIABILITIES										
Accounts payable	\$ 17,136	\$ 225,637	\$ 36,379	\$ 22	\$ -	\$ -	\$ -	\$ 25,377	\$ 57,525	\$ 362,076
Escrow	-	-	1,939	50	-	-	-	-	1,907	3,896
Due to other funds	98	13,056	-	-	-	-	-	-	160	13,314
Deferred revenues	-	-	-	6,000	-	-	-	-	-	6,000
Total liabilities	<u>17,234</u>	<u>238,693</u>	<u>38,318</u>	<u>6,072</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,377</u>	<u>59,592</u>	<u>385,286</u>
FUND BALANCES										
Nonspendable	-	10,667	-	3,750	-	-	-	-	-	14,417
Committed	-	-	36,420	4,750	1,739,120	26,301	620,000	-	-	2,426,591
Assigned:										
Community Services	148,069	297,470	41,377	86,139	-	-	-	-	190,434	763,489
Public Safety	866,851	-	-	-	-	-	-	-	-	866,851
Disaster Recovery	-	-	-	-	-	-	-	2,960,275	-	2,960,275
Capital Projects	-	-	-	-	-	-	2,483,675	-	-	2,483,675
Unassigned	-	-	-	-	-	-	-	-	-	-
Total fund balances	<u>1,014,920</u>	<u>308,137</u>	<u>77,797</u>	<u>94,639</u>	<u>1,739,120</u>	<u>26,301</u>	<u>3,103,675</u>	<u>2,960,275</u>	<u>190,434</u>	<u>9,515,298</u>
Total liabilities and fund balances	<u>\$1,032,154</u>	<u>\$ 546,830</u>	<u>\$ 116,115</u>	<u>\$ 100,711</u>	<u>\$ 1,739,120</u>	<u>\$ 26,301</u>	<u>\$ 3,103,675</u>	<u>\$ 2,985,652</u>	<u>\$ 250,026</u>	<u>\$ 9,900,584</u>

CITY OF LAKE CHARLES, LOUISIANA
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For Fiscal Year Ended September 30, 2019

	Grants	Recreation	Central School	Special Events	2015 One- Quarter Cent Sales Tax	Economic Dev Districts	Facility Renewal	Disaster Recovery	Community Development	Total Nonmajor Governmental Funds
Revenues:										
Taxes	\$ -	\$ 3,382,508	\$ -	\$ -	\$ 1,654,962	\$ 48,461	\$ -	\$ -	\$ -	\$ 5,085,931
Intergovernmental	1,237,003	63,024	-	-	-	-	-	10,179	668,440	1,978,646
Charges for services	-	219,731	-	-	-	-	-	-	-	219,731
Miscellaneous	11,938	18,181	136,558	67,626	53,464	121	74,843	-	60,074	422,805
Total revenues	<u>1,248,941</u>	<u>3,683,444</u>	<u>136,558</u>	<u>67,626</u>	<u>1,708,426</u>	<u>48,582</u>	<u>74,843</u>	<u>10,179</u>	<u>728,514</u>	<u>7,707,113</u>
Expenditures:										
Current operating:										
Police	754,731	-	-	-	-	-	-	-	-	754,731
Planning and development	-	-	-	-	-	-	-	-	796,454	796,454
Community services	753,418	4,802,116	160,906	258,741	-	-	-	-	-	5,975,181
General services	-	-	-	-	-	13,158	-	-	-	13,158
Total expenditures	<u>1,508,149</u>	<u>4,802,116</u>	<u>160,906</u>	<u>258,741</u>	<u>-</u>	<u>13,158</u>	<u>-</u>	<u>-</u>	<u>796,454</u>	<u>7,539,524</u>
Excess (deficiency) of revenues over expenditures	<u>(259,208)</u>	<u>(1,118,672)</u>	<u>(24,348)</u>	<u>(191,115)</u>	<u>1,708,426</u>	<u>35,424</u>	<u>74,843</u>	<u>10,179</u>	<u>(67,940)</u>	<u>167,589</u>
Other financing sources (uses):										
Transfers in	356,044	1,118,672	25,000	175,000	-	-	-	-	84,022	1,758,738
Transfers out	-	-	-	-	(1,690,500)	-	-	-	-	(1,690,500)
Total other financing sources (uses)	<u>356,044</u>	<u>1,118,672</u>	<u>25,000</u>	<u>175,000</u>	<u>(1,690,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,022</u>	<u>68,238</u>
Net change in fund balances	96,836	-	652	(16,115)	17,926	35,424	74,843	10,179	16,082	235,827
Fund balance at beginning of year	<u>918,084</u>	<u>308,137</u>	<u>77,145</u>	<u>110,754</u>	<u>1,721,194</u>	<u>(9,123)</u>	<u>3,028,832</u>	<u>2,950,096</u>	<u>174,352</u>	<u>9,279,471</u>
Fund balance at end of year	<u>\$ 1,014,920</u>	<u>\$ 308,137</u>	<u>\$ 77,797</u>	<u>\$ 94,639</u>	<u>\$ 1,739,120</u>	<u>\$ 26,301</u>	<u>\$ 3,103,675</u>	<u>\$ 2,960,275</u>	<u>\$ 190,434</u>	<u>\$ 9,515,298</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, 2019

	Budgeted Amounts		2019	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental:	\$ 1,628,415	\$ 1,218,086	\$ 1,237,003	\$ 18,917
Miscellaneous	10,000	6,113	11,938	5,825
Total revenues	<u>1,638,415</u>	<u>1,224,199</u>	<u>1,248,941</u>	<u>24,742</u>
Expenditures:				
Current:				
Public safety	900,963	747,415	754,731	(7,316)
Community services	1,059,630	760,732	753,418	7,314
Total expenditures	<u>1,960,593</u>	<u>1,508,147</u>	<u>1,508,149</u>	<u>(2)</u>
Excess of revenues over expenditures	<u>(322,178)</u>	<u>(283,948)</u>	<u>(259,208)</u>	<u>24,740</u>
Other financing source(uses):				
Transfers in	203,303	360,174	356,044	(4,130)
Total other financing sources (uses)	<u>203,303</u>	<u>360,174</u>	<u>356,044</u>	<u>(4,130)</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>(118,875)</u>	<u>76,226</u>	<u>96,836</u>	<u>20,610</u>
Fund balance at beginning of year	<u>918,084</u>	<u>918,084</u>	<u>918,084</u>	<u>-</u>
Fund balance at end of year	<u>\$ 799,209</u>	<u>\$ 994,310</u>	<u>\$ 1,014,920</u>	<u>\$ 20,610</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, 2019

	Budgeted Amounts		2019	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes	\$ 3,373,662	\$ 3,373,662	\$ 3,382,508	\$ 8,846
Intergovernmental	60,000	60,000	63,024	3,024
Charges for services	144,000	144,000	219,731	75,731
Miscellaneous	14,000	14,000	18,181	4,181
Total revenues	<u>3,591,662</u>	<u>3,591,662</u>	<u>3,683,444</u>	<u>91,782</u>
Expenditures:				
Personal services	2,925,160	2,914,127	2,720,655	193,472
Contractual and operational	1,401,593	1,513,964	1,350,283	163,681
Materials and supplies	566,900	633,575	491,991	141,584
Special charges	20,000	18,137	12,687	5,450
Capital outlay	596,500	430,350	226,500	203,850
	<u>5,510,153</u>	<u>5,510,153</u>	<u>4,802,116</u>	<u>708,037</u>
Excess (deficiency) of rev over exp	<u>(1,918,491)</u>	<u>(1,918,491)</u>	<u>(1,118,672)</u>	<u>799,819</u>
Other financing sources (uses):				
Transfers in	1,918,491	1,918,491	1,118,672	(799,819)
Total other financing sources (uses)	<u>1,918,491</u>	<u>1,918,491</u>	<u>1,118,672</u>	<u>(799,819)</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	-	-	-
Fund balance at beginning of year	<u>308,137</u>	<u>308,137</u>	<u>308,137</u>	<u>-</u>
Fund balance at end of year	<u>\$ 308,137</u>	<u>\$ 308,137</u>	<u>\$ 308,137</u>	<u>\$ -</u>

CITY OF LAKE CHARLES, LOUISIANA
Central School Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>2019</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Miscellaneous	\$ 94,050	\$ 94,050	\$ 136,558	\$ 42,508
Total revenues	<u>94,050</u>	<u>94,050</u>	<u>136,558</u>	<u>42,508</u>
Expenditures:				
Contractual and operational	108,863	81,132	78,816	2,316
Materials and supplies	24,500	15,481	15,340	141
Special charges	30,000	66,750	66,750	-
Total expenditures	<u>163,363</u>	<u>163,363</u>	<u>160,906</u>	<u>2,457</u>
Excess of revenue over expenditures	<u>(69,313)</u>	<u>(69,313)</u>	<u>(24,348)</u>	<u>44,965</u>
Other financing sources (uses):				
Transfers in	25,000	25,000	25,000	-
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>(44,313)</u>	<u>(44,313)</u>	<u>652</u>	<u>44,965</u>
Fund balance at beginning of year	<u>77,145</u>	<u>77,145</u>	<u>77,145</u>	<u>-</u>
Fund balance at end of year	<u>\$ 32,832</u>	<u>\$ 32,832</u>	<u>\$ 77,797</u>	<u>\$ 44,965</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, 2019

	<u>Budgeted Amounts</u>		<u>2019</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Miscellaneous	\$ 58,800	\$ 58,800	\$ 67,626	\$ 8,826
Total revenues	<u>58,800</u>	<u>58,800</u>	<u>67,626</u>	<u>8,826</u>
Expenditures:				
Contractual and operational	222,963	223,163	203,711	19,452
Materials and supplies	9,300	9,100	6,530	2,570
Other services and charges	61,000	61,000	48,500	12,500
Total expenditures	<u>293,263</u>	<u>293,263</u>	<u>258,741</u>	<u>34,522</u>
Excess of revenue over expenditures	<u>(234,463)</u>	<u>(234,463)</u>	<u>(191,115)</u>	<u>43,348</u>
Other financing sources:				
Transfers in	175,000	175,000	175,000	-
Total other financing sources	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>-</u>
Excess (deficiency) of revenue and other sources over expenditure and other uses	<u>(59,463)</u>	<u>(59,463)</u>	<u>(16,115)</u>	<u>43,348</u>
Fund balance at beginning of year	<u>110,754</u>	<u>110,754</u>	<u>110,754</u>	<u>-</u>
Fund balance at end of year	<u>\$ 51,291</u>	<u>\$ 51,291</u>	<u>\$ 94,639</u>	<u>\$ 43,348</u>

CITY OF LAKE CHARLES, LOUISIANA
2015 One-Quarter Cent Sales Tax Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2019

	Budgeted Amounts		2019 Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,693,750	\$ 1,693,750	\$ 1,654,962	\$ (38,788)
Miscellaneous	10,000	10,000	53,464	43,464
Total revenues	<u>1,703,750</u>	<u>1,703,750</u>	<u>1,708,426</u>	<u>4,676</u>
Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of rev over exp	<u>1,703,750</u>	<u>1,703,750</u>	<u>1,708,426</u>	<u>4,676</u>
Other financing sources (uses):				
Transfers out	<u>(1,690,500)</u>	<u>(1,690,500)</u>	<u>(1,690,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,690,500)</u>	<u>(1,690,500)</u>	<u>(1,690,500)</u>	<u>-</u>
Net change in fund balances	13,250	13,250	17,926	4,676
Fund balance at beginning of year	<u>1,721,194</u>	<u>1,721,194</u>	<u>1,721,194</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,734,444</u>	<u>\$ 1,734,444</u>	<u>\$ 1,739,120</u>	<u>\$ 4,676</u>

CITY OF LAKE CHARLES, LOUISIANA

Economic Development District

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

Fiscal Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>2019</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Taxes	\$ 1,000	\$ 18,000	\$ 48,461	\$ 30,461
Miscellaneous	-	-	121	121
Total revenues	<u>1,000</u>	<u>18,000</u>	<u>48,582</u>	<u>30,582</u>
Expenditures:				
Special charges	<u>-</u>	<u>8,000</u>	<u>13,158</u>	<u>(5,158)</u>
Excess (deficiency) of rev over exp	1,000	10,000	35,424	25,424
Fund balance at beginning of year	<u>(9,123)</u>	<u>(9,123)</u>	<u>(9,123)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (8,123)</u>	<u>\$ 877</u>	<u>\$ 26,301</u>	<u>\$ 25,424</u>

CITY OF LAKE CHARLES, LOUISIANA**Facility Renewal Special Revenue Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual****Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		2019 Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Interest on investments	\$ 28,000	\$ 28,000	\$ 74,843	\$ 46,843
Total revenues	28,000	28,000	74,843	46,843
Expenditures:	-	-	-	-
Excess (deficiency) of rev over exp	28,000	28,000	74,843	46,843
Fund balance at beginning of year	3,028,832	3,028,832	3,028,832	-
Fund balance at end of year	<u>\$ 3,056,832</u>	<u>\$ 3,056,832</u>	<u>\$ 3,103,675</u>	<u>\$ 46,843</u>

CITY OF LAKE CHARLES, LOUISIANA
Disaster Recovery Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>2019</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)	\$ 1,184,179	\$ 10,179	\$ 10,179	\$ -
Miscellaneous	394,726	-	-	-
Total revenues	<u>1,578,905</u>	<u>10,179</u>	<u>10,179</u>	<u>-</u>
Expenditures:				
Current:				
Contractual and operational	<u>1,578,905</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,578,905</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of rev over exp	-	10,179	10,179	-
Fund balance at beginning of year	<u>2,950,096</u>	<u>2,950,096</u>	<u>2,950,096</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,950,096</u>	<u>\$ 2,960,275</u>	<u>\$ 2,960,275</u>	<u>\$ -</u>

CITY OF LAKE CHARLES, LOUISIANA

Community Development Special Revenue Fund

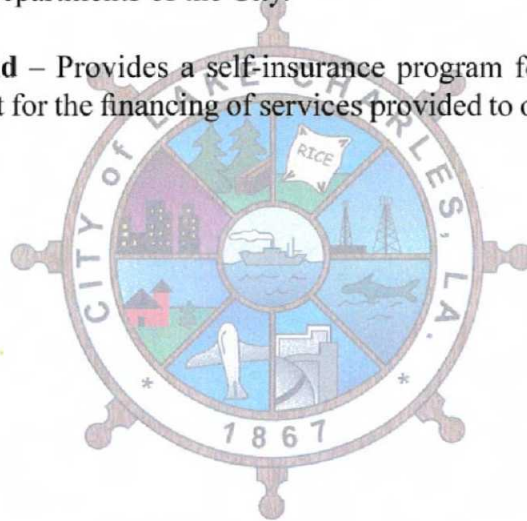
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For Fiscal Year Ended September 30, 2019**

	Budgeted Amounts		2019	Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	\$ 730,780	\$ 730,780	\$ 668,440	\$ (62,340)
Miscellaneous	-	-	60,074	\$ 60,074
Total revenues	<u>730,780</u>	<u>730,780</u>	<u>728,514</u>	<u>(2,266)</u>
Expenditures:				
Current:				
Personal services	173,700	183,185	182,093	1,092
Contract and operational	386,491	378,506	464,017	(85,511)
Material and supplies	3,600	3,600	3,010	590
Special current charges	<u>236,933</u>	<u>235,433</u>	<u>147,334</u>	<u>88,099</u>
Total expenditures	<u>800,724</u>	<u>800,724</u>	<u>796,454</u>	<u>4,270</u>
Excess (deficiency) of revenues over expenditures	<u>(69,944)</u>	<u>(69,944)</u>	<u>(67,940)</u>	<u>2,004</u>
Other financing sources:				
Transfers in	<u>69,944</u>	<u>31,273</u>	<u>84,022</u>	<u>52,749</u>
Total other financing sources	<u>69,944</u>	<u>31,273</u>	<u>84,022</u>	<u>52,749</u>
Excess (deficiency) of rev and other sources over exp and other uses	-	(38,671)	16,082	54,753
Fund balance at beginning of year	<u>174,352</u>	<u>174,352</u>	<u>174,352</u>	<u>-</u>
Fund balance at end of year	<u><u>\$174,352</u></u>	<u><u>\$135,681</u></u>	<u><u>\$190,434</u></u>	<u><u>\$54,753</u></u>

INTERNAL SERVICE FUNDS

Risk Management Fund – Includes coverage for general liability, auto liability and worker's compensation. This fund is used to account for the financing of services provided by the risk management division to other departments of the City.

Employee Insurance Fund – Provides a self-insurance program for employee health benefits. This fund is used to account for the financing of services provided to other departments of the City.



CITY OF LAKE CHARLES, LOUISIANA

Internal Service Funds Combining Statement of Net Position September 30, 2019

	Risk Management	Employee Insurance	Totals 2019
ASSETS			
Current assets:			
Cash	\$ 17,709,988	\$ 5,101,288	\$ 22,811,276
Investments	4,185,397	3,565,981	7,751,378
Receivables:			
Accounts	1,791,939	3,137	1,795,076
Accrued interest	4,267	4,214	8,481
Due from other funds	-	-	-
Prepaid expenses	641,085	-	641,085
Total current assets	<u>24,332,676</u>	<u>8,674,620</u>	<u>33,007,296</u>
Noncurrent assets:			
Capital assets (at cost):			
Machinery & equipment	57,620	-	57,620
Less accumulated depreciation	<u>(37,772)</u>	<u>-</u>	<u>(37,772)</u>
Total capital assets (net of accum. depr.)	<u>19,848</u>	<u>-</u>	<u>19,848</u>
Total assets	<u>24,352,524</u>	<u>8,674,620</u>	<u>33,027,144</u>
Deferred Outflows of resources	<u>126,910</u>	<u>-</u>	<u>126,910</u>
LIABILITIES			
Current liabilities:			
Accounts payable	24,101	15,761	39,862
Due to other funds	<u>6</u>	<u>-</u>	<u>6</u>
Total current liabilities	<u>24,107</u>	<u>15,761</u>	<u>39,868</u>
Long-term liabilities:			
Accrued leave benefits	144,483	-	144,483
OPEB payable	58,838	-	58,838
Net pension liability	482,699	-	482,699
Accrued insurance claims	4,390,287	2,100,000	6,490,287
Incurred-not reported claims	175,000	150,000	325,000
Accrued insurance claims - noncurrent	1,476,053	-	1,476,053
Total long-term liabilities	<u>6,727,360</u>	<u>2,250,000</u>	<u>8,977,360</u>
Total liabilities	<u>6,751,467</u>	<u>2,265,761</u>	<u>9,017,228</u>
Deferred Inflows of resources	<u>22,049</u>	<u>-</u>	<u>22,049</u>
NET POSITION			
Net investment in capital assets	19,848	-	19,848
Unrestricted	17,686,070	6,408,859	24,094,929
Total net position	<u>\$ 17,705,918</u>	<u>\$ 6,408,859</u>	<u>\$ 24,114,777</u>

CITY OF LAKE CHARLES, LOUISIANA

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position For the Fiscal Year Ended September 30, 2019

	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals 2019</u>
Operating revenues:			
Charges for services	\$ 7,514,376	\$ 8,292,776	\$ 15,807,152
Other revenues	190,644	396,576	587,220
Total operating revenues	<u>7,705,020</u>	<u>8,689,352</u>	<u>16,394,372</u>
Operating expenses:			
Personal services	693,892	81,889	775,781
Materials and supplies	5,688	9,245	14,933
General and administration	1,240,179	816,957	2,057,136
Depreciation	6,226	-	6,226
Claims and losses paid	3,670,334	9,064,626	12,734,960
Total operating expenses	<u>5,616,319</u>	<u>9,972,717</u>	<u>15,589,036</u>
Operating income (loss)	<u>2,088,701</u>	<u>(1,283,365)</u>	<u>805,336</u>
Nonoperating revenues:			
Interest	541,695	238,859	780,554
Total nonoperating revenues	<u>541,695</u>	<u>238,859</u>	<u>780,554</u>
Income (loss) before transfers	<u>2,630,396</u>	<u>(1,044,506)</u>	<u>1,585,890</u>
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	2,630,396	(1,044,506)	1,585,890
Net position - beginning of fiscal year	15,075,522	7,453,365	22,528,887
Net position - ending of fiscal year	<u>\$ 17,705,918</u>	<u>\$ 6,408,859</u>	<u>\$ 24,114,777</u>

CITY OF LAKE CHARLES, LOUISIANA

Internal Service Fund

Combining Statement of Cash Flows

For the Fiscal Year Ended September 30, 2019

	Risk Management	Employee Insurance	Totals 2019
Cash flows from operating activities:			
Receipts from customers	\$ (972,252)	\$ 759,719	\$ (212,533)
Receipts from interfund charges for risk management services	7,514,376	7,926,559	15,440,935
Payments to employees	(636,704)	(83,804)	(720,508)
Payments to suppliers and claimants	(5,045,516)	(9,693,106)	(14,738,622)
Internal activity - payments to other funds	(7)	-	(7)
Net cash provided by operating activities	<u>859,897</u>	<u>(1,090,632)</u>	<u>(230,735)</u>
Cash flow from capital and related financing activities:			
Purchase of capital assets	(21,677)	-	(21,677)
Net cash used for capital and related financing activities	<u>(21,677)</u>	<u>-</u>	<u>(21,677)</u>
Cash flow from investing activities:			
Purchase of investment securities	(51,006)	(50,575)	(101,581)
Proceeds from sale and maturities of investment securities	6,850,000	-	6,850,000
Interest on investments	514,450	212,135	726,585
Net cash provided (used for) investing activities	<u>7,313,444</u>	<u>161,560</u>	<u>7,475,004</u>
Net increase (decrease) in cash and cash equivalents	8,151,664	(929,072)	7,222,592
Cash and cash equivalents at beginning of year	9,558,324	6,030,360	15,588,684
Cash and cash equivalents at end of year	<u>\$ 17,709,988</u>	<u>\$ 5,101,288</u>	<u>\$ 22,811,276</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 2,088,701	\$ (1,283,365)	\$ 805,336
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	6,226	-	6,226
(Increase) decrease in accounts receivable	(1,162,896)	(3,073)	(1,165,969)
(Increase) decrease in prepaid items	(46,945)	-	(46,945)
(Increase) decrease in deferred outflows of resources	(2,988)	-	(2,988)
Increase (Decrease) in accounts payables	8,482	(3,801)	4,681
Increase (Decrease) in accrued insurance claims	(91,757)	200,000	108,243
Increase (Decrease) in compensated absences payable	6,036	(393)	5,643
Increase (Decrease) in OPEB liability	38,826	-	38,826
Increase (Decrease) in NP liability	16,448	-	16,448
Increase (Decrease) in due to other funds	(7)	-	(7)
Increase (Decrease) in due deferred inflows of resources	(229)	-	(229)
Total adjustments	<u>(1,228,804)</u>	<u>192,733</u>	<u>(1,036,071)</u>
Net cash provided by operating activities	<u>\$ 859,897</u>	<u>\$ (1,090,632)</u>	<u>\$ (230,735)</u>

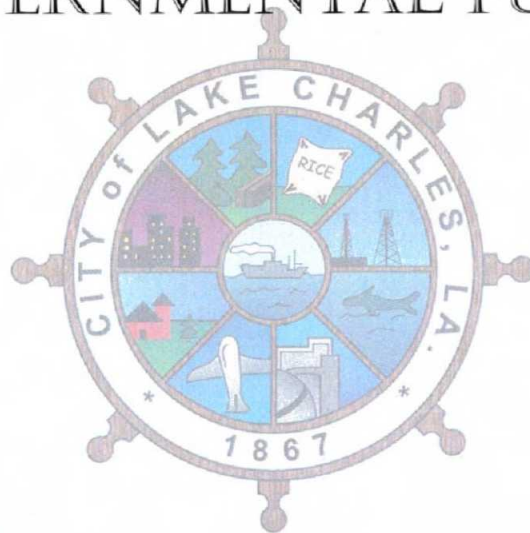
Noncash investing, capital and financing activities:

Assets retired cost \$13,614 and had accumulated depreciation of \$13,614, loss of \$0.

Assets transferred in from Governmental funds at a cost of \$14,300

Change in the fair value of investments resulted in an unrealized gain of \$82,342 at year-end 2019 and an unrealized loss of \$64,287 at year-end 2018.

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Governmental funds capital assets		
Land	\$ 16,199,452	\$ 16,180,010
Buildings	57,262,996	57,405,028
Improvements other than buildings	113,864,422	113,013,757
Machinery and Equipment	41,896,602	40,883,947
Infrastructure	379,759,490	354,474,813
Construction in progress	<u>14,138,475</u>	<u>26,299,681</u>
Total general capital assets	<u>\$ 623,121,437</u>	<u>\$ 608,257,236</u>
Property acquired prior to October 1, 1985, excluding infrastructure	\$ 23,512,856	\$ 23,664,442
Property acquired after September 30, 1985 from:		
Federal grants	39,972,418	37,409,706
State grants	4,933,963	4,933,963
General fund revenues	194,010,453	192,415,270
Capital projects funds	319,332,523	308,474,631
Donations	<u>41,359,224</u>	<u>41,359,224</u>
Total investments in general capital assets	<u>\$ 623,121,437</u>	<u>\$ 608,257,236</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$57,620 on 9/30/2019 and \$35,257 on 9/30/2018 that are reported in the internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF LAKE CHARLES, LOUISIANA
Schedule of Capital Assets - Governmental Funds
By Function and Activity
September 30, 2019

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	-	-	-	43,586	-	-	43,586
Judicial	-	5,129,852	-	10,104	-	-	5,139,956
Total general government	-	5,129,852	-	124,361	-	-	5,254,213
STAFF AGENCIES							
Finance	-	-	-	23,497	-	-	23,497
Planning and development	-	-	-	96,495	-	-	96,495
Human Resources	-	-	-	1,367	-	-	1,367
Public works	214,700	926,986	196,035	1,664,750	-	-	3,002,471
Information Services	-	-	-	555,648	-	-	555,648
General government buildings	5,113,741	6,176,575	1,660,359	628,128	-	2,157	13,580,960
Total staff agencies	5,328,441	7,103,561	1,856,394	2,969,885	-	2,157	17,260,438
PUBLIC SAFETY							
Police	64,965	1,126,376	1,208,395	7,636,183	-	-	10,035,919
Fire	203,900	7,566,916	1,512,248	13,966,805	-	81,540	23,331,409
Permit Center	-	-	-	260,846	-	-	260,846
Total public safety	268,865	8,693,292	2,720,643	21,863,834	-	81,540	33,628,174
Streets	-	81,870	-	5,369,123	299,190,477	8,365,495	313,006,965
Recreation	9,301,960	5,292,836	26,949,935	2,025,948	-	195,296	43,765,975
Community service	5,000	2,549,579	432,631	2,471	-	2,354,175	5,343,856
Sanitation and waste	1,295,186	28,412,006	81,904,819	9,540,980	80,569,013	3,139,812	204,861,816
	10,602,146	36,336,291	109,287,385	16,938,522	379,759,490	14,054,778	566,978,612
Total capital assets allocated to functions	\$ 16,199,452	\$ 57,262,996	\$ 113,864,422	\$ 41,896,602	\$ 379,759,490	\$ 14,138,475	\$ 623,121,437

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$57,620 on 9/30/2019 and \$35,257 on 9/30/2018 that are reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF LAKE CHARLES, LOUISIANA
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Fiscal Year Ended September 30, 2019

Function and Activity	General Capital Assets 9/30/2018	Additions	Deletions	General Capital Assets 9/30/2019
GENERAL GOVERNMENT				
Legislative	\$ 70,671	\$ -	\$ -	\$ 70,671
Executive	43,586	-	-	43,586
Judicial	5,168,819	-	(28,863)	5,139,956
Total general government	<u>5,283,076</u>	<u>-</u>	<u>(28,863)</u>	<u>5,254,213</u>
STAFF AGENCIES				
Finance	23,496	-	-	23,496
Planning and Development	96,495	-	-	96,495
Human Resources	15,667	-	(14,300)	1,367
Public Works	3,169,469	143,851	(310,850)	3,002,470
Information Services	493,724	69,507	(7,583)	555,648
General Government	13,521,529	93,846	(34,413)	13,580,962
Total staff agencies	<u>17,320,380</u>	<u>307,204</u>	<u>(367,146)</u>	<u>17,260,438</u>
PUBLIC SAFETY				
Police	9,436,282	1,142,275	(542,638)	10,035,919
Fire	22,856,863	524,112	(49,567)	23,331,408
Permit Center	260,113	81,344	(80,611)	260,846
Total public safety	<u>32,553,258</u>	<u>1,747,731</u>	<u>(672,816)</u>	<u>33,628,173</u>
Streets	303,132,367	22,265,230	(12,390,634)	313,006,963
Recreation	43,971,193	498,958	(690,177)	43,779,974
Community service	5,343,855	-	-	5,343,855
Sanitation and waste	200,653,107	12,725,635	(8,530,921)	204,847,821
	<u>553,100,522</u>	<u>35,489,823</u>	<u>(21,611,732)</u>	<u>566,978,613</u>
Total capital assets allocated to functions	<u>\$ 608,257,236</u>	<u>\$ 37,544,758</u>	<u>\$ (22,680,557)</u>	<u>\$ 623,121,437</u>

Note: This schedule presents the capital asset balances related to governmental funds. Accordingly, the capital assets valued at \$57,620 on 9/30/2019 and \$35,257 on 9/30/2018 that are reported in the internal service funds are excluded from the above amounts. Generally, capital assets of internal service funds are included as governmental activities in the statement of net position.

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

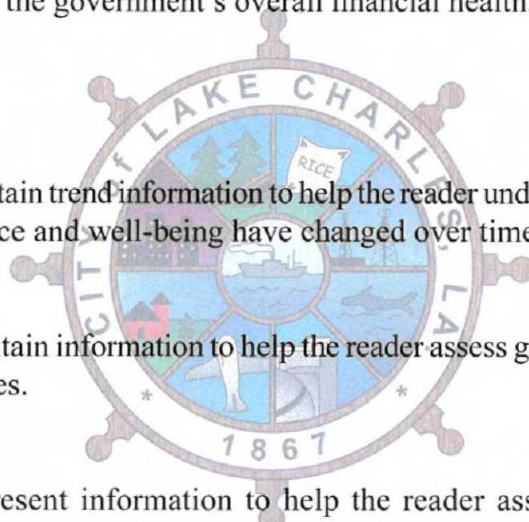
Demographic and Economic Information

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

Operating Information

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

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



CITY OF LAKE CHARLES, LOUISIANA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental Activities				
Net investment in capital assets	\$ 216,618	\$ 223,583	\$ 228,301	\$ 230,614
Restricted	60,553	51,978	31,734	23,169
Unrestricted	31,362	44,864	72,112	90,900
Total governmental activities net assets	<u>\$ 308,533</u>	<u>\$ 320,425</u>	<u>\$ 332,147</u>	<u>\$ 344,683</u>
Business-Type activities				
Net investment in capital assets	\$ 68,319	\$ 66,627	\$ 68,959	\$ 68,562
Assigned	2,851	5,584	7,909	11,729
Total governmental activities net assets	<u>\$ 71,170</u>	<u>\$ 72,211</u>	<u>\$ 76,868</u>	<u>\$ 80,291</u>
Primary Government				
Net investment in capital assets	\$ 284,937	\$ 290,210	\$ 297,260	\$ 299,176
Restricted	60,553	51,978	31,734	23,169
Unrestricted	34,213	50,448	80,021	102,629
Total governmental activities net assets	<u>\$ 379,703</u>	<u>\$ 392,636</u>	<u>\$ 409,015</u>	<u>\$ 424,974</u>

* GASB 68 adopted in 2015

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 240,382	\$ 243,940	\$ 259,977	\$ 294,028	\$ 307,134	\$ 313,647
22,757	24,596	31,273	33,409	32,950	34,219
54,000	72,792	77,180	61,863	68,648	78,046
<u>\$ 317,139</u>	<u>\$ 341,328</u>	<u>\$ 368,430</u>	<u>\$ 389,300</u>	<u>\$ 408,732</u>	<u>\$ 425,912</u>
\$ 70,785	\$ 69,095	\$ 68,622	\$ 69,202	\$ 73,313	\$ 73,788
17,502	22,049	24,166	25,356	23,833	25,554
<u>\$ 88,287</u>	<u>\$ 91,144</u>	<u>\$ 92,788</u>	<u>\$ 94,558</u>	<u>\$ 97,146</u>	<u>\$ 99,342</u>
\$ 311,167	\$ 313,035	\$ 328,599	\$ 363,230	\$ 380,447	\$ 387,435
22,757	24,596	31,273	33,409	32,950	34,219
71,502	94,841	101,346	87,219	92,481	103,600
<u>\$ 405,426</u>	<u>\$ 432,472</u>	<u>\$ 461,218</u>	<u>\$ 483,858</u>	<u>\$ 505,878</u>	<u>\$ 525,254</u>

CITY OF LAKE CHARLES, LOUISIANA

Change in Net Position

(accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 4,565,486	\$ 4,585,082	\$ 4,644,212	\$ 4,567,288	\$ 4,778,135	\$ 5,316,267	\$ 5,612,894	\$ 5,812,852	\$ 6,062,340	\$ 6,585,196
Public safety	29,211,079	28,681,562	30,667,312	31,412,865	32,257,586	33,401,455	36,589,474	37,722,822	38,772,282	42,491,635
Public works	24,948,706	30,294,422	29,047,659	28,841,269	30,295,303	32,980,130	34,279,219	42,253,530	42,804,319	44,160,415
Planning and development	2,855,462	3,195,533	2,981,902	2,991,321	2,663,000	2,672,381	2,521,348	2,656,677	2,820,828	3,291,552
General services	7,327,977	4,384,287	5,428,845	5,687,941	5,659,656	6,021,391	5,838,645	6,507,033	6,875,525	6,558,381
Community services	5,699,264	6,936,038	6,730,143	6,174,061	6,350,062	6,668,047	7,191,241	6,158,706	7,110,893	7,519,692
Interest in long-term debt	3,396,559	3,935,479	4,053,332	3,409,036	3,203,842	3,138,628	2,703,865	3,149,772	2,054,636	1,864,766
Total governmental activities	78,004,533	82,012,403	83,553,405	83,083,781	85,207,584	90,198,299	94,736,686	104,261,392	106,500,823	112,471,637
Business-type activities:										
Civic center	3,734,478	3,575,028	3,356,078	3,014,670	3,091,611	3,365,531	3,949,094	3,788,824	3,899,346	3,913,590
Golf course	1,432,343	1,495,425	1,489,217	1,539,186	1,612,629	1,648,783	1,680,137	1,718,210	1,873,811	1,815,144
Transit	2,038,547	2,215,223	2,298,862	2,354,540	2,714,383	2,917,813	3,066,511	3,361,381	3,655,630	3,896,717
Water	8,645,421	8,948,287	8,980,994	9,181,423	9,622,826	9,890,095	10,173,955	10,845,330	11,206,906	12,074,665
Total business-type activities	15,850,789	16,233,963	16,125,151	16,089,819	17,041,449	17,822,222	18,869,697	19,713,745	20,635,693	21,700,116
Total primary government	\$ 93,855,322	\$ 98,246,366	\$ 99,678,556	\$ 99,173,600	\$ 102,249,033	\$ 108,020,521	\$ 113,606,383	\$ 123,975,137	\$ 127,136,516	\$ 134,171,753
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 5,091,090	\$ 5,432,955	\$ 5,067,281	\$ 5,497,834	\$ 5,423,120	\$ 5,730,156	\$ 5,997,403	\$ 6,195,338	\$ 6,469,760	\$ 6,490,449
Public works	9,006,678	10,317,926	11,146,171	11,767,500	12,706,586	13,459,995	13,438,315	13,486,598	14,110,034	13,476,408
Other activities	1,030,878	1,123,347	1,106,880	1,108,756	996,480	744,123	751,477	753,544	847,379	950,164
Operating grants and contributions	4,426,140	4,505,960	5,037,836	5,237,139	4,428,311	4,675,984	4,002,036	5,142,923	4,522,002	5,011,047
Capital grants and contributions	5,685,329	5,843,875	2,991,355	3,949,165	7,243,043	5,516,540	8,346,684	4,838,875	2,408,146	6,019,529
Total govmtl activity prgrm	25,240,115	27,224,063	25,349,523	27,560,394	30,797,540	30,126,798	32,535,915	30,417,278	28,357,321	31,947,597
Business-type activities:										
Charges for services:										
Civic center	930,113	968,296	975,050	941,963	968,322	1,000,078	1,138,735	971,360	1,033,378	1,021,589
Golf course	905,153	928,512	844,392	974,094	1,046,272	1,012,359	992,086	903,040	988,757	845,364
Transit	81,418	98,804	115,597	111,750	189,754	184,332	189,931	191,826	187,114	190,815
Water	8,925,396	10,333,108	10,657,748	11,327,208	12,066,695	12,687,985	12,300,282	13,215,887	13,802,115	13,138,924
Operating grants and contributions	1,307,484	1,411,923	1,422,853	1,515,747	1,647,581	2,303,705	2,834,655	2,751,946	3,043,540	3,103,043
Capital grants and contributions	1,698,748	736,314	3,184,780	541,173	7,795,194	801,268	266,752	261,931	982,009	179,704
Total busnss-type prgrm revns	13,848,312	14,476,957	17,200,420	15,411,935	23,713,818	17,989,727	17,722,441	18,295,990	20,036,913	18,479,439
Total primary government program	\$ 39,088,427	\$ 41,701,020	\$ 42,549,943	\$ 42,972,329	\$ 54,511,358	\$ 48,116,525	\$ 50,258,356	\$ 48,713,268	\$ 48,394,234	\$ 50,427,036

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (expense)/revenue										
Governmental activities	\$ (52,764,418)	\$ (54,788,340)	\$ (58,203,882)	\$ (55,523,387)	\$ (54,410,044)	\$ (60,071,501)	\$ (62,200,771)	\$ (73,844,114)	\$ (78,143,502)	\$ (80,524,040)
Business-type activities	(2,002,477)	(1,757,006)	1,075,269	(677,884)	6,672,369	167,505	(1,147,256)	(1,417,755)	(598,780)	(3,220,677)
Total primary government net expenses	<u>\$ (54,766,895)</u>	<u>\$ (56,545,346)</u>	<u>\$ (57,128,613)</u>	<u>\$ (56,201,271)</u>	<u>\$ (47,737,675)</u>	<u>\$ (59,903,996)</u>	<u>\$ (63,348,027)</u>	<u>\$ (75,261,869)</u>	<u>\$ (78,742,282)</u>	<u>\$ (83,744,717)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities										
Taxes										
Property taxes	\$ 7,489,471	\$ 7,923,348	\$ 7,707,653	\$ 8,176,273	\$ 8,631,895	\$ 9,163,826	\$ 10,217,089	\$ 10,616,469	\$ 10,862,457	\$ 11,246,318
Sales taxes	41,685,781	43,127,692	45,659,894	46,717,755	50,519,838	54,786,123	60,570,243	64,596,373	67,840,226	67,169,609
Franchise taxes	5,702,863	5,787,057	4,873,591	5,420,601	5,952,906	5,736,856	5,472,965	5,722,675	5,878,166	5,801,232
Riverboat taxes	8,959,034	9,113,904	9,713,282	9,691,942	9,664,375	11,054,210	10,799,768	10,657,944	10,735,679	11,045,968
Grants and contributions not restricted to specific programs	198,471	190,806	3,462,831	181,836	185,172	180,867	194,470	227,691	230,435	238,919
Interest and investment earnings	1,728,068	1,089,127	575,503	62,044	671,283	965,038	834,331	1,162,105	2,206,510	4,569,271
Miscellaneous	1,206,950	2,194,144	1,479,307	1,922,170	3,024,050	4,722,125	3,730,355	4,666,850	2,425,142	2,310,815
Gain (loss) on sales of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	(3,060,758)	(2,746,015)	(3,545,790)	(4,113,925)	(3,645,582)	(2,348,768)	(2,515,786)	(2,935,905)	(2,757,752)	(4,677,725)
Total governmental activities	<u>63,909,880</u>	<u>66,680,063</u>	<u>69,926,271</u>	<u>68,058,696</u>	<u>75,003,937</u>	<u>84,260,277</u>	<u>89,303,435</u>	<u>94,714,202</u>	<u>97,420,863</u>	<u>97,704,407</u>
Business-type activities:										
Grants and contributions not restricted to specific programs	200,000	-	-	-	-	-	-	-	-	-
Interest and investment earnings	46,565	52,549	35,695	(12,505)	81,712	227,141	133,929	251,993	405,633	738,783
Miscellaneous	-	-	-	-	-	113,376	141,451	-	-	-
Gain (loss) on sales of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	3,060,758	2,746,015	3,545,790	4,113,925	3,645,582	2,348,768	2,515,786	2,935,905	2,757,752	4,677,725
Total business type activities	<u>3,307,323</u>	<u>2,798,564</u>	<u>3,581,485</u>	<u>4,101,420</u>	<u>3,727,294</u>	<u>2,689,285</u>	<u>2,791,166</u>	<u>3,187,898</u>	<u>3,163,385</u>	<u>5,416,508</u>
Total primary government	<u>\$ 67,217,203</u>	<u>\$ 69,478,627</u>	<u>\$ 73,507,756</u>	<u>\$ 72,160,116</u>	<u>\$ 78,731,231</u>	<u>\$ 86,949,562</u>	<u>\$ 92,094,601</u>	<u>\$ 97,902,100</u>	<u>\$ 100,584,248</u>	<u>\$ 103,120,915</u>
Change in Net Assets										
Governmental activities	\$ 11,145,462	\$ 11,891,723	\$ 11,722,389	\$ 12,535,309	\$ 20,593,893	\$ 24,188,776	\$ 27,102,664	\$ 20,870,088	\$ 19,277,361	\$ 17,180,367
Business-type activities	1,304,846	1,041,558	4,656,754	3,423,536	10,399,663	2,856,790	1,643,910	1,770,143	2,564,605	2,195,831
Total primary government	<u>\$ 12,450,308</u>	<u>\$ 12,933,281</u>	<u>\$ 16,379,143</u>	<u>\$ 15,958,845</u>	<u>\$ 30,993,556</u>	<u>\$ 27,045,566</u>	<u>\$ 28,746,574</u>	<u>\$ 22,640,231</u>	<u>\$ 21,841,966</u>	<u>\$ 19,376,198</u>

CITY OF LAKE CHARLES, LOUISIANA
Governmental Activities Tax and Other 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>	<u>One-Quarter Cent Sales Tax Debt Reserve Fund (2016)</u>
2010	\$ 7,489,471	\$ 18,382,454	\$ 18,382,454	\$ 4,595,619	\$ -
2011	7,923,348	18,994,509	18,994,509	4,750,340	-
2012	7,707,653	19,940,426	19,940,425	4,985,113	-
2013	8,176,273	20,638,460	20,638,461	5,159,621	-
2014	8,631,895	22,309,909	22,309,909	5,577,484	-
2015	9,163,826	24,233,672	24,233,672	6,058,418	-
2016	10,217,089	24,759,696	24,759,696	6,189,924	4,571,836
2017	10,616,469	25,695,368	25,695,368	6,423,849	6,372,113
2018	10,862,457	26,833,765	26,833,765	6,708,442	6,635,894
2019	11,246,319	26,711,079	26,711,079	6,677,655	6,619,849

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

Notes: The City, through a Cooperative Endeavor Agreement with the Calcasieu Parish Policy Jury, pool gaming revenues received on a parish-wide basis.
Golden Nugget Casino opened in December 2014.
2013 property tax revenues reflect the reassessment of property in 2012.
2017 property tax revenues reflect the reassessment of property in 2016.
2016 15 year quarter cent sales tax began January 2016

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

<u>Collection Month</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
November	\$ 392,024	\$ 426,589	\$ 405,728	\$ 439,768
December	411,697	420,851	393,645	446,902
January	542,866	553,457	588,320	580,761
February	369,537	386,115	511,944	424,817
March	413,601	420,739	436,991	447,863
April	476,895	478,140	498,970	521,802
May	411,099	438,799	438,287	470,869
June	418,131	423,997	466,481	493,820
July	454,755	467,521	478,381	497,303
August	411,539	426,331	443,114	487,062
September	417,784	443,151	467,114	487,685
October	427,158	432,773	454,344	480,117
Total	<u>\$ 5,147,087</u>	<u>\$ 5,318,463</u>	<u>\$ 5,583,319</u>	<u>\$ 5,778,769</u>

	TIFF District One Percent Sales Tax (2018)	Riverboat Gaming Tax	Electric Utility Franchise	Gas Utility Franchise	Cable Television Franchise	Charges for Services User Fees Wastewater
)	\$ -	\$ 8,959,034	\$ 4,183,356	\$ 590,275	\$ 929,232	\$ 8,934,311
	-	9,113,904	4,346,623	483,307	957,127	10,191,203
	-	9,713,282	3,463,387	405,302	1,004,902	11,001,880
	-	9,691,942	4,009,040	396,650	1,014,911	11,601,657
	-	9,664,375	4,442,183	474,212	1,036,511	12,519,677
	-	11,054,210	4,339,524	420,979	976,353	13,323,763
	-	10,799,768	4,098,903	360,464	1,013,598	13,281,720
	-	10,657,944	4,295,722	406,840	1,020,114	13,221,450
	1,213	10,735,679	4,378,367	483,545	1,016,254	13,771,766
	48,461	11,045,969	4,306,206	478,226	1,016,801	12,667,693

2014	2015	2016	2017	2018	2019
\$ 451,838	\$ 529,736	\$ 535,012	\$ 544,564	\$ 595,135	\$ 597,575
523,949	541,692	533,725	564,660	560,185	478,637
609,804	702,020	694,329	730,672	763,506	895,304
425,861	500,766	512,445	527,052	550,737	526,049
474,515	514,014	519,495	520,045	563,037	559,319
528,496	617,823	652,316	665,259	690,882	665,263
529,857	540,169	548,264	591,265	599,185	587,399
526,757	547,963	565,631	597,337	640,612	599,129
538,256	598,577	611,634	686,415	682,222	667,495
519,849	577,527	611,509	571,248	633,452	615,983
513,189	549,074	557,614	583,584	603,781	646,318
604,404	566,067	590,743	612,602	630,722	640,632
<u>\$ 6,246,775</u>	<u>\$ 6,785,428</u>	<u>\$ 6,932,717</u>	<u>\$ 7,194,703</u>	<u>\$ 7,513,454</u>	<u>\$ 7,479,102</u>

CITY OF LAKE CHARLES, LOUISIANA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 297,834	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	25,483,998	-	-	-	-	-	-	-	-	-
Nonspendable	-	486,580	543,389	478,983	525,480	621,486	666,530	684,120	568,580	629,864
Committed	-	2,895,603	2,567,929	2,363,360	2,853,169	2,413,358	2,061,843	3,561,194	4,145,634	3,472,701
Unassigned	-	21,932,680	22,245,646	23,053,203	25,996,329	28,338,533	27,297,165	30,764,493	35,078,544	32,989,637
Total General Fund	<u>25,781,832</u>	<u>25,314,863</u>	<u>25,356,964</u>	<u>25,895,546</u>	<u>29,374,978</u>	<u>31,373,377</u>	<u>30,025,538</u>	<u>35,009,807</u>	<u>39,792,758</u>	<u>37,092,202</u>
All other governmental funds										
Reserved	\$ 16,022,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	14,598,101	-	-	-	-	-	-	-	-	-
Capital projects funds	77,320,653	-	-	-	-	-	-	-	-	-
Nonspendable		27,460	51,623	50,925	30,840	46,917	48,896	62,165	151,535	150,777
Restricted		44,338,979	31,731,731	23,962,211	22,754,774	24,595,560	31,272,991	33,409,232	32,950,498	34,219,348
Committed		51,269,454	50,934,223	57,358,834	57,603,158	65,108,250	72,116,986	55,063,188	56,953,479	72,725,077
Assigned		8,388,325	12,033,195	7,674,979	10,491,959	13,392,519	9,851,745	8,994,330	8,681,868	9,033,669
Total all other governmental funds	<u>107,941,607</u>	<u>104,024,218</u>	<u>94,750,772</u>	<u>89,046,949</u>	<u>90,880,731</u>	<u>103,143,246</u>	<u>113,290,618</u>	<u>97,528,915</u>	<u>98,737,380</u>	<u>116,128,869</u>
Total all governmental funds	<u>\$ 133,723,439</u>	<u>\$ 129,339,081</u>	<u>\$ 120,107,736</u>	<u>\$ 114,942,495</u>	<u>\$ 120,255,709</u>	<u>\$ 134,516,623</u>	<u>\$ 143,316,156</u>	<u>\$ 132,538,722</u>	<u>\$ 138,530,138</u>	<u>\$ 153,221,071</u>

* Note GASB 54 adopted in 2011.

* GASB 68 adopted in 2015

* GASB 75 adopted in 2018

CITY OF LAKE CHARLES, LOUISIANA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Revenues:										
Taxes	\$ 60,681,304	\$ 62,638,371	\$ 65,208,410	\$ 67,508,949	\$ 71,638,915	\$ 77,964,674	\$ 81,278,866	\$ 88,826,340	\$ 92,009,560	\$ 92,611,008
Licenses and permits	6,357,695	6,633,096	5,526,807	6,349,383	6,686,060	6,657,120	9,940,761	6,597,424	6,963,073	6,809,618
Intergovernmental	10,830,886	10,759,547	8,264,523	9,752,774	12,275,671	10,364,017	12,965,781	10,603,497	7,114,980	11,028,912
Charges for services	11,300,612	13,134,106	13,680,453	14,375,194	15,290,879	16,016,725	16,050,508	16,286,940	16,766,116	16,296,708
Fines and forfeitures	338,073	383,267	311,388	247,061	253,920	195,139	186,042	301,103	275,630	242,223
Miscellaneous	2,708,846	2,826,993	2,351,245	1,888,663	1,695,540	3,064,934	1,632,574	2,154,234	3,739,329	5,309,737
Total revenues	92,217,416	96,375,380	95,342,826	100,122,024	107,840,985	114,262,609	122,054,532	124,769,538	126,868,688	132,298,206
Expenditures:										
Current operating:										
General government	2,727,390	2,857,662	2,876,353	2,892,999	2,945,962	3,016,207	3,059,233	3,204,360	3,436,047	3,529,417
Finance	1,496,010	1,488,859	1,498,360	1,524,491	1,594,704	1,610,407	1,739,594	1,714,273	1,757,188	1,875,037
Human Resources	352,726	313,428	312,168	309,113	339,091	367,152	374,721	397,613	390,668	416,168
Fire	12,729,943	12,940,071	13,293,542	13,523,625	14,481,544	14,493,469	14,938,379	15,870,091	16,619,281	17,278,379
Police	15,775,008	16,200,141	17,108,345	18,311,542	17,911,230	18,096,917	18,530,921	19,770,508	20,102,125	21,014,854
Public works	20,272,640	20,324,226	21,183,964	21,449,006	22,045,127	22,093,947	23,986,800	26,421,585	25,131,848	25,497,159
Planning and development	2,596,371	3,028,735	2,785,459	2,793,690	2,535,761	2,679,361	2,521,354	2,611,276	2,741,631	3,160,533
Community services	4,780,142	4,721,208	4,913,007	5,516,244	5,343,835	5,389,074	5,509,270	5,998,397	6,019,381	5,975,181
General services	4,096,854	4,168,195	4,127,074	4,453,969	4,253,097	4,415,871	4,629,048	4,788,886	4,830,710	5,192,395
Capital projects	24,458,504	25,022,530	27,249,392	21,031,285	18,090,669	14,829,729	33,685,525	50,470,051	27,909,851	18,686,556
Debt service:										
Principal retirement	6,427,242	5,449,519	5,836,224	6,947,090	6,790,771	5,405,386	5,722,670	6,664,637	6,833,190	8,043,321
Bond issuance costs	1,414,680	147,128	-	-	-	-	-	-	-	-
Interest and fiscal charges	2,109,632	3,982,945	4,247,927	3,603,630	3,398,436	4,591,559	2,854,289	2,719,730	2,450,417	2,260,548
Total expenditures	99,237,142	100,644,647	105,431,815	102,356,684	99,730,227	96,989,079	117,551,804	140,631,407	118,222,337	112,929,548
Excess (deficiency) of revenues over expenditures	(7,019,726)	(4,269,267)	(10,088,989)	(2,234,660)	8,110,758	17,273,530	4,502,728	(15,861,869)	8,646,351	19,368,658
Other financing sources (uses):										
Transfers in	14,552,013	15,153,082	19,551,176	21,967,386	21,798,979	21,876,158	41,585,711	26,615,768	29,122,749	33,981,729
Transfers out	(18,612,300)	(18,982,135)	(22,915,600)	(25,731,311)	(24,694,561)	(26,354,532)	(44,101,497)	(29,551,673)	(31,880,502)	(38,659,454)
Issuance of debt - refunding bonds	-	-	-	-	-	15,825,000	-	24,140,000	-	-
Issuance of debt	57,015,000	3,713,962	4,222,067	833,344	98,037	-	6,812,591	8,012,943	102,818	-
Premium on debt issuance	2,174,886	-	-	-	-	906,376	-	3,687,728	-	-
Bond refunding-cost of issuance	-	-	-	-	-	(270,617)	-	(378,726)	-	-
Pymnt refunded bond escrw-current	-	-	-	-	-	-	-	(5,920,000)	-	-
Pymnt refunded bond escrw-advanc	(17,735,000)	-	-	-	-	(14,995,000)	-	(19,720,000)	-	-
Pymnt refunded bond escrw-interest	-	-	-	-	-	-	-	(1,801,605)	-	-
Total other financing sources(uses)	37,394,599	(115,091)	857,643	(2,930,581)	(2,797,545)	(3,012,615)	4,296,805	5,084,435	(2,654,935)	(4,677,725)
Net change in fund balances	\$ 30,374,873	\$ (4,384,358)	\$ (9,231,346)	\$ (5,165,241)	\$ 5,313,213	\$ 14,260,915	\$ 8,799,533	\$ (10,777,434)	\$ 5,991,416	\$ 14,690,933
Debt service as a percentage of noncapital expenditures	11.18%	12.29%	13.53%	13.24%	12.90%	12.29%	10.47%	10.23%	9.69%	10.75%

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

(modified accrual basis of accounting)

Fiscal Year	Property Tax	One Percent Sales Tax ('65)	Additional One Percent Sales Tax ('87)	Employee's Pay Quarter cent Sales Tax ('95)	One-Quarter Cent Sales Tax Debt Reserve Fd ('16)	TIFF District One Percent Sales Tax ('18)	Riverboat Gaming Tax	Electric Utility Franchise	Gas Utility Franchise	Cable Television Franchise
2010	\$ 7,489,471	\$ 18,382,454	\$ 18,382,454	\$ 4,595,619	\$ -	\$ -	\$ 8,959,034	\$ 4,183,356	\$ 590,275	\$ 929,232
2011	7,923,348	18,994,509	18,994,509	4,750,340	-	-	9,113,904	4,346,623	483,307	957,127
2012	7,707,653	19,940,426	19,940,425	4,985,113	-	-	9,713,282	3,463,387	405,302	1,004,902
2013	8,176,273	20,638,460	20,638,461	5,159,621	-	-	9,691,942	4,009,040	396,650	1,014,911
2014	8,631,895	22,309,909	22,309,909	5,577,484	-	-	9,664,375	4,442,183	474,212	1,036,511
2015	9,163,826	24,233,672	24,233,672	6,058,418	-	-	11,054,210	4,339,524	420,979	976,353
2016	10,217,089	24,759,696	24,759,696	6,189,924	4,571,836	-	10,799,768	4,098,903	360,464	1,013,598
2017	10,616,469	25,695,368	25,695,368	6,423,849	6,372,113	-	10,657,944	4,295,722	406,840	1,020,114
2018	10,862,457	26,833,765	26,833,765	6,708,442	6,635,894	1,213	10,735,679	4,378,367	483,545	1,016,254
2019	11,246,319	26,711,079	26,711,079	6,677,655	6,619,849	48,461	11,045,969	4,306,206	478,226	1,016,801

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
2010	2009	\$ 362,072,150	\$ 3,620,721,500	\$ 109,775,460	\$ 731,836,400
2011	2010	368,075,460	3,680,756,600	113,615,250	757,435,000
2012	2011	371,813,160	3,718,131,600	111,831,890	745,545,933
2013	2012	408,917,100	4,089,171,000	106,665,010	711,100,067
2014	2013	432,041,780	4,320,417,800	148,418,710	989,458,067
2015	2014	483,192,030	4,831,920,800	168,282,760	1,121,835,067
2016	2015	516,842,790	5,168,427,900	164,358,110	1,095,720,733
2017	2016	541,069,351	5,410,693,510	159,795,020	1,065,300,133
2018	2017	580,132,590	5,801,325,900	153,211,230	1,021,408,200
2019	2018	597,738,510	5,977,385,100	160,846,330	1,072,308,866

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 2012 and 2016.

Source: Calcasieu Parish Sheriff & Tax Collector

Public Utilities		Total all Property		Total Direct Tax Rate	Assessed Value as a Percentage of Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$ 18,833,580	\$ 75,334,320	\$ 490,681,190	\$ 4,427,892,220	15.35	11.08%
19,094,820	76,379,280	500,785,530	4,514,570,880	15.35	11.09%
16,539,480	66,157,920	500,184,530	4,529,835,453	15.35	11.04%
17,706,110	70,824,440	533,288,220	4,871,095,507	15.35	10.95%
18,114,470	72,457,880	598,574,960	5,382,333,747	15.35	11.12%
17,272,840	71,272,840	669,293,050	6,025,078,707	15.35	11.11%
19,543,930	78,175,720	700,744,830	6,342,324,353	15.23	11.05%
19,986,390	79,945,560	720,850,761	6,555,939,203	15.23	11.00%
17,285,450	69,141,800	750,629,270	6,891,875,900	15.23	10.90%
18,754,200	75,016,800	777,339,040	7,124,710,766	15.23	10.90%

CITY OF LAKE CHARLES, LOUISIANA

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

Calendar Year	Fiscal Year	City of Lake Charles		Calcasieu Parish School Board			Calcasieu Parish							
		General and Special Revenue		General Fund	Debt Service		Parish Police Jury	Road Districts	Gravity Drainage	Recreation and Com Centers	Fire Protection	Airport Harbor & Terminal	Parish Water & Sewer	Parish Total
		Funds	Total		Funds	Total								
2009	2010	15.35	15.35	18.72	24.00	42.72	33.02	3.67	5.79	5.65	11.08	8.34	15.59	83.14
2010	2011	15.35	15.35	18.72	24.00	42.72	33.02	3.67	5.79	4.79	11.08	8.34	15.59	82.28
2011	2012	15.35	15.35	18.72	24.00	42.04	33.82	3.53	5.57	5.77	10.85	8.14	15.37	83.05
2012	2013	15.35	15.35	18.04	22.60	40.64	34.01	3.53	5.57	5.77	10.85	8.14	15.37	83.24
2013	2014	15.35	15.35	18.04	22.20	40.24	34.78	4.06	5.57	5.32	10.85	8.14	15.37	84.09
2014	2015	15.35	15.35	18.04	22.20	40.24	35.46	4.06	5.57	7.40	10.85	8.19	15.37	86.90
2015	2016	15.23	15.23	17.23	21.00	38.23	32.86	3.88	5.79	7.93	11.54	8.58	12.51	83.09
2016	2017	15.23	15.23	17.23	21.00	38.23	34.29	3.88	5.79	7.59	11.54	8.58	12.43	84.10
2017	2018	15.23	15.23	17.23	29.85	47.08	34.29	3.88	5.79	7.95	11.54	8.58	14.24	86.27
2018	2019	15.23	15.23	17.23	42.10	59.33	34.09	3.88	5.79	7.60	11.54	8.58	14.24	85.72

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, 2018 and December 31, 2009

for Fiscal Year Ended September 30, 2019 and September 30, 2010

Taxpayer	Type of Business	2019		Percentage of Total Valuation	2010		
		Assessed Valuation 2018	Rank		Assessed Valuation 2009	Rank	Percentage of Total Valuation
GOLDEN NUGGET LAKE CHARLES LLC	Hotel/Casino	\$ 63,078,550	1	8.11 %			-
PNK (LAKE CHARLES) LLC	Hotel/Casino	41,889,580	2	5.39 %	41,786,620	1	8.52 %
ENTERGY GULF STATES LOUISIANA	Electric Utility	10,398,110	3	1.34 %	7,315,540	4	1.49 %
IBERIA BANK	Bank	5,437,510	4	0.70 %			
WAL-MART REAL ESTATE BUSINESS TRUST	Retail	4,380,130	5	0.56 %	10,283,190	2	2.10 %
JP MORGAN CHASE BANK NA	Bank	4,241,510	6	0.55 %	3,017,930	8	0.62 %
CARBOLINE CO	Petrochemical Manufacturing	3,566,670	7	0.46 %	2,569,570	10	0.52 %
HANCOCK WHITNEY	Bank	3,529,030	8	0.45 %			
BOLTON FORD LLC	Car Dealership	3,318,390	9	0.43 %			
CROWLEY MARINE SERVICES	Facilities Support Services	3,103,530	10	0.40 %			
BELL SOUTH TELECOMMUNICAT	Telephone				7,824,760	3	1.59 %
CAPITAL ONE NA	Bank	-			4,939,650	5	1.01 %
WOMEN'S & CHILDREN'S HOSPIT/	Hospital				4,692,850	6	0.96 %
CAMERON STATE BANK	Bank	-			3,739,600	7	0.76 %
SIMON DEBARTOLO GROUP	Real Estate Agent	-			2,682,450	9	0.55 %
		<u>\$142,943,010</u>		<u>18.39%</u>	<u>\$88,852,160</u>		<u>18.12%</u>

2019 Total city valuation: \$ 777,339,040

2010 Total city valuation: \$ 490,681,190

Source: Calcasieu Parish Tax Collector

CITY OF LAKE CHARLES, LOUISIANA

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Tax Year	Total Tax Levy	Less:	Net Tax Levy
			Cancellations and Reductions	
2010	2009	\$ 7,534,395	\$ 46,098	\$ 7,488,297
2011	2010	7,692,549	60,903	7,631,646
2012	2011	7,648,874	44,979	7,603,895
2013	2012	8,150,758	48,846	8,101,912
2014	2013	8,613,145	47,999	8,565,146
2015	2014	9,142,203	58,897	9,083,306
2016	2015	10,283,298	57,120	10,226,178
2017	2016	10,684,965	62,362	10,622,603
2018	2017	10,991,532	144,645	10,846,887
2019	2018	11,445,052	79,203	11,365,849

Source: Calcasieu Parish Sheriff & Tax Collector

Less:				
Outstanding		Net Total	Percent of	Percent of
Delinquent		Taxes	Net Taxes	Delinquent
Taxes		Collected	Collected	Taxes to
				Net Levy
\$	48,697	\$ 7,439,600	99.35	0.65
	35,458	7,596,188	99.54	0.46
	18,208	7,585,687	99.76	0.24
	21,530	8,080,382	99.73	0.27
	24,951	8,540,195	99.71	0.29
	20,265	9,063,041	99.78	0.22
	34,563	10,191,615	99.66	0.34
	34,374	10,588,229	99.68	0.32
	66,975	10,779,912	99.38	0.62
	49,484	11,316,365	99.60	0.44

CITY OF LAKE CHARLES, LOUISIANA

Sales Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Calendar Year	Fiscal Year	City of Lake Charles							Calcasieu Parish			State of Louisiana		
		General Fund	Dedicated 1%				Employee's Pay	School Board		Law Enforcement	General	Tourism Promotion	Total	
			General Fund		Waste Water	Recreation								Capital Project
			Public Safety	Public Works										
2009	2010	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2010	2011	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2011	2012	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2012	2013	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2013	2014	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2014	2015	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	0.50%	0.75%	3.97%	0.03%	9.00%
2015	2016	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.25%	1.50%	*1.00%	0.75%	3.97%	0.03%	9.25%
2016	2017	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	*0.50%	1.50%	1.00%	0.75%	**4.97%	0.03%	10.75%
2017	2018	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.50%	1.50%	1.00%	0.75%	++4.42%	0.03%	10.20%
2018	2019	1.00%	0.20%	0.28%	0.16%	0.08%	0.28%	0.50%	1.50%	1.00%	0.75%	4.42%	0.03%	10.20%

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

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

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

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

Morganfield Economic Development District (MEDD) 1% additional rate established January 1, 2018 (total sales tax inside district 11.2%)

Lakefront Economic Development District (LEDD) 1% additional rate established October 1, 2018 (total sales tax inside district 11.2%)

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

CITY OF LAKE CHARLES, LOUISIANA

Principal Sales Taxpayers

Tax Year June 30, 2019 and June 30, 2010

for Fiscal Year Ended September 30, 2019 and September 30, 2010

Type of Business	2019			2010		
	Tax Paid	Rank	Percentage of Total Valuation	Tax Paid	Rank	Percentage of Total Valuation
Retail	\$6,490,819	1	9.71%	\$5,324,922	1	12.67%
Government	3,130,302	2	4.68%	1,733,018	2	4.12%
Grocery	1,481,135	4	2.21%	801,036	4	1.91%
Hotel and Casino	1,068,090	5	1.60%	921,457	3	2.19%
Building Supply	918,128	6	1.37%	713,680	5	1.70%
Retail	635,688	7	0.95%	670,322	6	1.59%
Building Supply	588,324	8	0.88%			
Grocery	567,488	9	0.85%	551,901	7	1.31%
Health Care	565,596	10	0.85%	474,833	8	1.13%
Health Care	-	-		416,777	9	0.99%
Retail	-	-		416,123	10	0.99%
	<u>\$ 17,975,310</u>		<u>26.88%</u>	<u>\$ 12,024,069</u>		<u>28.61%</u>

2019 Total sales tax: \$ 66,872,000

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

CITY OF LAKE CHARLES, LOUISIANA

Ratios of Outstanding Debt

Last Ten Fiscal Years

Fiscal Year	Bonded Debt												Loans			Total of All Debt	Percentage of Personal Income	Per Capita
	Pension Refunding Bonds	LCDA Sewer Refunding Bonds	Deferred Amount Refunding Bonds	2007 LCDA Public Improvement Bonds	Deferred Amount LCDA Public Improvement Bonds	2010 LCDA Public Improvement Bonds	Deferred Amount LCDA Public Improvement Bonds	2014 LCDA Public Improvement Refinancing Bonds	Deferred Amount LCDA Public Improvement Bonds	2017 LCDA Public Improvement Refinancing Bonds	Deferred Amount LCDA Public Improvement Bonds	Total Bonded Debt	DEQ Loan Direct Placement	LC City Court Direct Placement	Total Direct Placement			
2010	\$4,035,000	\$ 16,175,000	\$ 431,234	\$30,970,000	\$ 918,823	\$39,280,000	\$ 1,671,027	\$ -	\$ -	\$ -	\$ -	\$ 93,481,084	\$ -	\$ -	\$ -	\$ 93,481,084	3.65%	1,298
2011	3,005,000	14,905,000	392,031	29,695,000	863,694	37,705,000	1,570,765	-	-	-	-	88,136,490	918,201	3,000,000	3,918,201	92,054,691	3.60%	1,279
2012	1,930,000	13,610,000	352,828	28,370,000	808,565	35,960,000	1,470,503	-	-	-	-	82,501,896	5,140,268	2,905,000	8,045,268	90,547,164	3.45%	1,255
2013	805,000	12,290,000	313,625	26,995,000	753,436	34,165,000	1,370,241	-	-	-	-	76,692,302	5,015,612	2,805,000	7,820,612	84,512,914	3.17%	1,150
2014	-	10,930,000	313,625	25,565,000	753,436	32,315,000	1,370,241	-	-	-	-	71,247,302	4,146,649	2,700,000	6,846,649	78,093,951	2.93%	1,063
2015	-	9,535,000	235,219	9,080,000	256,639	30,410,000	1,169,717	15,775,000	854,085	-	-	67,315,660	3,934,648	2,590,000	6,524,648	73,840,308	2.75%	986
2016	-	8,100,000	196,016	7,530,000	224,560	28,445,000	1,069,455	15,605,000	784,364	-	-	61,954,395	10,509,239	2,475,000	12,984,239	74,938,634	2.68%	985
2017	-	6,600,000	156,813	-	-	6,685,000	259,273	15,430,000	714,643	24,140,000	3,687,728	57,673,457	17,558,182	2,360,000	19,918,182	77,591,639	2.69%	1,010
2018	-	5,045,000	117,610	-	-	4,550,000	172,849	13,710,000	644,922	24,140,000	3,318,955	51,699,336	16,656,001	2,235,000	18,891,001	70,590,337	2.24%	915
2019	-	3,430,000	78,407	-	-	2,315,000	86,425	11,925,000	575,201	24,140,000	2,950,182	45,500,215	15,642,000	1,105,000	16,747,000	62,247,215	1.92%	798

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

None of this debt is General Obligation Debt.

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

CITY OF LAKE CHARLES, LOUISIANA

Direct and Overlapping Governmental Activities Debt

As of September 30, 2019

<u>Jurisdiction</u>	<u>Direct Debt</u>	<u>Percentage Applicable to City of Lake Charles</u>	<u>Amount Applicable to Lake Charles</u>
Direct:			
City of Lake Charles	\$ 62,247,215	100%	\$ 62,247,215
Total direct debt	<u>62,247,215</u>		<u>62,247,215</u>
Overlapping:			
Calcasieu Parish School Board	144,714,000	25%	35,615,593
Calcasieu Parish Police Jury	<u>14,372,578</u>	75%	<u>10,789,240</u>
Total overlapping debt	<u>159,086,578</u>		<u>46,404,833</u>
Total Direct and Overlapping Debt	<u>\$ 221,333,793</u>		<u>\$ 108,652,048</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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 49,305	\$ 50,314	\$ 50,258	\$ 53,554	\$ 60,093	\$ 67,169	\$ 70,314	\$ 75,308	\$ 75,325	\$ 78,017
Total net debt applicable to limit	0	0	0	0	0	0	0	0	0	0
Legal debt margin	\$ 49,305	\$ 50,314	\$ 50,258	\$ 53,554	\$ 60,093	\$ 67,169	\$ 70,314	\$ 75,308	\$ 75,325	\$ 78,017
applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Legal Debt Margin Calculation for Fiscal Year 2018

(amounts expressed in thousands)

Assessed value	\$ 777,339
Add back: exempt real property	2,831
Total assessed value	<u>\$ 780,170</u>
Debt limit (10% of total assessed value)	\$ 78,017
Total outstanding General Obligation Bonds of City of Lake Charles	<u>-</u>
Legal capacity of City of Lake Charles for General Obligation Bonds	<u>\$ 78,017</u>

Note:

Under state finance law, the City of Lake Charles' outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds. The City of Lake Charles had \$70,348,194 outstanding bonded debt at September 30, 2018. None of this debt is General Obligation Debt secured by ad valorem taxes, and the amount applicable to the legal debt limitation is therefore zero. All City of Lake Charles general obligation debt was paid in fiscal year 1997.

CITY OF LAKE CHARLES, LOUISIANA

Demographic and Economic Statistics

Last Ten Calendar Years

Calendar Year	Population	Personal Income (amts in thousands)	Per Capita Personal Income (1)	Median Age	Public City School Enrollment (K-12 Grades)	Private City School Enrollment (K-12 Grades)	Total City School Enrollment (K-12 Grades)	Unemployment Percentage Rate
2009	71,757	\$ 2,371,425	\$ 33,048	35.3	12,566	2,575	15,141	7.3 %
2010	71,993	2,558,631	35,540	35.3	12,034	2,465	14,499	6.3 %
2011	72,177	2,621,757	36,324	35.9	12,399	3,482	15,881	6.8 %
2012	73,474	2,668,282	36,316	35.0	13,375	3,099	16,474	6.1 %
2013	74,024	2,663,458	35,981	35.0	13,539	3,974	17,513	5.6 %
2014	74,889	2,683,273	35,830	34.1	13,333	4,435	17,768	5.8 %
2015	76,070	2,795,649	36,751	31.8	13,357	4,430	17,787	4.2 %
2016	76,848	2,879,110	37,465	34.1	13,451	3,998	17,449	4.2 %
2017	77,117	3,154,856	40,910	35.0	12,756	4,366	17,122	3.2 %
2018	78,001	3,240,006	41,538	35.2	12,678	4,354	17,032	3.8 %

Notes:

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

CITY OF LAKE CHARLES, LOUISIANA

Principal Employers in the MSA

Calendar Year 2019 and 2010

Employer	Type of Business	2019			2010		
		Number of Employees	Rank	Percentage of Total MSA	Number of Employees	Rank	Percentage of Total MSA
Calcasieu Parish School System	Education	4,963	1	5.8%	5,100	1	6.0%
Lake Charles Memorial Health System	Health Care	2,108	2	2.5%	1,238	6	1.4%
Westlake Chemical Corporation	Chemicals	1,700	3	2.0%			
Turner Industries Group	Contractor	1,650	4	1.9%	2,250	3	2.6%
Golden Nugget	Casino/Hotel/Entert	1,514	5	1.8%			
L'Auberge Du Lac	Casino/Hotel/Entert	1,300	6	1.5%	2,400	2	2.8%
Versa Integrity Group	Industry/Oil & Gas	1,200	7	1.4%			
Sun Industrial Group	Industry/Oil & Gas	1,100	8	1.3%			
Sasol Chemicals, LLC	Chemicals	1,084	9	1.3%			
Christus St. Patrick Hospital	Health Care	1,042	10	1.2%			
Seacore Marine	Marine Services	-	-	-	1,500	4	1.8%
Axiall Corporation (formerly PPG)	Basic Chemical	-	-	-	1,280	5	1.5%
Citgo Petroleum	Oil Products	-	-	-	1,200	7	1.4%
Calcasieu Parish Police Jury	Government	-	-	-	1,167	8	1.4%
Isle of Capri Casino	Gaming	-	-	-	1,155	9	1.4%
City of Lake Charles	Education	-	-	-	1,000	10	1.2%
		<u>17,661</u>		<u>16.2%</u>	<u>18,290</u>		<u>21.4%</u>

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

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

	2019	2010
Total employment: Calcasieu Parish	108,719	85,406

CITY OF LAKE CHARLES, LOUISIANA

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

<u>Functions/Programs</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government	48.5	46.5	46.5	46.5	46.5	46.5	46.5	46.5	46.5	46.5
Finance (includes Water business office)	30	30	30	30	30	30	30	30	30	30
Human Resources	5	4	4	4	4	4	4	4	4	4.5
Public safety										
Fire	190	182	182	182	182	182	182	182	182	182
Police	192	189	189	189	189	196	196	196	196	195
Public works	167	157	157	157	157	165.5	165.5	165.5	165.5	165.5
Waste water	65	65	65	65	65	65.5	65.5	65.5	65.5	69.5
Transit	19	19	19	19	19	19.5	19.5	19.5	19.5	19.5
Water utility	56	56	56	56	56	58.5	58.5	58.5	58.5	60.5
Planning and development	25	24	24	24	24	25	25	25	25	26
General services	30.5	27.5	27.5	27.5	27.5	29	29	30	30	30
Community Services	77	71	71	71	71	86.5	86.5	87	87.5	86.5
Total	<u>905</u>	<u>871</u>	<u>871</u>	<u>871</u>	<u>871</u>	<u>908</u>	<u>908</u>	<u>909.5</u>	<u>910</u>	<u>915.5</u>

Source: City budget reports

Note: Personnel count includes full time and regular part-time positions. Temporary and seasonal employees are not included.

CITY OF LAKE CHARLES, LOUISIANA

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Legal: request for legal action	199	90	51	96	102	103	87	75	69	82
Printing/communication:										
Number of mail pieces metered	72,701	130,336	175,019	100,651	121,273	85,851	79,967	61,347	60,135	63,037
Risk Management										
Accident reports/investigations	632	443	377	415	457	503	553	558	558	425
Claims	289	208	186	205	226	249	273	322	322	207
Finance/includes Water Business										
Checks issued	14,760	14,927	23,699	19,750	12,025	11,652	13,520	11,412	11,408	11,616
Occupational licenses processed	6,031	6,027	5,845	5,382	5,134	5,193	5,206	5,230	5,263	5,273
Purchase orders processed	2,881	2,785	2,800	2,825	2,653	2,694	2,938	2,840	2,606	2,820
Water: number of customers	28,886	28,775	28,926	29,704	30,042	29,980	30,226	30,862	30,993	32,104
Water: Average daily consumption (millions of gallons per day)	8.87	9.05	9.03	8.65	8.42	8.75	8.68	10.73	9.65	9.26
Human Resources										
Applications received	1,000	1,327	1,250	1,328	1,100	971	1,011	956	825	1,016
New hires	425	432	364	436	325	416	412	417	438	385
Employee Health Fair Participation	300	320	325	375	450	530	450	405	289	265
Public safety										
Fire: Calls for service	2,790	2,863	2,768	2,807	2,996	3,299	3,619	3,979	4,543	4,327
Fire: Code inspections	4,465	7,305	4,000	7,386	2,929	2,929	2,929	2,929	2,929	3,613
Police: Calls for service	96,732	107,100	108,064	125,161	121,384	106,110	130,060	128,351	132,455	136,471
Public works										
Solid Waste										
Tons garbage collected	25,814	24,515	23,951	25,018	25,563	25,855	26,782	27,048	27,283	26,613
Tons incinerated	2,905	4,857	4,163	4,340	8,343	4,920	4,761	4,351	4,787	4,160
Tons trash collected	7,930	5,957	6,208	6,212	7,053	7,032	7,295	7,557	7,214	8,184
Streets: Work orders	1,863	2,708	1,234	1,370	1,734	1,556	2,054	2,054	2,054	1,822
Transit: Bus riders	190,834	219,802	223,407	228,068	267,126	265,459	258,442	262,603	261,964	289,645
Vehicle Maintenance: Work orders	5,867	5,689	5,841	5,877	5,498	6,078	6,598	6,444	5,660	5,386
Waste water: Work orders	11,100	5,490	6,000	12,371	11,898	11,787	13,823	11,195	20,199	24,567
Planning and development										
Building permits issued	6,395	6,073	4,356	4,762	4,122	4,603	4,840	4,331	3,983	4,981
Community Development										
Down Payment Assistance	22	15	24	17	14	17	11	3	4	3
Rehab/Reconstruction	9	12	13	12	8	5	3	6	5	9
Street Projects	0	1	2	2	1	0	0	2	2	3
Community Services										
Recreation and parks										
Athletic teams	292	311	313	877 ⁺	913 ⁺	823	808	751	654	751
Summer camp attendance	480	472	447	425	430	355	355	261	788	780
Civic Center: Events	358	368	353	352	340	356	344	332	347	329
Golf Course: Rounds of golf	23,852	31,900	30,318	36,317	36,641	33,000	32,780	30,439	33,070	27,508
Art Center/museum										
Art exhibits	11	16	16	15	15	16	15	16	16	15
Concerts/Events	100	119	25	24	19	28	26	16	15	16

Source: Various city departments

+ Includes tournament teams

CITY OF LAKE CHARLES, LOUISIANA

Capital Assets Statistics by Function Last Ten Fiscal Years

	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Fire Stations in City limits	8	8	8	8	8	8	8	8	8	8
Fire Stations outside City limits	2	2	2	2	2	2	2	2	2	2
Police:										
Stations	4	4	4	4	4	3	4	7	7	7
Patrol Units	92	92	98	94	111	87	114	154	179	158
Solid Waste/Recycling										
Collection trucks	34	32	32	32	33	33	33	33	32	29
Streets										
Streets (miles)	460	460	503	534	534	535	549	553	562	562
Streetlights	9,285	9,285	14,000	10,000	10,000	11,000	11,000	11,000	11,000	11,000
Traffic Signals	66	66	68	66	62	64	66	64	66	63
Transit										
Public Buses	7	7	4	5	4	4	5	5	5	6
Para-transit buses	4	4	2	2	2	2	2	2	2	4
Trolley	1	1	1	1	1	1	1	1	1	1
Waste water										
Sanitary sewers (miles)	600	600	600	600	600	600	600	600	600	600
Storm sewers (miles)	425	425	425	425	425	425	425	425	425	425
Maximum daily treatment capacity (millions of gallons per day)	18	18	18	18	18	18	18	18	20	20
Water utility										
Water mains (miles)	458	460	465	430	470	473	480	480	490	495
Fire hydrants	2,850	2,900	2,954	3,000	3,000	3,050	3,100	3,150	3,300	3,350
Maximum daily capacity (millions of gallons per day)	22	22	22	22	22	22	22	22	22	22
Recreation and parks										
Park acreage	466	466	465	502	502	502	502	502	502	502
Parks	34	34	33	33	33	33	33	33	33	33
Swimming Pools	2	2	2	2	2	2	2	2	2	2
Spray parks	2	2	2	2	2	2	2	2	2	2
Tennis courts	17	17	15	11	11	11	11	11	11	11
Community Centers	12	12	12	13	13	13	13	13	13	13
Civic Center	1	1	1	1	1	1	1	1	1	1
Golf Course	1	1	1	1	1	1	1	1	1	1
Art Center/museum	2	2	2	2	2	2	2	2	2	2

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CITY OF LAKE CHARLES, LOUISIANA

**UNIFORM GUIDANCE
SUPPLEMENTARY REPORTS**

YEAR ENDED SEPTEMBER 30, 2019

CITY OF LAKE CHARLES
LAKE CHARLES, LOUISIANA

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Lake Charles, Louisiana's basic financial statements, and have issued our report thereon dated March 23, 2020.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

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

McElroy Quirk & Benoit

Lake Charles, Louisiana
March 23, 2020

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Lake Charles, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Lake Charles, Louisiana's major federal programs for the year ended September 30, 2019. The City of Lake Charles, Louisiana's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the City of Lake Charles, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lake Charles, Louisiana, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise City of Lake Charles, Louisiana's basic financial statements. We issued our report thereon dated March 23, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

Mr. Elroy Quirk & Bunch

Lake Charles, Louisiana
March 23, 2020

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Period Ending September 30, 2019

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

<u>Grant Number</u>	<u>Grant Period</u>		<u>Grant Receipts</u>	<u>Current Expenditures</u>
	<u>From</u>	<u>To</u>		
B-14MC-22-0004	10/1/18	9/30/19	\$ 7,245	\$ 7,245
B-15MC-22-0004	10/1/18	9/30/19	13,562	13,562
B-16MC-22-0004	10/1/18	9/30/19	272,755	272,755
B-17MC-22-0004	10/1/18	9/30/19	405,466	405,466
B-18MC-22-0004	10/1/18	9/30/19	294,307	294,307
			<u>993,335</u>	<u>993,335</u>
ESGP-2017-2019	10/1/18	9/30/19	4,463	4,463
B-14-MC-22-0208	10/1/18	9/30/19	3,830	3,830
B-15-MC-22-0208	10/1/18	9/30/19	35,911	35,911
B-16-MC-22-0208	10/1/18	9/30/19	69,940	69,940
B-17-MC-22-0208	10/1/18	9/30/19	142,774	142,774
B-18-MC-22-0208	10/1/18	9/30/19	133,547	133,547
			<u>390,465</u>	<u>390,465</u>
			<u>1,383,800</u>	<u>1,383,800</u>
I-10 Beach	10/1/18	9/30/19	<u>1,750</u>	<u>1,750</u>
FEMA-1972-DR-LA	10/1/18	9/30/19	10,179	10,179
FEMA-1786-022-0002	10/1/18	9/30/19	326,117	326,117
EMW-2018-PU-00018-S01	10/1/18	9/30/19	195,273	195,273
EMW-2017-SS-00058S01	10/1/18	9/30/19	22,475	22,475
0148H	10/1/18	9/30/19	<u>3,411</u>	<u>3,411</u>
			<u>557,455</u>	<u>557,455</u>

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Period Ending September 30, 2019
(Continued)

<u>Grant Type</u>	<u>Federal CFDA Number</u>
U.S. DEPARTMENT OF TRANSPORTATION:	
Direct Program:	
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Transit Administration	20.507
Federal Highway Administration	20.205
Total CFDA Number 20.507	
Federal Highway Administration	20.205
Federal Highway Administration	20.205
Total CFDA Number 20.205	
Passed Through Louisiana Highway Safety Commission:	
Highway Safety	20.600
Total U.S. Department of Transportation	
U.S. DEPARTMENT OF AGRICULTURE:	
Passed Through Louisiana Department of Education:	
Child Nutrition Summer Food Program	10.559
U.S. DEPARTMENT OF JUSTICE:	
Direct Program:	
COPS	16.710
Justice Assistance Grant	16.738
US Marshal Service	16.922
Bulletproof Vest Partnership Program	16.607
Total U.S. Department of Justice	
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:	
Passed Through Louisiana Volunteer Commission:	
AmeriCorps 2018-2019 Grant	94.006
AmeriCorps 2019-2020 Grant	94.006
Total for CFDA Number 94.006	
EXECUTIVE OFFICE OF THE PRESIDENT:	
HIDTA	95.001
U.S. DEPARTMENT OF THE INTERIOR:	
Historic Preservation Grants-In-Aid	15.904
TOTAL FEDERAL AWARDS	

<u>Grant Number</u>	<u>Grant</u> <u>From</u>	<u>Period</u> <u>To</u>	<u>Grant</u> <u>Receipts</u>	<u>Current</u> <u>Expenditures</u>
LA-2016-014	10/1/18	9/30/19	111,3990	111,390
LA-2017-023	10/1/18	9/30/19	606,763	606,763
LA-2019-001	10/1/18	9/30/19	1,216,135	1,216,135
LA-04002400	10/1/18	9/30/19	34,348	34,348
			<u>1,968,636</u>	<u>1,968,636</u>
H.007417	10/1/18	9/30/19	788,173	788,173
H.007416	10/1/18	9/30/19	435,930	435,930
			<u>1,224,103</u>	<u>1,224,103</u>
2019-30-35	10/1/18	9/30/19	33,339	33,339
			<u>3,226,078</u>	<u>3,226,078</u>
7CFR Part 25.7	10/1/18	9/30/19	477,311	505,613
2014UMWX0011	10/1/18	9/30/19	211,765	211,765
2017-DJ-BX-0817	10/1/18	9/30/19	41,698	41,698
JLEOTFS425302	10/1/18	9/30/19	14,204	14,204
2016-2018 BPV	10/1/18	9/30/19	21,540	21,540
			<u>289,207</u>	<u>289,207</u>
12AFHLA0010002	10/1/18	9/30/19	124,283	124,283
12AFHLA0010002	10/1/18	9/30/19	11,725	11,725
			<u>136,008</u>	<u>137,008</u>
G19GC001A	10/1/18	9/30/19	83,166	83,166
18-HP-16	10/1/18	9/30/19	6,250	6,250
			<u>\$ 6,161,025</u>	<u>\$ 6,189,327</u>

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2019

Note A. Scope of Audit

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

Summary of significant accounting policies:

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

Note B. Disbursements

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

Note C. Schedule of Expenditures of Federal Awards

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

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

Note D. Major Federal Awards Program

The City's major federal awards programs for the year ended September 30, 2019 were determined based on program activity. The City's major programs for the year ended September 30, 2019 consisted of 2 federally assisted high risk "Type A" programs and 1 high risk "Type B" program.

Note E. Department of Environmental Quality Loan

The Department of Environmental Quality (DEQ) Loan is a loan program through which the State of Louisiana receives federal money to then loan to municipalities to improve water treatment. The U.S. Environmental Protection Agency (USEPA) is the federal agency administering the grant. The Louisiana Department of Environmental Quality (LDEQ) is the pass-through agency. The City of Lake Charles received money from the State under the loan program. The City of Lake Charles entered into the loan agreement on June 23, 2011 for an amount not to exceed \$21,000,000. The DEQ loan disburses funds to the City of Lake Charles after the expenditure is made. Interest of .45% per annum on the outstanding balance is paid semi-annually. At September 30, 2019, the principal balance is \$15,642,000.

Note F. Subrecipient Payments

1. CDBG - Subrecipient payments in the amount of \$16,470 to Family and Youth Counseling.
2. CDBG - Subrecipient payments in the amount of \$43,578 to Catholic Charities.
3. CDBG - Subrecipient payments in the amount of \$3,826 to New Covenant Faith.
4. CDBG - Subrecipients payments in the amount of \$10,903 to The Open Door.
5. CDBG - Subrecipient payments in the amount of \$1,894 to Lake Charles North Redevelopment Authority.
6. CDBG - Subrecipient payments in the amount of \$1,275 to Southwest Louisiana Law Center.

7. CDBG - Subrecipient payments in the amount of \$11,284 to SWLA Area Health Education Center.

Note G. Subsequent Events

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

Note H. Indirect Cost Rate

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

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2019

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Federal Highway Administration
14.218	Community Development Block Grant
97.039	Hazard Mitigation Grant Program

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

Auditee qualified as low-risk auditee? X Yes No

(continued on next page)

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2019
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings to report.

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

No findings to report.

CITY OF LAKE CHARLES, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Year Ended September 30, 2019

No findings to report.