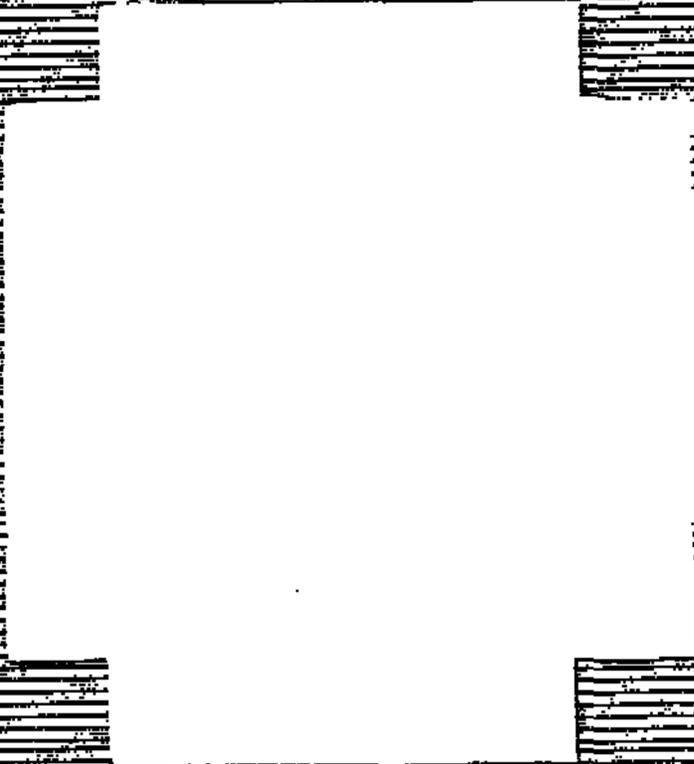


CHAYO LAKE CHARTERS, LOUISIANA

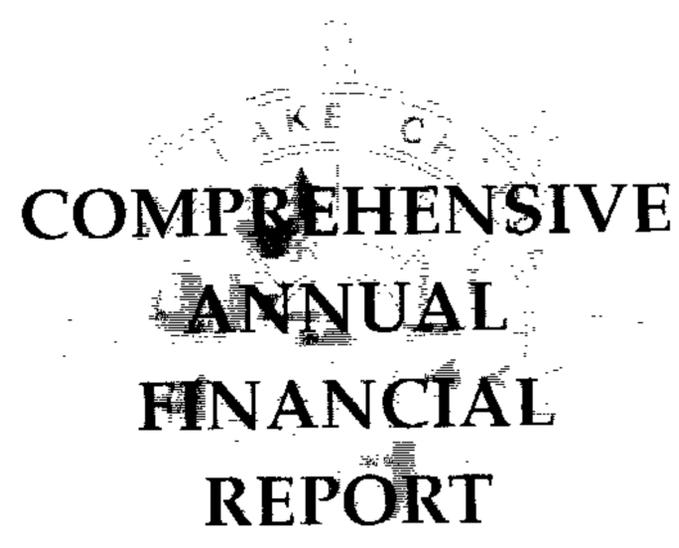


FOR THE

FISCAL YEAR ENDED

SEPTEMBER 30, 2002

CITY OF LAKE CHARLES, LOUISIANA



**FOR THE
FISCAL YEAR ENDED
SEPTEMBER 30, 2002**

Prepared by the
Division of Accounting
for

**Ronald P. Kemerly
Director of Finance**

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

Release Date 4/30/03

CITY OF LAKE CHARLES
Lake Charles, Louisiana

MAYOR

Honorable Randy Roach

CITY COUNCIL

A.B. Franklin

Rob McCorquodale

Rodney Geyen

David Perry

Mike Huber

Ernie Duplechin

Rev. Samuel C. Tolbert

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, 2001

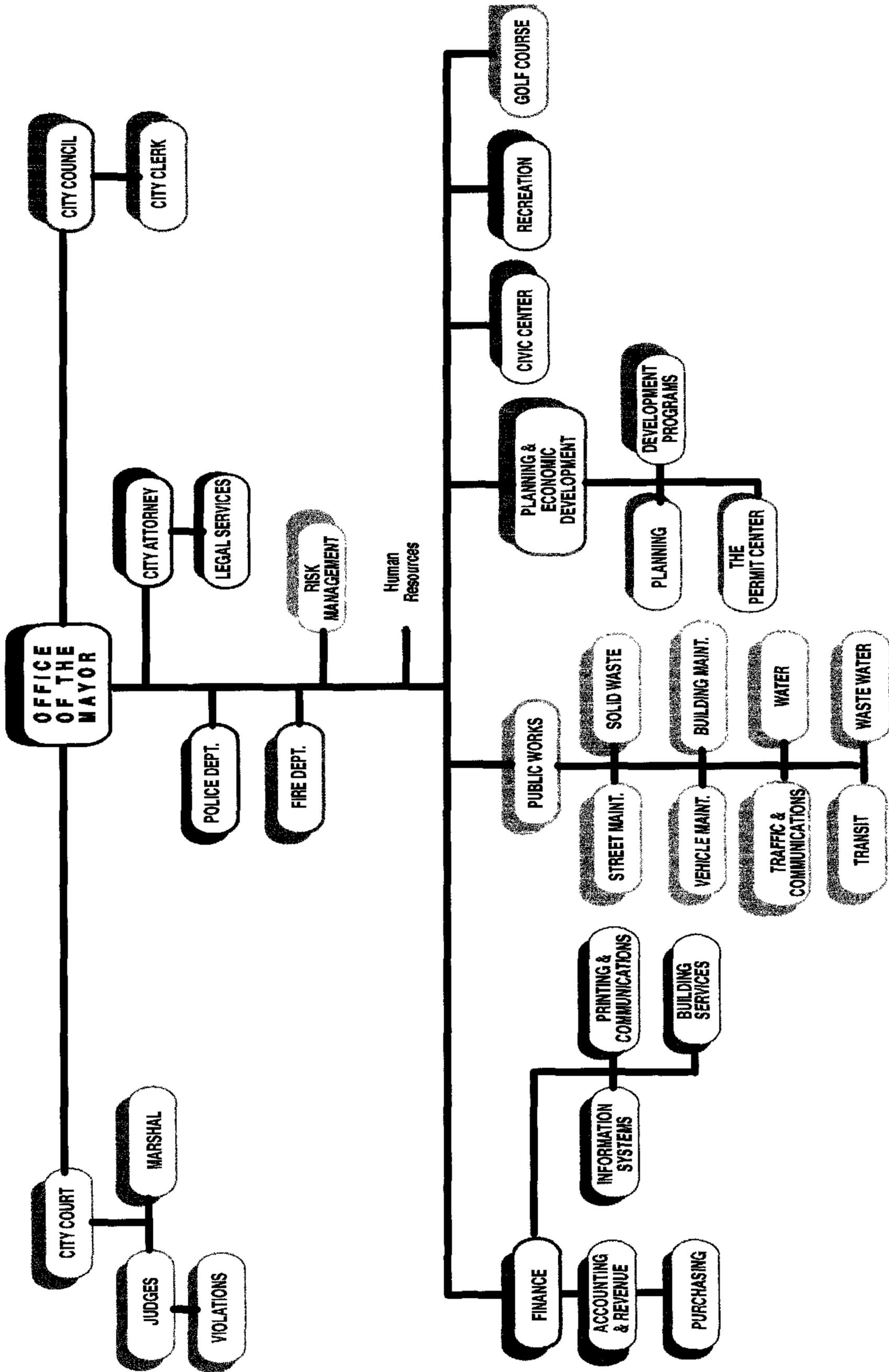
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



William Robert Pate
President

Jeffrey L. Esmer
Executive Director

CITY OF LAKE CHARLES ORGANIZATIONAL CHART



CITY OF LAKE CHARLES, LOUISIANA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
September 30, 2002

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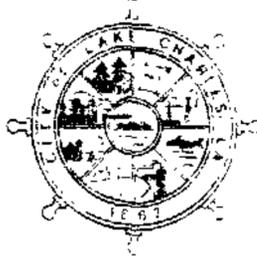
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CITY OF LAKE CHARLES

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RANDY ROACH
MAYOR

DEPARTMENT OF FINANCE
Ronald P. Kemerly, Director

March 26, 2003

Honorable Randy Roach, Mayor
Members of the City Council

Dear Mayor and City Council Members:

I am pleased to submit the Comprehensive Annual Financial Report of the City of Lake Charles for the year ended September 30, 2002. This report has been prepared by the City's Finance Department in accordance with generally accepted accounting principles, and the general purpose financial statements contained herein have been independently audited in accordance with applicable law and governmental auditing standards. However, the Finance Department is responsible for the accuracy of the financial statements and the completeness and fairness of the presentation, including all note disclosures. We believe that this report fairly and accurately presents the financial position of the City and the results of operation of the various funds for the period covered, and that all disclosures necessary for such presentation have been included.

The contents of this report are presented in three parts as follows: (1) an introductory section which includes this letter of transmittal, providing an overview of the City's activities and financial operations; (2) a financial section consisting of the City's financial statements, note disclosures and accompanying auditor's opinion; and (3) a statistical section providing additional unaudited data focusing on financial and economic characteristics and trends.

City Organization and Financial Reporting Scope

The City of Lake Charles was incorporated in 1867 and operates under a 1961 City Charter providing a Mayor-Council form of government. The City provides the full range of traditional municipal services, as well as several specialized facilities such as the Civic Center coliseum and theater complex, Mallard Cove Golf Course, and the Central School Arts and Humanities Center, all of which have regional service areas. Population according to the 2000 census was 71,757 within the City and 183,577 for the metropolitan area, which covers Calcasieu Parish.

The financial statements presented in this report include all funds, accounts, and organizational units under the control of the City during the year ended September 30, 2002. The separately controlled accounts of the Lake Charles City Court and the Ward Three Marshal are also incorporated in this report's financial statements as "component units," which are financially interdependent with the City but not under the City's legal control. All other activity which is presented in the financial statements represents funds under the control or custody of the City, through its elected Mayor and City Council. This report does not include the Housing Authority of the City of Lake Charles, which is both legally and financially independent of the City.

Areawide and Local Economic Conditions

Lake Charles is the principal city and trade center of Southwest Louisiana, and is serviced by a deep water port located 30 miles from the Gulf of Mexico. The major component of the area's economic base is the concentration of petrochemical and related manufacturing industries which has developed along the deep water ship channel over the past sixty years. This industrial complex expanded significantly during the 1990's, both through plant additions and development of major new facilities. This manufacturing sector currently employs over 10,000 persons directly, and typically generates several thousand additional jobs in the form of contract construction and maintenance.

The area's economic base has become somewhat more diversified in recent years with the additions of aircraft modification and maintenance facilities at Chennault Airport, which is a converted air base site adjoining the City, and with the development of two casino riverboat complexes which rely primarily on proximity to the large southeast Texas market. These operations collectively provide over 3,000 direct jobs, which are highly beneficial to the local economy, but also subject to greater long-term uncertainty than the capital-intensive petrochemical industries.

Other important components of local economic growth during the past few years have included a rapidly expanding retail and service sector, high levels of construction activity, and continued growth of shipping and marine services. In the surrounding region, agriculture, timber and oil and gas production are also significant contributors to the trade and transportation sectors of the Lake Charles area's economy.

One measure of improvement in the health of the area economy in recent years is the metropolitan area's unemployment rate, which ranged as high as 16 percent during the economic downturn of the mid-1980's. That rate has ranged between 4 and 7 percent since the mid-1990's, generally in tandem with national economic trends.

Since most of the area's major industries are located outside the City, the City itself is primarily a center of retail, service, and governmental activity. Recent and prospective developments within the City includes a proposed \$225 million riverboat casino resort

complex, which is expected to begin construction by mid-2003, the recent completion of several major retail outlets, new restaurants and lodging establishments, and current renovations for a replacement department store anchor in the area's principal shopping mall. Public construction should also continue to have significant economic impact as a result of recent school bond issues and on-going City infrastructure projects.

Despite many positive developments over the past decade, recent weakness in the economy has been cause for concern locally as well as nationally. Industry cash flow constraints have caused work force reductions at several area petrochemical plants in recent months, one of the local aircraft modification contractors has shed 800 jobs over the past two years, and local casino riverboats have lost market share to a racetrack slot machine casino nearer the Texas border. Secondary economic effects have included a flattening of retail sales and sales tax collections over the past 18 months and a continuing drop in new residential construction. The latest U.S. Census Bureau estimates show a slight decline in local and metropolitan area population from 2000 to 2002.

City Activity Highlights

Some of the more significant City programs and events of the past year are the following:

- Formation of the Downtown Development corporation as the non-profit organizational companion to the City's Downtown Development District. The District and Corporation have sponsored a successful Farmer's Market and a variety of special events, and are currently initiating a downtown "streetscape" improvement program
- Approval of a \$25 million variable-rate loan from the Louisiana Local Government Environmental Facilities and Community Development Authority for an extensive waste water treatment facility and sewer system improvement program. This loan will be repaid over a term of up to 20 years from increased sewer system user charge revenues. The City has accumulated an additional \$21 million over the past several years for funding of program construction costs.
- Completion of a new Wal-Mart store which is expected to stimulate additional commercial development in the northern section of the City. This project was facilitated by a sales tax revenue sharing agreement with a school board sales tax district adversely affected by the planned closing of its existing Wal-Mart store.
- Initiation of several other development initiatives including a community assessment study for the north section of the City, applications for EPA brownfields assessment and remediation funding for several identified sites, and approval of authorizing legislation and a feasibility study for a potential hotel development adjoining the Civic Center.

- Award of construction contracts for the remaining components of the new regional athletic complex, which will be operated by a newly-created areawide recreation district under a cooperative agreement with the City.
- Expanded public safety operations including increased police staffing and numerous fire and police equipment acquisitions.
- Continuation of the extensive infrastructure rebuilding program which has been made possible by the availability of casino riverboat tax revenue over the past nine years.

If recent economic trends continue, the City will face serious challenges to maintaining its existing operations and sustaining its development and improvement initiatives in the future. As can be seen below, the City's revenue stream is heavily dependent on sales taxes, which are not keeping pace with increases in operating cost. Falling interest rates are also impacting the City's revenue posture, at least in the short term, as interest earnings have historically been one of the City's largest revenue sources.

Financial Summary – Governmental Funds

As required by generally accepted accounting principles, the City's accounts are organized into self-contained funds. Activities considered to be governmental in nature are accounted for in the General Fund, Special Revenue Funds, and the Debt Service and Capital Projects Funds. The financial activity and status of this group of governmental funds is summarized in the following sections.

Revenue Summary:

Total revenues of the City's governmental funds were \$63,622,504 for the 2002 fiscal year, which represents a decrease of \$1,620,576 or 2.5 percent from the 2001 total. The following table summarizes the revenue amounts and year-to-year changes for major revenue sources and categories.

REVENUE SOURCE	2002 AMOUNT	PERCENT OF TOTAL	PERCENT INCREASE (DECREASE) FROM 2001
Property taxes	\$ 5,559,910	8.7%	3.5
Sales taxes	31,659,277	49.8%	1.2
Occupational taxes	2,392,602	3.8%	5.6
Riverboat admission taxes and payments	6,613,202	10.4%	0.5
Licenses, permits and franchises	4,539,687	7.1%	(18.4)
Charges for services	4,656,723	7.3%	29.2
Fines and forfeitures	264,816	0.4%	(34.7)
Intergovernmental	4,902,427	7.7%	5.4
Interest earnings	2,207,275	3.5%	(45.8)
Other revenue	826,585	1.3%	(42.9)
Total	\$63,622,504	1.0	(2.5)

As indicated above, sales taxes account for nearly half of all governmental fund revenue. The decrease in total revenue is largely the result of the minimal growth of sales taxes and sharp declines in interest earnings and utility franchise receipts.

Expenditure Summary:

Expenditures and additional transfers from governmental funds totaled \$54,404,846 for the 2002 fiscal year, representing an increase of \$566,288 or 1.1 percent from the 2001 total. The use of these funds for departmental operations and other purposes is summarized in the following table.

USE OF FUNDS	2002 AMOUNT	PERCENT OF TOTAL	PERCENT INCREASE (DECREASE) FROM 2001
Current operating expenditures:			
General Government	\$ 1,929,028	3.5%	(0.3)
Finance	1,099,504	2.0%	(3.9)
Human Resources	259,088	0.5%	(17.2)
Public Safety	17,344,625	31.9%	7.6
Public Works	13,686,621	25.2%	5.8
Planning and Development	1,946,772	3.6%	(6.7)
Community Services	3,366,639	6.2%	(0.4)
General Services	2,728,344	5.0%	16.3
Other expenditures and uses:			
Capital Projects	9,913,457	18.2%	0.5
Debt Service	1,485,801	2.7%	(6.3)
Net transfers to other funds	644,967	1.2%	(69.6)
Total	\$ 54,404,846	100.0%	1.1

As in past years, expenditures for capital projects and for operation of public safety (fire and police) and public works functions accounted for three-fourths of the total for all governmental funds. Although total operating expenditures increased, the excess of total revenue over expenditures is mostly attributable to the accumulation of resources for future capital projects construction.

Since the City regularly makes capital contributions from its governmental funds to one or more of its enterprise funds each year, these residual equity transfers as shown in the financial statements are included along with operating transfers in the "net transfers to other funds" category as shown above.

Fund Balances:

As a result of the 2002 financial activity summarized above, the total fund balances of all governmental funds increased by \$9,217,658, which represents 14.7 percent of those funds' total 2002 revenues. A comparison of the 2001 and 2002 ending balances for the respective fund types is shown below.

FUND TYPE	TOTAL FUND BALANCES		NET CHANGE 2001 TO 2002
	2002	2001	
General Fund	\$24,556,399	\$23,261,703	\$ 1,294,696
Special Revenue	8,619,501	7,425,740	1,193,761
Debt Service	2,509,810	2,547,761	(37,951)
Capital Projects	38,757,649	31,990,497	6,767,152
Total	\$74,443,359	\$65,225,701	\$ 9,217,658

Portions of these fund balances are reserved as required for items such as inventories, debt service, and capital project encumbrances, and additional portions are routinely designated and budgeted at year-end for expenditures to be made the following year.

Increases in fund balances during 2002 are due to factors such as conservative General Fund budgeting, increased Waste Water Fund revenue committed to future sewer improvements and related debt service, and accumulation of funds for planned capital projects. The City also seeks to maintain a substantial General Fund balance to compensate for its exposure to natural disasters and revenue volatility.

Financial Summary – Proprietary Functions

The City maintains a total of six proprietary funds, in which financial activity is reported on a basis similar to that of private business. This category includes four enterprise funds, in which services are provided to the general public, and two internal service funds, in which services are provided primarily to the City's own departments or employees. The financial activity of those funds and their relationship to general governmental operations is summarized below.

Enterprise Funds:

This fund type is used to account for Civic Center, Public Transit, Golf Course, and Water Utility operations. The Civic Center and Transit System have historically experienced significant operating deficits, with expenses substantially exceeding the revenue generated by their operations. The Golf Course generally operates at or above a "break even" level, while the Water Utility typically generates significant net income. The following table shows revenues and other financing sources of these funds for the 2002 fiscal year.

2002 REVENUE AND OTHER SOURCES (THOUSANDS)	CIVIC CENTER	GOLF COURSE	PUBLIC TRANSIT	WATER UTILITY
Operating revenues	\$ 943	\$1,164	\$ 81	\$6,339
Intergovernmental revenue	183	0	614	0
Other non-operating revenue	87	88	18	311
External Capital	0	0	2	182
Operating transfers	558	0	330	0
Total	\$1,771	\$1,252	\$1,045	\$6,832

In addition to revenues and operating transfers as shown above, enterprise funds received a total of \$408,000 as contributed capital from governmental funds during 2002. Capital expenditures made through enterprise funds during the year totaled \$1,498,492.

Internal Service Funds:

The Risk Management Fund was established in mid-1986 to account for retained risk and purchased insurance coverages for workers' compensation and major liability exposures, which were almost entirely self-insured until 1998. Insurance coverages in effect since that time generally limit the City's risk retention to \$100,000 per claim or covered loss, and include property damage and hazard coverages as well as liability risks previously accounted for by this fund. During 2002, this fund received \$2,086,299 in operating revenue and an additional \$309,776 from interest earnings and other sources, while incurring expenses and loss accruals totaling \$3,376,713. The expense and loss total increased 43 percent from the preceding year.

The Employee Group Insurance Fund was established in 1993 to account for self-funding of employee health benefits by the City. This fund received \$4,301,948 in City and employee premium contributions and paid \$4,137,350 in claims and expenses during the 2002 fiscal year. Total fund expenses increased 6.2 percent from 2001 to 2002.

In addition to these active funds, the City previously maintained a revolving Vehicle Replacement Fund which was closed at the end of 2002.

Other Financial Activity

Pension Administration:

The City participates in three cost-sharing state-sponsored retirement systems which together cover virtually all of the City's full-time employees. Employees other than fire and police civil service personnel also participate in the federal social security system,

and a voluntary deferred compensation program is also available to all employees under the provisions of Section 457 of the U. S. Internal Revenue code. All of the state-sponsored retirement systems covering city employees are subject to annual adjustment of actuarially determined contribution rates as mandated by the Louisiana Constitution, and are funded in accordance with the applicable legal requirements.

The City's previous locally-administered pension funds for police and fire personnel were merged into the present state-sponsored systems in 1983 and 1987 respectively, thereby eliminating the City's role in direct administration of pension benefits. The City's remaining debt to the state-sponsored systems for amortization of the unfunded pension liability which they assumed through those mergers was refinanced at lower interest rates through issuance of the 1998 Refunding Bonds described below. The City also has a relatively limited remaining debt obligation for benefit guarantees contracted in connection with the 1983 police pension fund merger.

Within the past year, increases in employer contribution rates to state-sponsored retirement systems have become a major problem, owing to weak performance of the systems' investments and to the cost of some past benefit additions. Based on current projections, the City's payroll contribution rates for 2003-04 would increase to 25.25 percent for firefighters, 18.5 percent for police, and 7.75 percent for other municipal employees, as compared to beginning 2002 rates of 9.0, 9.0, and 4.5 percent respectively. Litigation with respect to some of these increases is pending.

Debt Administration:

The City presently has no outstanding general obligation bonds, having retired the last such bond issue during 1997. However, the 1998 Refunding Bonds, which replaced the original police and fire pension merger amortization agreements, had totals of \$3,600,000 in tax-exempt bonds and \$6,775,000 in taxable bonds outstanding as of September 30, 2002. Principal and interest on these bonds is payable from required annual General Fund appropriations which average \$1.23 million per year through 2014. The City has also contracted a debt under terms of a sales tax increment financing agreement for the Prien Lake Mall shopping center expansion project completed in 1998. This debt has an aggregate limit of \$4 million, which is payable without interest solely from one-half of the incremental increase in City sales tax collections generated by the project during a maximum term of ten years. The outstanding balance as of September 30, 2002, was \$2,848,324. Annual payments during the agreement's remaining six-year term will vary on the basis of annual sales tax increments, and will require annual appropriations from otherwise unrestricted sales tax revenues received by the General Fund.

The remainder of the City's year-end liabilities classified as general long-term debt consisted of \$1,922,075 for accrued leave benefits of employees, and \$707,222 for police benefit guarantees resulting from the 1983 retirement system merger. The City has subsequently contracted additional long-term debt obligations in connection with its

sewer system improvement program and the development of the new north Lake Charles Wal-Mart store, as more fully described in the Notes to Financial Statements.

Risk Management:

In addition to accounting for retained risks and insurance costs, the Risk Management Fund includes operation of active loss control and claims defense programs which utilize a combination of in-house staff, third-party administrative services, and contracted legal counsel. This activity, together with the reduced risk retention provided by current insurance coverages, has enabled the City to reduce the resource allocation burden which the risk management function places on other operations and funds.

Cash Management and Investment:

Funds under the control of the City are held in an interest bearing cash pool from which investments are made in accordance with statutory restrictions and locally adopted investment policy. This policy restricts City investments to short-term and intermediate-term obligations of the U. S. Government and its agencies and instrumentalities, and to participation in a statewide local government investment pool which invests in short-term government obligations. The City's bank deposits are fully secured by federal deposit insurance and collateral securities which are similarly restricted to U. S. Government and related obligations.

Exclusive of unrealized gains and losses resulting from changes in market valuation of investment securities, interest earnings for all funds totaled \$2,462,286 for the 2002 fiscal year, representing a decrease of 46.6 percent from the prior year. Actual earnings, including changes in market valuation, were increased by an unrealized net gain of \$316,327 in 2002, as compared to an unrealized gain of \$769,981 in 2001. These fluctuations are the result of interest rate trends which affect the market value of the City's fixed-income investment holdings but are immaterial to its overall financial position. The City's investment policy emphasizes safety and liquidity of funds as opposed to earnings yield, and investment purchases are generally held to maturity.

Accounting System and Budgetary Control

The City maintains internal accounting controls 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. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefit likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgements by management. The current system of controls is believed to provide such assurance, but is subject to periodic evaluation by City management in response to changing conditions.

Budgetary control is maintained administratively at the expenditure object level, and expenditures are legally controlled at the department and fund level with respect to the General Fund and Special Revenue Funds, in which annual budgetary appropriations are legally required. With the exception of capital projects which are authorized on a project length basis, budgetary appropriations are annual, and any outstanding encumbrances at year-end are subject to re-appropriation for the subsequent year.

Independent Audit

The City Charter requires that an annual independent audit of the City's financial statements be made by a certified public accountant selected by the City Council. This requirement has been met, and a copy of the auditor's opinion is included in the financial section of this report. However, the City's Finance Department remains responsible for the accuracy and fair representation of the financial statements and disclosures contained in this report.

The independent audit also includes the examinations of internal controls and federal financial assistance programs required by the Single Audit Act and implementing regulations. The results of this examination for the fiscal year ended September 30, 2002, are incorporated in a supplementary compliance report.

Certificate of Achievement

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 the fiscal year ended September 30, 2001. The City also received the Certificate of Achievement for its reports of the preceding seventeen years.

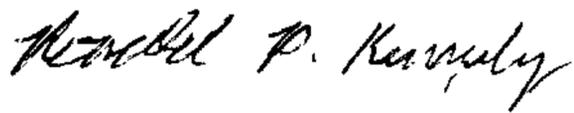
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Respectfully submitted,



Ronald P. Kemerly
Director of Finance

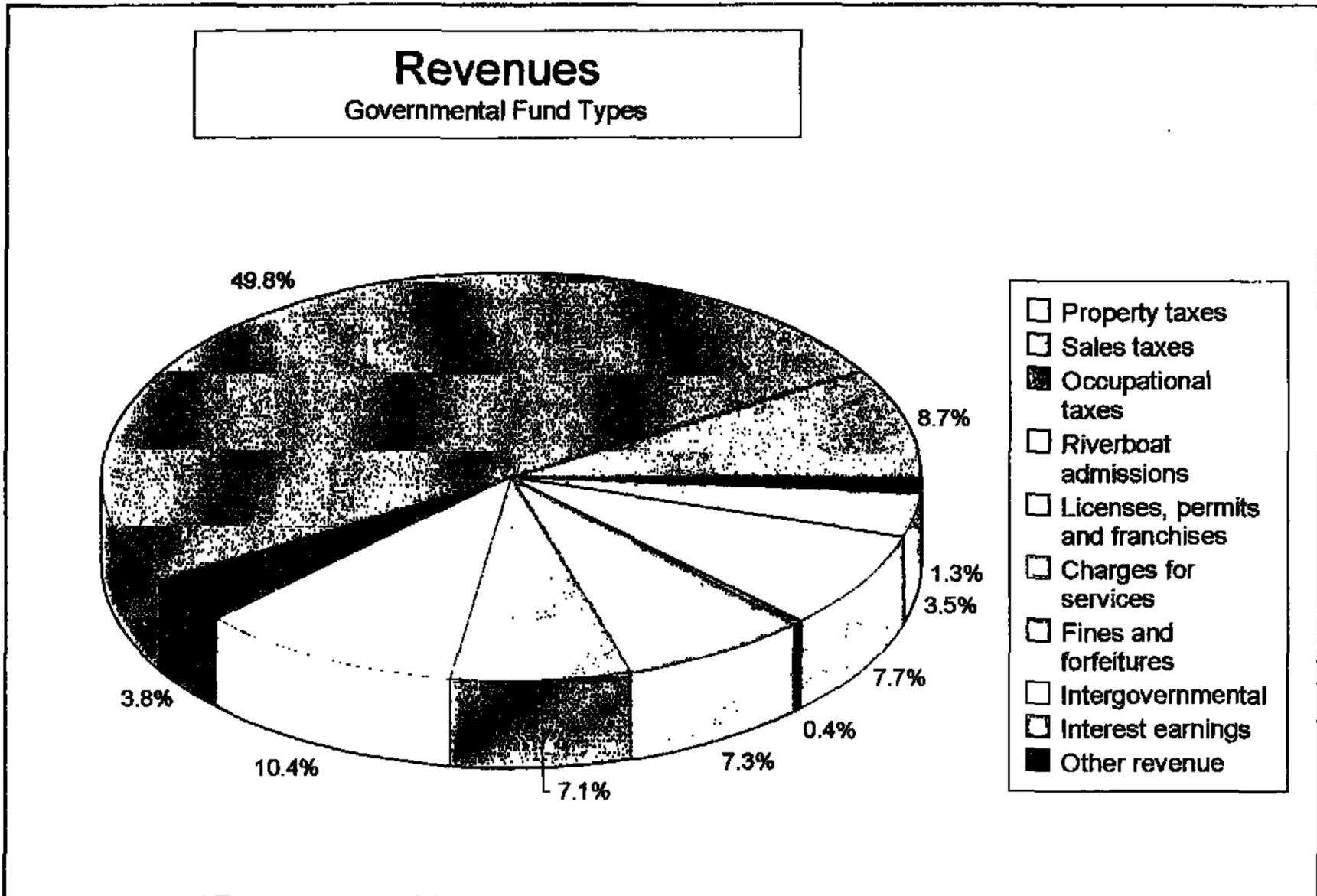
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CITY OF LAKE CHARLES, LOUISIANA

Chart of Revenues

All Governmental Fund Types

For Fiscal Year Ended September 30, 2002



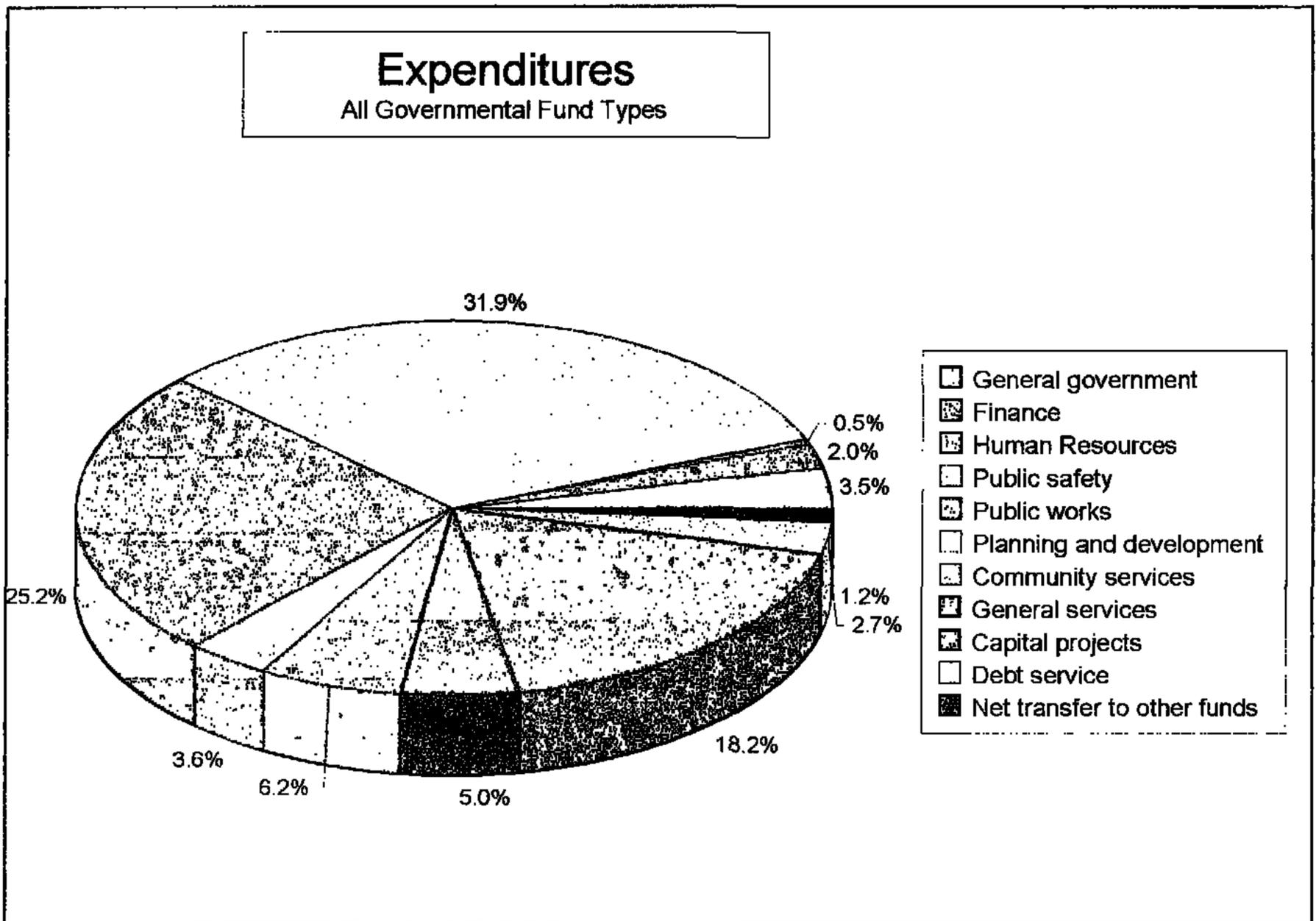
<u>Revenues</u>	<u>2002 Amount</u>	<u>Percent of Total</u>
Property taxes	\$5,559,910	8.7%
Sales taxes	31,659,277	49.8%
Occupational taxes	2,392,602	3.8%
Riverboat admissions	6,613,202	10.4%
Licenses, permits and franchises	4,539,687	7.1%
Charges for services	4,656,723	7.3%
Fines and forfeitures	264,816	0.4%
Intergovernmental	4,902,427	7.7%
Interest earnings	2,207,275	3.5%
Other revenue	826,585	1.3%
Total revenues	\$63,622,504	

CITY OF LAKE CHARLES, LOUISIANA

Chart of Expenditures

All Governmental Fund Types

For Fiscal Year Ended September 30, 2002



<u>Expenditures</u>	<u>2002 Amount</u>	<u>Percent of Total</u>
General government	\$1,929,028	3.5% %
Finance	1,099,504	2.0%
Human Resources	259,088	0.5%
Public safety	17,344,625	31.9%
Public works	13,686,621	25.2%
Planning and development	1,946,772	3.6%
Community services	3,366,639	6.2%
General services	2,728,344	5.0%
Capital projects	9,913,457	18.2%
Debt service	1,485,801	2.7%
Net transfer to other funds	644,967	1.2%
Total expenditures	\$54,404,846	

McELROY, QUIRK & BURCH

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Judson J. McCann Jr., CPA, Retired

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

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying general purpose financial statements of the City of Lake Charles, Louisiana, as of September 30, 2002 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lake Charles, Louisiana as of September 30, 2002, and the results of its operations and cash flows of its proprietary and similar trust fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 7, 2003, on our consideration of the City of Lake Charles's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City of Lake Charles, Louisiana, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Lake Charles. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole. The accompanying statistical information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Lake Charles, Louisiana. Such information has not been subjected to the auditing procedures applied in the audits of the general purpose financial statements of the City of Lake Charles, Louisiana, and accordingly, we express no opinion on it.

Mc Elroy, Quirk & Burch
Lake Charles, Louisiana
February 7, 2003

GENERAL
PURPOSE
FINANCIAL
STATEMENTS

GENERAL PURPOSE FINANCIAL STATEMENTS

CITY OF LAKE CHARLES, LOUISIANA

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units
September 30, 2002

ASSETS AND OTHER DEBITS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash (Note 1-G)	\$3,978,267	\$1,179,493	\$57,516	\$5,160,835
Investments (Note 1-G)	18,305,904	6,505,851	2,391,147	32,318,802
Receivable (net of allowance for uncollectible)				
Accounts (Note 1-I)	3,362,392	1,561,032	0	763,107
Special Assessments	0	0	608,622	0
Accrued interest	92,196	57,040	17,494	236,481
Intergovernmental (Note 7-C)	733,053	444,710	0	0
Due from other funds (Note 7-B)	83,949	192,714	1,982	1,225,000
Inventory (Note 1-J)	208,105	0	0	0
General Fixed assets (Note 5)	0	0	0	0
Fixed assets, net of accumulated depreciation (Note5)	0	0	0	0
Prepaid items	84,227	872	0	0
Restricted cash - customer deposits	0	0	0	0
Deferred note receivable-rehabilitation loans	0	13,525	0	0
Amount available in Debt Service Funds	0	0	0	0
Amount to be provided for retirement of general-long-term debt	0	0	0	0
Total assets and other debits	\$26,848,093	\$9,955,237	\$3,076,761	\$39,704,225
LIABILITIES				
Accounts payable	\$979,452	\$643,963	\$54,904	\$285,293
Contracts payable	0	111,998	0	302,708
Escrow	43,442	1,825	25,150	0
Due to primary government	0	0	0	0
Due to other funds	1,176,146	550,445	0	0
Pension refunding bonds payable (Note 6)	0	0	0	0
Special assessment bonds payable (Note 6)	0	0	0	0
Accrued leave benefits payable (Note1-L)	56,654	13,980	0	0
Accrued pension liability (Note 9)	0	0	0	0
Sales Tax Increment Financing Agreement	0	0	0	0
Liabilities payable from restricted assets	0	0	0	0
Accrued insurance claims-current (Note8)	0	0	0	0
Accrued insurance claims - noncurrent (Note 8)	0	0	0	0
Deferred revenues	0	0	486,897	358,575
Deferred revenues-rehabilitation loans	0	13,525	0	0
Other liabilities	36,000	0	0	0
Total liabilities	2,291,694	1,335,736	566,951	946,576

Proprietary Fund Types		Fiduciary Fund	Account Groups		Totals		Component
Internal Service	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government (Memorandum Only)		Units
					2002	2001	2002
\$1,054,835	\$1,241,096	\$10,024	\$0	\$0	\$12,682,066	\$10,771,747	\$855,370
9,611,853	4,267,658	9,095	0	0	73,410,310	67,885,773	0
121,504	850,311	0	0	0	6,658,346	5,991,628	3,725
0	0	0	0	0	608,622	619,643	0
88,135	22,576	0	0	0	513,922	629,843	0
0	291,636	0	0	0	1,469,399	1,578,447	0
0	281,451	0	0	0	1,785,096	3,505,342	5,264
0	181,782	0	0	0	389,887	363,771	0
0	0	0	71,298,763	0	71,298,763	70,306,168	430,442
13,428	52,427,479	0	0	0	52,440,907	53,731,384	0
686,605	4,953	0	0	0	776,657	577,170	0
0	401,886	0	0	0	401,886	367,802	0
0	0	0	0	0	13,525	15,730	0
0	0	0	0	2,509,810	2,509,810	2,547,761	0
0	0	0	0	13,342,811	13,342,811	14,201,303	3,024
\$11,576,360	\$59,970,828	\$19,119	\$71,298,763	\$15,852,621	\$238,302,007	\$233,093,512	\$1,297,825
\$23,648	\$666,677	\$0	\$0	\$0	\$2,653,937	\$3,180,344	\$109,268
0	71,287	0	0	0	485,993	669,262	0
0	30,909	3,419	0	0	104,745	113,230	314,416
0	0	0	0	0	0	0	9,562
96	58,406	3	0	0	1,785,096	3,505,342	5,264
0	0	0	0	10,375,000	10,375,000	10,975,000	0
0	0	0	0	0	0	0	0
39,639	443,410	0	0	1,922,075	2,475,758	2,392,755	0
0	0	0	0	707,222	707,222	859,489	0
0	0	0	0	2,848,324	2,848,324	3,034,999	0
0	401,918	0	0	0	401,918	367,762	0
3,860,964	0	0	0	0	3,860,964	4,038,651	0
908,531	0	0	0	0	908,531	941,403	0
0	0	0	0	0	845,472	914,507	0
0	0	0	0	0	13,525	15,730	0
0	0	0	0	0	36,000	79,965	11,150
4,832,878	1,672,607	3,422	0	15,852,621	27,502,485	31,088,439	449,660

(continued on next page)

CITY OF LAKE CHARLES, LOUISIANA

Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Units

September 30, 2002

EQUITY AND OTHER CREDITS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Contributed capital (Note 14)	\$0	\$0	\$0	\$0
Investment in general fixed assets	0	0	0	0
Retained earnings (deficit):				
Unreserved - designated insurance claims (Note 8)	0	0	0	0
Unreserved	0	0	0	0
Fund balances:				
Reserved for inventory	208,105	0	0	0
Reserved for prepaid items (Note 1-K)	84,227	872	0	0
Reserved for encumbrances (Note 1-F)	0	0	0	4,986,092
Reserved for debt service	0	0	2,509,810	0
Unreserved:				
Designated for subsequent year's expenditures	865,437	415,740	0	0
Designated for capital projects	0	0	0	33,854,942
Undesignated	23,398,630	8,202,889	0	(83,385)
Total retained earnings / fund balances	24,556,399	8,619,501	2,509,810	38,757,649
Total equity and other credits	24,556,399	8,619,501	2,509,810	38,757,649
Total liabilities, equity and other credits	\$26,848,093	\$9,955,237	\$3,076,761	\$39,704,225

See accompanying notes to financial statements

Proprietary Fund Types		Fiduciary Fund	Account Groups		Totals		Component
Internal Service	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Debt	Primary Government (Memorandum Only)		Units
					2002	2001	2002
\$710	\$36,458,735	\$0	\$0	\$0	\$36,459,445	\$36,662,099	\$0
0	0	0	71,298,763	0	71,298,763	70,306,168	430,442
891,704	0	0	0	0	891,704	1,646,702	0
5,851,068	21,839,486	0	0	0	27,690,554	28,146,409	0
0	0	0	0	0	208,105	192,929	0
0	0	0	0	0	85,099	59,278	0
0	0	0	0	0	4,986,092	2,888,671	0
0	0	0	0	0	2,509,810	2,547,761	0
0	0	0	0	0	1,281,177	2,202,220	0
0	0	0	0	0	33,854,942	29,132,621	0
0	0	15,697	0	0	31,533,831	28,220,215	417,723
6,742,772	21,839,486	15,697	0	0	103,041,314	95,036,806	417,723
6,743,482	58,298,221	15,697	71,298,763	0	210,799,522	202,005,073	848,165
\$11,576,360	\$59,970,828	\$19,119	\$71,298,763	\$15,852,621	\$238,302,007	\$233,093,512	\$1,297,825

CITY OF LAKE CHARLES, LOUISIANA
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund and Discretely Presented Component Units
For Fiscal Year Ended September 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$31,280,709	\$10,456,542	\$0	\$3,985,026
Special assessments	0	0	0	0
Licenses and permits	4,539,687	0	0	0
Intergovernmental	1,385,837	3,081,769	0	434,821
Charges for services	1,298,174	3,358,549	0	0
Fines and forfeitures	264,816	0	0	0
Miscellaneous	1,196,768	913,870	98,175	1,327,761
Total revenues	39,965,991	17,810,730	98,175	5,747,608
Expenditures:				
Current operating:				
General government	1,929,028	0	0	0
Finance	1,099,504	0	0	0
Public safety	16,963,367	381,258	0	0
Personnel	259,088	0	0	0
Public works	9,882,719	3,803,902	0	0
Planning and development	1,207,243	739,529	0	0
Community services	0	3,366,639	0	0
General services	2,728,344	0	0	0
Capital projects	0	1,438,632	0	8,474,825
Debt service:				
Principal retirement	0	0	855,861	0
Interest and fiscal charges	0	0	629,940	0
Total expenditures	34,069,293	9,729,960	1,485,801	8,474,825
Excess (deficiency) of revenues over expenditures	5,896,698	8,080,770	(1,387,626)	(2,727,217)
Other financing sources (uses):				
Operating transfers in	275,655	1,062,991	1,349,675	9,494,369
Operating transfers out	(5,094,657)	(7,700,000)	0	0
Total other financing sources (uses)	(4,819,002)	(6,637,009)	1,349,675	9,494,369
Excess (deficiency) of rev and other sources over exp and other uses	1,077,696	1,443,761	(37,951)	6,767,152
Fund balance at beginning of year	23,261,703	7,425,740	2,547,761	31,990,497
Residual equity transfer in	375,000	0	0	0
Residual equity transfer out	(158,000)	(250,000)	0	0
Fund balance at end of year	\$24,556,399	\$8,619,501	\$2,509,810	\$38,757,649

See accompanying notes to financial statements

Fiduciary Fund Veteran's Memorial Park	Totals		Component Units 2002
	Primary Government (Memorandum Only)		
	2002	2001	
\$0	\$45,722,277	\$44,998,800	\$0
0	0	132	0
0	4,539,687	5,560,635	0
0	4,902,427	4,650,805	183,005
0	4,656,723	3,604,664	0
0	264,816	405,332	1,272,802
4,338	3,540,912	6,028,203	51,648
4,338	63,626,842	65,248,571	1,507,455
0	1,929,028	1,933,909	0
0	1,099,504	1,144,619	0
0	17,344,625	16,115,724	0
0	259,088	312,725	0
0	13,686,621	12,940,959	0
0	1,946,772	2,087,068	0
6,635	3,373,274	3,389,840	0
0	2,728,344	2,345,577	1,374,318
0	9,913,457	9,867,954	33,872
0	855,861	921,909	2,015
0	629,940	664,164	414
6,635	53,766,514	51,724,448	1,410,619
(2,297)	9,860,328	13,524,123	96,836
0	12,182,690	28,042,788	0
0	(12,794,657)	(28,985,455)	0
0	(611,967)	(942,667)	0
(2,297)	9,248,361	12,581,456	96,836
17,994	65,243,695	53,843,416	320,887
0	375,000	0	0
0	(408,000)	(1,181,177)	0
\$15,697	\$74,459,056	\$65,243,695	\$417,723

CITY OF LAKE CHARLES, LOUISIANA
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual - General and Special Revenue Fund Types
For Fiscal Year Ended September 30, 2002

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes	\$31,198,509	\$31,280,709	\$82,200
Licenses and permits	4,587,500	4,539,687	(47,813)
Intergovernmental	1,201,975	1,385,837	183,862
Charges for services	1,224,190	1,298,174	73,984
Fines and forfeitures	256,800	264,816	8,016
Miscellaneous	1,111,350	1,196,768	85,418
Total revenues	<u>39,580,324</u>	<u>39,965,991</u>	<u>385,667</u>
Expenditures:			
Current:			
General government	2,076,773	1,929,028	147,745
Finance	1,179,967	1,099,504	80,463
Public safety	17,630,278	16,963,367	666,911
Personnel	274,727	259,088	15,639
Public works	10,907,712	9,882,719	1,024,993
Planning and development	1,345,021	1,207,243	137,778
Community services	0	0	0
General services	2,913,332	2,728,344	184,988
Capital outlay	0	0	0
Total expenditures	<u>36,327,810</u>	<u>34,069,293</u>	<u>2,258,517</u>
Excess (deficiency) of rev over exp	<u>3,252,514</u>	<u>5,896,698</u>	<u>2,644,184</u>
Other financing sources (uses):			
Operating transfers in	0	275,655	275,655
Operating transfers out	(5,184,066)	(5,094,657)	89,409
Total other financing sources (uses)	<u>(5,184,066)</u>	<u>(4,819,002)</u>	<u>365,064</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>(1,931,552)</u>	<u>1,077,696</u>	<u>3,009,248</u>
Fund balance at beginning of year	<u>23,261,703</u>	<u>23,261,703</u>	<u>0</u>
Residual equity transfer in	0	375,000	375,000
Residual equity transfer out	(158,000)	(158,000)	0
Fund balance at end of year	<u><u>\$21,172,151</u></u>	<u><u>\$24,556,399</u></u>	<u><u>\$3,384,248</u></u>

See accompanying notes to financial statements

Special Revenue Funds		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$10,428,600	\$10,456,542	\$27,942
0	0	0
4,683,599	3,081,769	(1,601,830)
3,339,900	3,358,549	18,649
0	0	0
880,450	913,870	33,420
<u>19,332,549</u>	<u>17,810,730</u>	<u>(1,521,819)</u>
0	0	0
0	0	0
575,178	381,258	193,920
0	0	0
4,140,694	3,803,902	336,792
930,045	739,529	190,516
4,028,302	3,366,639	661,663
0	0	0
1,766,303	1,438,632	327,671
<u>11,440,522</u>	<u>9,729,960</u>	<u>1,710,562</u>
<u>7,892,027</u>	<u>8,080,770</u>	<u>188,743</u>
1,548,525	1,062,991	(485,534)
(7,700,000)	(7,700,000)	0
<u>(6,151,475)</u>	<u>(6,637,009)</u>	<u>(485,534)</u>
1,740,552	1,443,761	(296,791)
7,425,740	7,425,740	0
0	0	0
(250,000)	(250,000)	0
<u>\$8,916,292</u>	<u>\$8,619,501</u>	<u>(\$296,791)</u>

CITY OF LAKE CHARLES, LOUISIANA
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types
For Fiscal Year Ended September 30, 2002

	Proprietary Internal Service
Operating revenues:	
Charges for services	\$6,388,686
Other	241,499
Total operating revenues	6,630,185
Operating expenses:	
Personal services	358,472
Materials and supplies	3,563
Maintenance	0
Heat, light and power	0
Transportation	0
General and administrative	1,790,119
Depreciation	237,192
Claims and losses paid	5,357,872
Total operating expenses	7,747,218
Operating income (loss)	(1,117,033)
Nonoperating revenues (expenses):	
Operating grants from government agencies	0
Interest	414,910
Sales tax	0
Other	(368,314)
Total nonoperating revenues	46,596
Income (loss) before operating transfers	(1,070,437)
Capital contributions and transfers;	
Capital contributions	
State contributions	0
Federal contributions	0
Developer	0
Operating transfers in	0
Operating transfers out	(275,655)
Net operating transfers	(275,655)
Net income (loss)	(1,346,092)
Add depreciation on contributed assets acquired from governmental grants or developers	0
Retained earnings at beginning of year	8,088,864
Retained earnings at end of year	\$6,742,772

See accompanying notes to financial statements

Fund Types	Totals	
	(Memorandum Only)	
Enterprise	2002	2001
\$7,849,819	\$14,238,505	\$13,359,092
677,491	918,990	767,550
<u>8,527,310</u>	<u>15,157,495</u>	<u>14,126,642</u>
4,078,851	4,437,323	4,384,485
1,483,404	1,486,967	1,272,891
417,782	417,782	535,740
858,303	858,303	1,267,775
37,894	37,894	42,414
1,817,401	3,607,520	3,196,175
2,316,130	2,553,322	2,427,766
0	5,357,872	4,470,850
<u>11,009,765</u>	<u>18,756,983</u>	<u>17,598,096</u>
<u>(2,482,455)</u>	<u>(3,599,488)</u>	<u>(3,471,454)</u>
796,734	796,734	683,422
156,034	570,944	1,307,239
351,799	351,799	0
(3,124)	(371,438)	(3,409)
<u>1,301,443</u>	<u>1,348,039</u>	<u>1,987,252</u>
<u>(1,181,012)</u>	<u>(2,251,449)</u>	<u>(1,484,202)</u>
97,190	97,190	0
2,049	2,049	0
84,200	84,200	0
887,622	887,622	1,542,667
0	(275,655)	(600,000)
<u>1,071,061</u>	<u>795,406</u>	<u>942,667</u>
<u>(109,951)</u>	<u>(1,456,043)</u>	<u>(541,535)</u>
245,190	245,190	194,549
<u>21,704,247</u>	<u>29,793,111</u>	<u>30,140,097</u>
<u>\$21,839,486</u>	<u>\$28,582,258</u>	<u>\$29,793,111</u>

CITY OF LAKE CHARLES, LOUISIANA

Combined Statement of Cash Flows

All Proprietary Fund Types

For Fiscal Year Ended September 30, 2002

	<u>Proprietary Internal Services</u>
Cash flows from operating activities:	
Operating income (loss)	<u>(\$1,117,033)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	237,192
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(119,431)
(Increase) decrease in prepaid expenses	(173,020)
(Increase) decrease in inventory	0
(Increase) decrease in due from other funds operating transfers reimbursements	0
(Increase) decrease in interfund charge - vehicle use	0
Increase (decrease) in due to other funds operating transfers reimbursements	0
Increase (decrease) in accounts payable	(358,279)
Increase (decrease) in miscellaneous accounts payable	0
Increase (decrease) in accrued insurance claims	(210,558)
Increase (decrease) in customer deposit accounts payable	0
Increase (decrease) in accrued wages and benefits	269
Total adjustments	<u>(623,827)</u>
Net cash provided by (used for) operating activities	<u>(1,740,860)</u>
Cash flows from capital and related financial activities:	
Capital expenditures	(44,826)
Contract payable	0
Sale of capital asset	0
Contributed capital	0
Net cash provided by (used for) capital and related financial activities:	<u>(44,826)</u>

<u>Fund Type</u>	<u>Totals</u>	
	<u>(Memorandum Only)</u>	
<u>Enterprise</u>	<u>2002</u>	<u>2001</u>
<u>(\$2,482,455)</u>	<u>(\$3,599,488)</u>	<u>(\$3,471,454)</u>
2,316,130	2,553,322	2,427,766
(136,346)	(255,777)	(48,412)
(646)	(173,666)	(79,125)
(10,941)	(10,941)	34,490
7,940	7,940	(257,673)
0	0	54
(154,119)	(154,119)	(146,042)
(86,953)	(445,232)	452,698
(5,202)	(5,202)	(668)
0	(210,558)	(1,349,540)
34,156	34,156	22,303
29,940	30,209	(22,920)
<u>1,993,959</u>	<u>1,370,132</u>	<u>1,032,931</u>
<u>(488,496)</u>	<u>(2,229,356)</u>	<u>(2,438,523)</u>
(1,498,492)	(1,543,318)	(3,913,166)
(72,489)	(72,489)	(45,793)
2,772	2,772	0
572,287	572,287	1,102,238
<u>(995,922)</u>	<u>(1,040,748)</u>	<u>(2,856,721)</u>

(continued on next page)

CITY OF LAKE CHARLES, LOUISIANA

Combined Statement of Cash Flows

All Proprietary Fund Types and Similar Trust Funds

For Fiscal Year Ended September 30, 2002

	<u>Proprietary Internal Services</u>
Cash flow from investing activities:	
Purchase of investment securities	(11,079,619)
Proceeds from sale and maturities of investment securities	12,634,033
Interest on investments	407,969
Net cash provided by (used for) investing activities	<u>1,962,383</u>
Cash flow from noncapital financing activities:	
Intergovernmental revenue	0
Sales tax revenue	0
Operating transfers in	0
Operating transfers out	(650,655)
Net cash provided by noncapital financing activities:	<u>(650,655)</u>
Net increase (decrease) in cash and cash equivalents	(473,958)
Cash and cash equivalents at beginning of year	<u>1,528,793</u>
Cash and cash equivalents at end of year	<u><u>\$1,054,835</u></u>

See accompanying notes to financial statements

Schedule of Noncash Activity:

	<u>Cost</u>	<u>Accum. Depr.</u>	<u>Gain (Loss)</u>
Assets retired	\$ 296,632	\$ 261,060	\$ (35,572)
Assets transferred in	245,914	196,138	49,776
Assets transferred out	1,449,581	1,070,702	(378,879)

Donated Developer Customer water system extensions of \$84,200 were recorded as capital contributions. Change in the fair value of investments resulted in an unrealized gain of \$176,335 at year end 2001 and an unrealized gain of \$56,359 at year end 2002.

<u>Fund Types</u>	<u>Totals</u>	
	<u>(Memorandum Only)</u>	
<u>Enterprise</u>	<u>2002</u>	<u>2001</u>
(4,340,925)	(15,420,544)	(22,892,913)
3,622,211	16,256,244	26,026,168
150,842	558,811	1,187,482
<u>(567,872)</u>	<u>1,394,511</u>	<u>4,320,737</u>
924,893	924,893	794,059
351,800	351,800	0
887,622	887,622	1,542,666
0	(650,655)	(600,000)
<u>2,164,315</u>	<u>1,513,660</u>	<u>1,736,725</u>
112,025	(361,933)	762,218
<u>1,530,957</u>	<u>3,059,750</u>	<u>2,297,532</u>
<u>\$1,642,982</u>	<u>\$2,697,817</u>	<u>\$3,059,750</u>

CITY OF LAKE CHARLES, LOUISIANA

Combining Balance Sheet - Component Units

September 30, 2002

	Ward Three Marshal- City Court	City Court of Lake Charles	Totals
ASSETS AND OTHER DEBITS			
Cash	\$129,140	\$726,230	\$855,370
Receivable			
Accounts	3,725	0	3,725
Due from other funds	162	5,102	5,264
General Fixed assets	163,709	266,733	430,442
Amount to be provided for retirement of general- long-term debt	3,024	0	3,024
Total assets and other debits	\$299,760	\$998,065	\$1,297,825
LIABILITIES			
Accounts payable	\$68,319	\$40,949	\$109,268
Due to primary government	0	9,562	9,562
Due to other funds	162	5,102	5,264
Escrow	0	314,416	314,416
Other liabilities	10,868	282	11,150
Total liabilities	79,349	370,311	449,660
EQUITY AND OTHER CREDITS			
Investment in general fixed assets	163,709	266,733	430,442
Fund balance:			
Undesignated	56,702	361,021	417,723
Total equity and other credits	220,411	627,754	848,165
Total liabilities, equity and other credits	\$299,760	\$998,065	\$1,297,825

See accompanying notes to financial statements

CITY OF LAKE CHARLES, LOUISIANA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Component Units
For Fiscal Year Ended September 30, 2002

	Ward Three Marshal- City Court	City Court of Lake Charles	Totals
Revenues:			
Fines and forfeitures	\$173,030	\$1,099,772	\$1,272,802
Intergovernmental	183,005	0	183,005
Miscellaneous	41,652	9,996	51,648
Total revenues	<u>397,687</u>	<u>1,109,768</u>	<u>1,507,455</u>
Expenditures:			
Current operating:			
General services	356,084	1,018,234	1,374,318
Capital outlay	25,812	8,060	33,872
Debt service:			
Principal retirement	2,015	0	2,015
Interest and fiscal charges	414	0	414
Total expenditures	<u>384,325</u>	<u>1,026,294</u>	<u>1,410,619</u>
Excess (deficiency) of revenues over expenditures	<u>13,362</u>	<u>83,474</u>	<u>96,836</u>
Fund balance at beginning of year	<u>43,340</u>	<u>277,547</u>	<u>320,887</u>
Fund balance at end of year	<u>\$56,702</u>	<u>\$361,021</u>	<u>\$417,723</u>

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

CITY OF LAKE CHARLES, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

September 30, 2002

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.

Scope of Reporting

This report includes all funds and account groups 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 in the Component Unit column of the combined statements, and is segmented for the respective units in Exhibit 6 and 7. The reported component units are as follows:

City Court of Lake Charles:

This entity is created by state statutes, which provide for its governance by independently elected officials and has a jurisdictional area extending beyond the corporate limits of the City. Although legally separate, City Court is fiscally dependent upon the government because of the statutory requirements that the City provide and maintain the physical facilities necessary for its operation. The relationship between the City and City Court is such that exclusion would cause the City's financial statements to be incomplete. Financial data reported for the City Court component unit is from its separately audited financial statements for the fiscal year ended December 31, 2001. The financial report for the period ended December 31, 2002 has not yet been issued.

Ward Three Marshal - City Court:

The office of Ward Three Marshal, which is governed by an independently elected official, is created in the same statutory manner as City Court and has a corresponding area of jurisdiction. Although legally separate, the office of Ward Three Marshal is fiscally dependent upon the government because of the statutory requirements that the City provide and maintain the physical facilities necessary for its operation. The relationship between the Marshal and the City is such that exclusion would cause the City's financial statements to be incomplete. Financial data reported for this component unit are from its separately audited financial report for the year ended December 31, 2001. The financial report for

NOTES TO FINANCIAL STATEMENTS

the year ended December 31, 2002 has not yet been issued. Complete financial statements of the individual component units are available from the City of Lake Charles at 326 Pujoe Street, Lake Charles, Louisiana 70601.

B. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into seven generic fund types and three broad fund categories as follows:

GOVERNMENTAL FUNDS

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Also included is the repayment of special assessment debt and the support provided through special assessment taxes.

Capital Projects Funds - Capital Projects Funds are 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 and trust funds).

PROPRIETARY FUNDS

Internal Service Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise (a) where the intent of the governing body is that the costs (expenses), (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governmental body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trust and agency funds. As described below, expendable trust funds and agency funds are accounted for on the modified accrual basis.

C. Fixed Assets and Long-Term Liabilities

The governmental funds and expendable trust funds focus on measurement in terms of "available spendable resources" or net current assets. The fixed assets and long-term liabilities associated with

NOTES TO FINANCIAL STATEMENTS

those funds therefore are not accounted for in the governmental funds themselves, but are instead reported in two separate account groups. The two account groups are not "funds." They are concerned only with the measurement of financial position, and are not involved with measurement of results of operation.

The General Fixed Assets Account Group accounts for fixed assets such as buildings and equipment which are used in governmental fund type operations. Public domain or infrastructure general fixed assets such as streets, bridges, drainage systems and sanitary sewer lines are not capitalized and are therefore not included in this account group. Fixed assets are valued at historical cost or estimated historical cost if actual cost is unavailable. Donated fixed assets are valued at their estimated fair market value on the date donated. No depreciation has been provided on general fixed assets.

The General Long-Term Debt Account Group is used to account for long-term liabilities expected to be financed from governmental funds. Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities, but are instead reported as liabilities in the General Long-Term Debt Account Group.

The above-described treatment of non-current assets and liabilities is limited to those associated with governmental type funds. All proprietary and pension trust funds are accounted for on a cost of services or capital maintenance measurement focus which means that all assets and liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method, and the estimated useful lives are as follows:

Buildings	20-40 years
Improvements	40-60 years
Equipment	3-20 years

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, principal and interest on general long-term debt are recognized as current fund liabilities and expenditures when they become due.

Those revenues susceptible to accrual include property taxes, special assessments, charges for services, interest revenue, and intergovernmental grants. Tax derived revenues are recognized in the same period that the underlying exchange transaction has occurred. Other types of revenue such as most forms of fines and permits are not susceptible to accrual, as they are usually not measurable until actually received.

NOTES TO FINANCIAL STATEMENTS

All proprietary funds are accounted for using the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred. The government applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its proprietary operations.

E. Budgets and Budgetary Accounting

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

1. The Mayor submits the proposed operating budget for the fiscal year commencing October 1 to the City Council no later than August 15. This budget includes proposed expenditures and the means of financing them.
2. A summary of the proposed budget and notices of public hearing are published in accordance with statutory requirements.
3. The proposed budget is subject to one or more public hearings before the City Council prior to adoption by ordinance, which must occur no later than September 15. The City Charter requires a two-thirds vote of the City Council to amend the proposed budget submitted by the Mayor.
4. Expenditures are legally restricted to budgetary appropriations at the department level within the General Fund and at the fund level for Special Revenue Funds, which are not departmentalized. Revisions, which alter the total expenditures of any such department or fund, must be approved by budget amendment ordinance adopted by the City Council at the request of the Mayor. Transfers of budgeted amounts between expenditure objects or programs within the same department and fund are authorized to be made administratively by the Director of Finance.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and the Capital Projects Fund, which is budgeted on a project basis. Formal budgetary integration is not employed in the Debt Service Funds because effective budgetary control is alternatively achieved through the respective bond indentures and provisions.
6. Budgets for the General, Special Revenue, and Capital Projects Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Comparisons of budgeted and actual results of operation are presented for the General Fund and Special Revenue Funds in the accompanying financial statements. The Capital Projects Fund is not included in this budget and actual comparison, as the capital budget which encompasses that fund is presented on the basis of cumulative as opposed to annual budget amounts.
7. All budgetary appropriations except capital project budgets lapse at the end of each fiscal year.
8. Budgeted amounts are as originally adopted, or as amended by the City Council. The originally adopted General Fund budget was \$40,778,679. Amendments in the amount of \$891,197 resulted in the final General Fund budget of \$41,669,876 as presented in the accompanying statements. The originally adopted amount of all Special Revenue Funds was \$18,883,189. Amendments in the amount of \$507,333 resulted in the final total Special Revenue Fund budget of \$19,390,522. Amendments were initiated in response to revenue increases in the General Fund and to grant awards and grant balance carry-overs involving Special Revenue Funds.

NOTES TO FINANCIAL STATEMENTS

F. Encumbrances

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

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

G. 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. In addition, investments are separately held by several of the City's funds. Legal and contractual provisions with respect to deposits and investments are substantially the same for all funds and fund types.

Deposits

Governmental Accounting Standards Board Statement 3 (GASB-3) concludes that deposits with financial institutions should be evaluated for risk and classified in one of the three following categories:

Category 1-Insured or collateralized with securities held by the governmental entity or by its agent in the name of the governmental entity.

Category 2-Collateralized with securities held by the pledging institution's trust department or agent in the governmental entity's name.

Category 3-Uncollateralized, including any deposits collateralized with securities held by the pledging financial institutions, or by its trust department or agent but not in the governmental entity's name.

Demand deposits of the City are maintained under a banking agreement in which account balances are swept into an automatic overnight repurchase agreement utilizing U.S. Treasury and government agency securities. The agreement provides that the entire balance be collateralized without regard to any deduction for federal deposit insurance. The bank balance of such deposits at September 30, 2002 was \$15,348,444 (carrying amount \$12,754,865), which was entirely collateralized by securities held by the City's third party custodial agent in the City's name (Category 1).

The total includes restricted cash in the amount of \$401,886 from customer deposits in the Water Utility Enterprise Fund. The amounts do not include petty cash of \$21,944 or \$84,684 that is on deposit with a third party for the administration of the City's insurance claims. It also does not include a cash overdraft of \$43,288 reported as accounts payable in the Community Development Special Revenue Fund and \$179,171 reported as accounts payable in the Transit Enterprise Fund.

The carrying amounts of cash deposits for component units at their respective balance sheet dates were \$726,230 for City Court and \$129,140 for the Ward Three Marshal. These amounts were fully covered by federal deposit insurance.

NOTES TO FINANCIAL STATEMENTS

Investments

The City's investments are categorized above in accordance with GASB Statement No. 3 to give an indication of the level of risk assumed at year end. Category 1, which represents the lowest level of risk, includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments with the securities held by the counter party's trust department or agent in the City's name. Category 3, which represents the greatest level of risk according to GASB Statement No. 3, includes uninsured and unregistered investments for which securities held by the counter party or by its trust department or agent but not in the government's name.

The City's investment program is authorized and limited by state statute and city ordinance 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. LAMP invests in short-term U.S. government securities and repurchase agreements collateralized by such securities. Security investments are carried at fair value; investment in LAMP is carried at cost, which approximates market.

Carrying amounts at September 30, 2002 were as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
U.S. Treasury and agency obligations held by the City or the City's agent in the City's name (Category 1)	\$ 62,712,598	\$62,712,598
Investment in Louisiana Asset Management Pool (Uncategorized)	<u>10,697,712</u>	<u>10,697,712</u>
Total	<u>\$ 73,410,310</u>	<u>\$73,410,310</u>

The investment in Louisiana Asset Management Pool is not classified into any of the three credit risk categories, as the City's shares in the pool are not evidenced by securities which exist in either physical or book entry form. All other investments and deposits were maintained under Category 1.

H. Cash Flow Statement

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. There was no interest expense during the year with respect to the funds reported on the statement of cash flows.

I. Allowance for Estimated Uncollectible Receivables and Concentration of Credit Risk

An allowance for estimated uncollectible receivables is established based on historical collection experience and other relevant circumstances. An allowance of \$578,580 in the General Fund is applicable to grass cutting liens and lot cleaning receivables. An allowance of \$69,044 in the Waste Water Special Revenue fund is applicable to the sewer user fee receivable. An allowance of \$145,006 in the Water Utility Enterprise Fund is applicable to the water service receivable at September 30, 2002.

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

NOTES TO FINANCIAL STATEMENTS

J. Inventory

Inventory is valued at average cost. Inventory in the General Fund consists of materials and supplies held for consumption, and is accounted for under the consumption method where expenditures are recorded when the goods are used. This inventory is offset by a reservation of fund balance that indicates that although inventories are a component of net current assets, they do not constitute "available spendable resources." 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.

K. Prepaid Items

Payments made to vendors for services that will benefit subsequent periods are recorded as prepaid items. A portion of the affected fund balances equal to the prepaid items has been reserved to indicate that it is not available for appropriation.

L. Vacation and Sick Pay

Vacation (annual leave) in the amount of \$50,209 is recorded in the governmental funds. This is the amount estimated to be paid during the first quarter of the subsequent fiscal year based on 3 years of history. The unpaid portion relating to governmental funds is recorded in the General Long-Term Debt Account Group, and amounted to \$1,429,879 at September 30, 2002. Vacation is accrued when incurred in the Proprietary Funds. The entire total of \$336,879 is reported as a long-term liability, as any current portions were immaterial.

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

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

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

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

Sick pay is not vested except at retirement, where accumulated sick pay hours up to six hundred (600) are payable to non-civil service retirees. The termination payment liability was calculated by developing a ratio based on historical data of sick leave paid at termination compared with sick leave accumulated and by applying that ratio to the sick leave accumulated by the current employee population as of September 30, 2002. Current sick pay benefits of \$15,004 are recorded in the governmental funds. This is the amount estimated to be paid during the first quarter of the subsequent fiscal year base on three years of history. The unpaid portion relating to governmental funds is recorded in the General Long-Term Debt Account Group, and amounted to \$259,567 at September 30, 2002. The termination payment liability in the Proprietary Funds amounted to \$102,650 at September 30, 2002. The entire amount is recorded as a long term liability within the funds as current portions paid during the first quarter of the subsequent fiscal year were immaterial.

NOTES TO FINANCIAL STATEMENTS

M. **Compensatory Time**

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 Proprietary Funds. The accrued total recorded in those funds at September 30, 2002 is \$43,520. The current portion of compensatory time relating to governmental funds amounted to \$5,421 at September 30, 2002. The balance of \$232,629 is recorded in the General Long-Term Debt Account Group.

N. **Comparative Data**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative (presentation of prior year's totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. These items are available through the supplemental data section of this report.

O. **Total Columns on Combined Statements-Overview**

Total columns on the Combined Statements-Overview are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operation, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. **Property Tax**

The City levies taxes on real and business personal property located within its boundaries. Property taxes are levied by the City on property values assessed by the Calcasieu Parish Tax Assessor and approved by the State of Louisiana Tax Commission. The distribution of the City's levy (tax rate per \$1,000 assessed value) to its funds was as follows for 2001 and 2002:

Tax	Fiscal Year 2002	Fiscal Year 2001
General Alimony	6.20	6.20
Special recreation	1.91	1.91
Employee salary	5.73	5.73
Special street improvement	2.59	2.59
Totals	16.43	16.43

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

NOTES TO FINANCIAL STATEMENTS

3. Segment Information

The City maintains four Enterprise Funds. Segment information as of and for the year ended September 30, 2002 is as follows:

	Civic Center	Golf Course	Transit	Water Utility	Total
Operating revenues	\$ 942,792	\$1,164,086	\$ 81,015	\$6,339,417	\$8,527,310
Depreciation expenses	1,025,342	111,944	129,960	1,048,884	2,316,130
Operating income (loss)	(1,754,703)	21,241	(1,121,493)	372,500	(2,482,455)
Other nonoperating Revenue (expenses)	87,111	87,833	18,607	311,158	504,709
Operating grants - governmental	183,205	0	613,529	0	796,734
Operating transfer in	558,233	0	329,389	0	887,622
Net income (loss)	(926,154)	109,074	(159,968)	683,658	(293,390)
Property, plant and Equipment:					
Additions	176,454	165,679	30,754	1,437,796	1,810,683
Deletions	97,271	26,724	118,956	55,470	298,421
Current contributed capital	400,000	(46,500)	(108,716)	(72,439)	172,345
Net working capital	1,106,007	319,977	128,268	4,759,932	6,314,184
Total assets	13,543,441	2,827,492	1,253,285	42,346,610	59,970,828
Total equity	13,379,827	2,711,250	999,650	41,207,494	58,298,221

4. Grants from Other Governmental Units

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

NOTES TO FINANCIAL STATEMENTS

During 2001-2002 and 2000-2001, the following amounts under various grants and entitlements are recorded in the accompanying financial statements:

Fund	2001-2002	2000-2001
Community Development	\$1,922,078	\$1,557,718
Grants and Donations Fund	1,159,691	958,214
Transit Enterprise Fund	613,529	498,476

5. Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

Asset	Balance 10-1-01	Additions	Transfers	Retirements	Balance 9-30-02
Land	\$11,371,169	\$ 0	\$ 0	\$ 0	\$11,371,169
Buildings	13,144,498	137,362	0	(37,428)	13,244,432
Improvements	24,238,490	158,511	0	(256,225)	24,140,776
Equipment	21,552,011	940,373	1,203,667	(1,153,665)	22,542,386
Total	\$70,306,168	\$1,236,246	\$1,203,667	\$(1,447,318)	\$71,298,763

A summary of proprietary funds type property and equipment at September 30, 2002 is as follows:

INTERNAL SERVICE FUNDS
RISK MANAGEMENT:

Description	Life in Years	Costs	Accumulated Depreciation	Net	Current Year Depreciation
Office equipment	5	\$22,901	\$16,346	\$6,555	\$1,537
Vehicles	3-5	25,288	18,415	6,873	2,500
Totals		\$48,189	\$34,761	\$13,428	\$4,037
Changes during year:					
Balance, beginning Of year		\$41,484	\$31,261	\$10,223	
Additions		5,758	0	5,758	
Retirements		(537)	(537)	0	
Depreciation		0	4,037	(4,037)	
Contributions from (to) other funds		1,484	0	1,484	
Balance, end of year		\$48,189	\$34,761	\$13,428	

NOTES TO FINANCIAL STATEMENTS

VEHICLE REPLACEMENT:

Description	Life in Years	Costs	Accumulated Depreciation	Net	Current Year Depreciation
Vehicles	3-7	\$ 0	\$ 0	\$ 0	\$233,155
Changes during year:					
Balance, beginning of year		\$1,391,749	\$827,864	\$563,885	
Additions		39,068	0	39,068	
Retirements		0	0	0	
Depreciation		0	233,155	(233,155)	
Contributions from (to) other funds		(1,430,817)	(1,061,019)	(369,798)	
Balance, end of year		\$ 0	\$ 0	\$ 0	

* Assets in the Internal Service Funds are depreciated using the straight-line basis.

ENTERPRISE FUNDS

CIVIC CENTER:

Description	Life in Years	Costs	Accumulated Depreciation	Net	Current Year Depreciation
Buildings and structures	40	\$20,035,083	\$13,672,715	\$6,362,368	\$566,952
Improvements	10-30	6,321,090	1,418,818	4,902,272	327,896
Equipment: Auto and trucks	5-7	138,066	83,726	54,340	11,236
Construction in progress		0	0	0	0
Equip, furniture and Fixtures	3-10	2,946,099	1,926,919	1,019,180	119,258
Totals		\$29,440,338	\$17,102,178	\$12,338,160	\$1,025,342
Changes during year:					
Balance, beginning of year		\$29,361,155	\$16,134,177	13,226,978	
Additions		142,335	0	142,335	
Retirements		(97,271)	(88,581)	(8,690)	
Depreciation		0	1,025,342	(1,025,342)	
Contributions from (to) other funds		34,119	31,240	2,879	
Balance, end of year		\$29,440,338	\$17,102,178	\$12,338,160	

NOTES TO FINANCIAL STATEMENTS

GOLF COURSE:

Description	Life in Years	Costs	Accumulated Depreciation	Net	Current Year Depreciation
Land		\$1,065,698	\$0	\$1,065,698	\$0
Buildings and structures	20	589,262	415,671	173,591	12,326
Improvements	20	1,127,004	81,008	1,045,996	55,674
Equipment	3-6	682,431	541,929	140,502	43,944
Totals		\$3,464,395	\$1,038,608	\$2,425,787	\$111,944
Changes during year:					
Balance, beginning of year		\$3,325,440	\$819,924	\$2,505,516	
Additions		0	0	0	
Retirements		(26,724)	(26,724)	0	
Depreciation		0	111,944	(111,944)	
Contributions from (to) other funds		165,679	133,464	32,215	
Balance, end of year		\$3,464,395	\$1,038,608	\$2,425,787	

PUBLIC TRANSIT:

Description	Life in Years	Costs	Accumulated Depreciation	Net	Current Year Depreciation
Buses	10	\$1,227,861	\$ 331,884	\$ 895,977	\$127,007
Equipment	4-6	69,466	50,178	19,288	2,953
Totals		\$1,297,327	\$ 382,062	\$ 915,265	\$129,960
Changes during year:					
Balance, beginning of year		\$1,385,529	\$ 325,708	\$1,059,821	
Additions		2,561	0	2,561	
Retirements		(118,956)	(92,264)	(26,692)	
Depreciation		0	129,960	(129,960)	
Contributions from (to) other funds		28,193	18,658	9,535	
Balance, end of year		\$1,297,327	\$ 382,062	\$ 915,265	

NOTES TO FINANCIAL STATEMENTS

WATER UTILITY:

Description	Life in Years	Costs	Accumulated Depreciation	Net	Current Year Depreciation
Land		\$231,985	\$0	231,985	\$0
Buildings and structures	40	570,513	363,525	206,988	12,758
Improvements other than buildings	40	47,140,876	13,710,976	33,429,900	917,784
Construction in progress		2,454,887	0	2,454,887	0
Equipment: Auto and trucks	5-7	967,765	792,449	175,316	76,594
Furniture and Fixtures	3-10	666,225	417,034	249,191	41,748
Totals		\$52,032,251	\$15,283,984	\$36,748,267	\$1,048,884
Changes during year:					
Balance, beginning of year		\$50,649,925	\$14,284,964	\$36,364,961	
Additions		1,437,796	0	1,437,796	
Retirements		(53,144)	(52,954)	(190)	
Depreciation		0	1,048,884	(1,048,884)	
Contributions from (to) other funds		(2,326)	3,090	(5,416)	
Balance, end of year		\$52,032,251	\$15,283,984	\$36,748,267	

* Assets in the Enterprise Funds are depreciated using the straight-line basis.

6. Long-Term Debt

The following is a summary of changes to various types of Long-term debt for the year ended September 30, 2002:

	Balance 10-1-01	Additions	Retirements	Balance 9-30-02
Accrued leave benefits	\$1,879,576	\$265,519	\$223,020	\$1,922,075
Police Benefit Guarantee	859,489	0	152,267	707,222
Sales tax increment financing agreement	3,034,999	0	186,675	2,848,324
Pension refunding bonds payable	10,975,000	0	600,000	10,375,000
Totals	\$16,749,064	\$265,519	\$1,161,962	\$15,852,621

NOTES TO FINANCIAL STATEMENTS

Bonds payable as of September 30, 2002 are comprised of the following individual issues:

Long-Term Debt:

Accrued leave payable (Note 1-L and 1-M)	\$1,922,075
\$3,600,000 Series 1998A Tax-exempt Refunding Bonds due in annual amounts of \$370,000 in 2010 and \$1,030,000 to \$1,125,000 from 2011 through 2013; interest rates at 4.55% to 4.70%	3,600,000
\$9,055,000 Series 1998B Taxable Refunding Bonds due in annual amounts of \$540,000 to \$910,000 through 2010 and \$805,000 in 2014; interest rates of 7.77% to 6.55%	6,775,000
\$707,222 Estimated liability for police benefit guarantees (Note 9)	707,222
\$4,000,000 Sales Tax Increment Reimbursement Agreement Prien Lake Mall expansion project; payable semiannually at 50% of incremental sales tax revenue increase received by city from project site during a term not to exceed ten years from October 1, 1999	<u>2,848,324</u>
Total long-term debt	<u>\$15,852,621</u>

The annual requirements to amortize all debt outstanding as of September 30, 2002, including interest payments of \$4,022,900 are as follows:

**Annual Requirements to Amortize Long-Term Debt
September 30, 2002**

Year Ending September 30,	Total Long-Term Debt
2003	\$3,647,521
2004-2005	5,089,397
2006-2010	6,468,349
2011-2015	4,653,267
2016-2020	16,987
Totals	\$19,875,521

The amount available in the Debt Service Fund is \$2,509,810 to service long-term debt. There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

NOTES TO FINANCIAL STATEMENTS

7. Other Required Individual Fund Disclosures

A. Deficit retained earnings balances of Enterprise Funds were \$13,357,760 for the Civic Center and \$2,102,400 for Public Transit. These retained earnings deficits consist entirely of accumulated depreciation, as operating transfers to these funds are limited by management policy to the amounts of net loss exclusive of depreciation.

B. Individual fund interfund receivable and payable balances. Such balances at September 30, 2002 were:

Fund	Interfund Receivable	Interfund Payable
Primary Government:		
General Fund	\$ 83,949	\$1,176,146
Special Revenue Fund:		
Waste Water	0	19,754
Riverboat Gaming Fund	0	525,000
Community Development Fund	41,039	2,726
Grants and Donations Fund	62,901	2,965
Recreation Fund	88,774	0
Debt Service Fund	1,982	0
Capital Projects Fund	1,225,000	0
Internal Service Fund:		
Risk Management Fund	0	96
Enterprise Fund:		
Civic Center	150,000	25,551
Golf Course	0	2,066
Public Transit	131,451	0
Water Utility	0	30,789
Trust and Agency Funds		
Expendable Trust Veteran's Memorial Park	0	3
Total primary government	\$1,785,096	\$1,785,096

Discretely Presented Component Units:

As stated in Note 1, the City of Lake Charles has presented the financial statements of two component units. These component units have fiscal years that are different from the City's year end. As a result, one of the component units reflects an amount due to the primary government in the amount of \$9,562 as of December 31, 2001. This amount has been collected by the primary government as of September 30, 2002.

NOTES TO FINANCIAL STATEMENTS

C. Amounts due from other governmental units consisted of the following:

Primary Government:	
Mass Transit Operating Assistance Grant ended September 30, 2002	\$ 182,727
Calcasieu Parish Police Jury - Ward 3 Fire Protection Rebate	676,788
Calcasieu Parish Police Jury	51,051
U.S. Customs Department	6,320
Community Development Grant for year ended September 30, 2001	240,619
LA Department of Transportation	108,909
LA Commission on Law Enforcement and Admin. Of Criminal Justice Grant for year ended September 30, 2002	6,925
Housing & Urban Development Emergency Grants	156,796
LA Department of Treasury	39,264
Total primary government	\$1,469,399

D. The amount of termination benefits recorded as expenditures in the governmental type funds at September 30, 2002 are as follows:

<u>General</u>	<u>Waste Water</u>	<u>Recreation</u>
\$164,372	\$13,731	\$44,917

NOTES TO FINANCIAL STATEMENTS

E. As of September 30, 2002 the City had the following significant commitments with respect to construction and other unfinished capital projects:

Description	Remaining Commitment
Governmental Funds:	
Common Street reconstruction – Phase II	\$1,512,762
College Street overlay and repairs	181,992
Fourth Avenue reconstruction	449,274
Cactus Drive – Fifth Avenue connector	96,563
Ninth Street paving	183,875
Blake Street paving	637,550
Gieffers and Pear Street paving	331,043
Martha Street paving	427,732
Elder Street paving	166,501
North Grace Street paving	658,924
Fourth Street reconstruction	405,724
East Street reconstruction	181,992
Lilly Street and Seventh Avenue reconstruction	527,568
Weaver and Elliott Road turn lanes	164,493
New recreation complex	1,026,806
Various recreation site improvements	121,319
Sewer collection system rehabilitation	271,041
Waste Water Plant A sludge facilities	1,984,852
Waste Water system expansion – engineering	106,302
Fire ladder truck acquisition	734,457
Miscellaneous projects	171,199
Proprietary Funds:	
Transit vehicle acquisitions	378,756
Water main extensions	103,764
Water system replacements	662,904
Civic Center capital acquisition	17,285
Total	\$11,504,678

NOTES TO FINANCIAL STATEMENTS

F. Unfavorable Revenue Variance in Special Revenue Funds

The total intergovernmental revenue of Special Revenue Funds was \$3,081,769, which was \$1,601,830 less than the amount budgeted. This unfavorable variance is attributable to variances in grant program revenues which are budgeted on the basis of grant awards but actually received as expenditure reimbursements in the Community Development and Grants and Donations funds. Such expenditure-driven revenue variances in Special Revenue Funds are exempted from the budgetary notification and amendment requirements otherwise applicable to the general and special revenue fund types under the Louisiana Local Government Budget Act.

G. Miscellaneous Activity

The City, in connection with the operation of the Police Department evidence room, holds certain assets, including cash. Such assets are not reported on the balance sheet since they are not City property until forfeited to the City by adjudication.

H. Restatement of Prior Year Fund Balance and Retained Earnings

GASB-33 requires that tax revenues be recorded in the same period in which the exchange transaction that generates the tax revenue occurs. In previous years, sales tax revenues have been reported in the month in which they are received rather than the month in which they are earned. Sales tax revenues that were generated from transactions in September 2002 have been recorded on the September 30, 2002 financial statements. All penalties and interest related to sales tax collection have also been included.

The quarterly electric franchise payment that is due in October of each fiscal year has previously been recorded as revenue in the month it is received. Beginning in fiscal year 2002, the October payment for the July through September quarter is recorded as revenue on September 30, 2002.

The effects of the above implementation of GASB Statement 33 and subsequent restatement of fund balances and retained earnings are as follows as of September 30, 2002.

	As Originally Presented	As restated	Difference
Beginning Fund Balance and Retained Earnings 10/1/2000:			
General Fund	\$16,249,000	\$19,373,574	\$3,124,574
Special Revenue Funds	6,447,800	6,772,997	325,197
Capital Project Funds	24,844,087	25,193,473	349,386
Enterprise Funds	21,918,980	21,950,674	31,694
Beginning Fund Balance and Retained Earnings 10/1/2001:			
General Fund	20,264,816	23,261,703	2,996,887
Special Revenue Funds	7,131,756	7,425,740	293,984
Capital Project Funds	31,673,837	31,990,497	316,660
Enterprise Funds	\$21,676,289	\$21,704,247	\$27,958

GASB 33 also requires that capital contributions from external sources be shown as non operating revenue which will flow into retained earnings rather than a direct addition to contributed capital. In fiscal year 2002, \$2,049 from the federal government is recorded in the Transit Enterprise Fund. \$97,190 from the state government and \$84,200 in developer donated capital contributions are recorded as shown in the Water Utility Enterprise Fund

NOTES TO FINANCIAL STATEMENTS

8. Risk Management Obligations

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 employs a claims adjuster 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. All remaining fund equity is reserved for subsequent workmen's compensation and liability claims on an aggregate basis.

Total fund equity at September 30, 2002 was \$4,431,769, of which \$3,650,000 is designated for catastrophic losses. Specific ordinance authorization is required for payment of any claim in excess of \$100,000, or for any reduction or use of the amount designated for catastrophic losses. However, all estimable claims are accrued as current or long-term liabilities when incurred, without regard to the level of authorization required for payment.

As of May 22, 1998, 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 initiated on that date. Under this program, the City's retained risk for all covered forms of loss exposure is generally limited to a maximum of \$100,000 per claim or loss. Within the last four years there have been no settlements that have exceeded insurance coverage.

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. Retained earnings of that fund at September 30, 2002 were \$2,311,713. The amount of risk retained by the fund during 2002 was limited to \$100,000 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 2001:	\$5,529,593	\$800,000	\$6,329,593
Incurred and adjusted claims	(210,773)	3,332,084	3,121,311
Claim payment	(1,228,766)	(3,242,084)	(4,470,850)
Unpaid claims, beginning of Fiscal year 2002	4,090,054	890,000	4,980,054
Incurred and adjusted claims	1,679,307	3,468,006	5,147,313
Claim payments	(1,939,866)	(3,418,006)	(5,357,872)
Total unpaid claims, September 30, 2002	\$3,829,495	\$940,000	\$4,769,495

NOTES TO FINANCIAL STATEMENTS

9. Retirement Commitments

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

Municipal Employees' Retirement System

This system covers full-time municipal employees who are not eligible to participate in other state-administered defined benefit plans. Membership is generally mandatory for such employees of participating municipalities. The City of Lake Charles participates in "Plan B" of this system, in which employees are subject to federal social security coverage. A member of Plan B may retire at any age with 30 years of creditable service or at age 60 with 10 years of service. Benefits vest after 10 years of service, and are generally equal to two percent of the member's final three-year average salary times the number of years of creditable service. Active plan members are required to contribute 5 percent of regular earnings and the City is required to contribute at an actuarially determined rate, which was 4.5 percent of covered payroll prior to July 1, 2002. The City is currently contributing 6.25 percent of covered payroll.

The City of Lake Charles contributed to Plan B of Municipal Employees Retirement System a total of \$1,117,337, \$1,052,565, and \$1,061,423 for the years ended September 30, 2002, 2001 and 2000 respectively, which equals the required contribution for each year.

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

Municipal Police Employees' Retirement System

This system, which covers full-time police personnel in participating municipalities provides a pension benefit of three and one-third percent of average final salary for each year of service, with normal retirement eligibility ranging from age 55 with 12 years of service to any age with 25 years of service. Active plan members are required to contribute 7.5 percent of covered earnings and the City is required to contribute an actuarially determined rate, which currently is 9 percent of covered payroll.

The City of Lake Charles contributed a total of \$815,162, \$799,372 and \$862,833 to the Municipal Police Employees Retirement System for fiscal years ended September 30, 2002, 2001 and 2000 respectively, which equals the required contributions for each year. The financial report issued by this system may be obtained from Municipal Police Employees Retirement System, 8401 United Plaza Boulevard Suite 270, Baton Rouge, LA 70809-7017.

Firefighters' Retirement System of the State of Louisiana

This system, which covers full-time fire department employees who are not members of other retirement systems, has the same contribution requirements and major benefits provisions as the Municipal Police Employees' Retirement System described above. Employees are required to contribute 8 percent of covered earnings, and the City is required to contribute an actuarially determined rate which is currently 9 percent of covered payroll. The employer contribution rate would have increased to 18.25 percent as of July 1, 2002, but was temporarily limited to the previous 9 percent rate through the remainder of the year by Act 83 of the 2002 Louisiana legislature.

NOTES TO FINANCIAL STATEMENTS

The City of Lake Charles' contributions to this plan were \$773,163, \$748,933 and \$700,224 for the years ended September 30, 2002, 2001 and 2000 respectively, which equals the required contributions for each year. The financial report for this system may be obtained from Firefighters Retirement System, P.O. Box 94095, Capitol Station, Baton Rouge, LA 70804-9095.

10. Other Post-employment Benefits – Police Benefit Guarantee

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

As of September 30, 2002, the City was paying post-employment benefits to two participants and had a potential liability for future benefits to two remaining active employees. Total payments during the year then ended were \$69,186; the maximum liability for subsequent payments was established at \$707,222 that is recorded in the General Long-Term Debt Account Group. Payments are funded on a cash basis through a related debt service fund, which is supported by periodic General Fund transfers. The balance available in the debt service fund as of September 30, 2002 was \$447,068, which represents 63 percent of the maximum future liability. Based on prior experience, the liability ultimately resulting from future employee benefit election is likely to be substantially less than the projected maximum.

11. Contingencies and Commitments

The City has outstanding a number of contracts, the breach of any of which could result in a liability to the City. The amount of the liability to the City at September 30, 2002, if any, is not estimable.

12. 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 and the Department of Housing and Urban Development. 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, 2002 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.

13. Dedication of Proceeds and Flow of Funds - Two 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 (2002 collections \$14,232,232; 2001 collections \$13,913,945;) are collected by the General Fund and may be used for virtually any capital or operating needs of the City of Lake Charles. This tax levy was originally authorized in 1965, and has been re-authorized for an additional 25 years from March 1, 1990.

NOTES TO FINANCIAL STATEMENTS

Additional Dedicated One Percent Sales Tax:

In November, 1986, a sales tax election was held and the City of Lake Charles was authorized to collect an additional dedicated one percent sales tax levy for a period of five years commencing January 1, 1987. This tax has since been reauthorized for periods of five years extending through 1996 and ten years through 2006. Proceeds of this additional one percent sales tax levied by the City of Lake Charles (2002 collections \$14,232,233; 2001 collections \$14,030,822;). Prior to fiscal year 2002, this sales tax revenue was recorded in the Ten Year Sales Tax Special Revenue Fund and then distributed to the various funds. Beginning in fiscal year 2002, the revenue was deposited directly to the funds for which they are dedicated on a percentage basis as follows:

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

Additional One-Quarter Percent Sales Tax:

The voters approved an additional sales tax levy of one-quarter of one percent in January 1995 for the purpose of increasing the pay and starting salaries of City employees. This tax levy is authorized for a period of ten years from its effective date of April 1, 1995. Prior to fiscal year 2002 this sales tax revenue was received by the Employee Pay Sales Tax Special Revenue Fund, from which transfers are made to other funds in proportion to increased payroll costs resulting from amendment of the City's employee pay plans. Beginning in fiscal year 2002, the sales tax was recorded directly into the funds where the payroll costs are incurred: General Fund, Waste Water and Recreation Special Revenue Funds, Civic Center, Golf Course, Transit and Water Enterprise Funds. Collections for September 30, 2002 totaled \$3,546,610; 2001 collections were \$3,455,464.

NOTES TO FINANCIAL STATEMENTS

14. Contributed Capital

Source	Risk Management	Vehicle Replacement	Civic Center	Golf Course	Transit	Water Division	Total
Contributed capital from Municipality	\$0	\$0	\$ 400,000	\$ 0	\$ 17,535	\$ 0	\$ 417,535
Depreciation on contributed assets	0	0	0	(46,500)	(126,251)	(72,439)	(245,190)
Return of contributed capital to municipality	0	(375,000)	0	0	0	0	(375,000)
Contributed capital beg of year	710	375,000	26,337,587	2,495,879	3,210,766	4,242,158	36,662,100
Contributed Capital end of year	\$710	\$ 0	\$26,737,587	\$2,449,379	\$3,102,050	\$4,169,719	\$36,459,445

Total contributed capital from municipality does not agree with the total residual equity transfers from the Governmental Fund Types because it includes \$9,535 in the Transit Fund that was the transfer of fixed assets rather than cash from the Municipality.

15. Reconciliation of Total Proprietary Equity

	Internal Service Funds	Enterprise Funds	Total
Proprietary Fund Equity - Beginning	\$8,464,574	\$57,990,637	\$66,455,211
Net Income	(1,346,092)	135,239	(1,210,853)
Contributed Capital	(375,000)	172,345	(202,655)
Proprietary Fund Equity-Ending	\$ 6,743,482	\$58,298,221	\$65,041,703

* Enterprise Fund Net Income total includes \$245,190 added back to net income for depreciation on contributed assets.

NOTES TO FINANCIAL STATEMENTS

16. Subsequent Events

In October, 2001 the City entered into a cooperative agreement with Wal-Mart Stores East, Inc. and Sales Tax District No. Three of the Calcasieu Parish School Board, in connection with the planned construction of a new Wal-Mart store within the city and simultaneous closing of an existing store within the District. The agreement provides for the City to remit 25 percent of its sales tax collections from the new store, not to exceed \$350,000 per calendar year, to the District in order to meet the debt service obligations extending to 2020. The new store is completed and begins operating in March 2003, at which time the City's sales tax obligation under this agreement will commence.

In March 2003, the City entered into a loan agreement with the Louisiana Community Development and Environmental Facilities Authority, under which proceeds of \$25 million issue of variable rate demand bonds by the Authority are made available to the City for construction of waste water treatment facilities and sewer system expansion. This loan is secured by a City revenue pledge of "lawfully available funds" but is planned to be repaid from increased Waste Water Fund revenue resulting from new user charge rates effective last year. The loan bears variable interest and has a maximum term of 20 years.

Debt obligations resulting from the above agreements will be reflected in 2003 and subsequent years' financial statements.

GENERAL
FUND

GENERAL FUND

The General Fund is the principal fund of the City and is used to account for all activities of the City not included in other specified funds. The General Fund accounts for the normal recurring activities of the City (i.e. public safety, public works, general government, etc.)

CITY OF LAKE CHARLES, LOUISIANA
General Fund
 Comparative Balance Sheet
 September 30, 2002 and 2001

ASSETS	2002	2001
Cash	\$3,978,267	\$2,882,724
Investments	18,305,904	18,411,300
Receivable (net of allowances for estimated uncollectible):		
Accounts	3,362,392	2,542,682
Accrued interest	92,196	129,195
Intergovernmental	733,053	586,912
Due from other funds	83,949	1,001,389
Inventory, at cost	208,105	192,929
Prepaid items	84,227	58,519
Total assets	\$26,848,093	\$25,805,650
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$979,452	\$945,161
Due to other funds	1,176,146	1,425,354
Escrow	43,442	46,152
Accrued leave benefits	56,654	47,315
Other liabilities	36,000	79,965
Total liabilities	2,291,694	2,543,947
Fund balance:		
Reserved for inventory	208,105	192,929
Reserved for prepaid items	84,227	58,519
Unreserved:		
Designated for subsequent year's expenditures	865,437	1,341,307
Undesignated	23,398,630	21,668,948
Total fund balance	24,556,399	23,261,703
Total liabilities and fund balance	\$26,848,093	\$25,805,650

CITY OF LAKE CHARLES, LOUISIANA**General Fund**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

Fiscal Year Ended September 30, 2002

With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001

	2002			2001
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$31,198,509	\$31,280,709	\$82,200	\$20,928,427
Licenses and permits	4,587,500	4,539,687	(47,813)	5,560,635
Intergovernmental	1,201,975	1,385,837	183,862	1,186,035
Charges for services	1,224,190	1,298,174	73,984	1,185,893
Fines and forfeitures	256,800	264,816	8,016	405,332
Miscellaneous	1,111,350	1,196,768	85,418	2,156,918
Total revenues	<u>39,580,324</u>	<u>39,965,991</u>	<u>385,667</u>	<u>31,423,240</u>
Expenditures:				
Current:				
General government	2,076,773	1,929,028	147,745	1,933,909
Finance	1,179,967	1,099,504	80,463	1,144,619
Public safety	17,630,278	16,963,367	666,911	15,510,728
Human Resources	274,727	259,088	15,639	312,725
Public works	10,907,712	9,882,719	1,024,993	9,150,492
Planning	1,345,021	1,207,243	137,778	1,276,661
General services	2,913,332	2,728,344	184,988	2,345,577
Total expenditures	<u>36,327,810</u>	<u>34,069,293</u>	<u>2,258,517</u>	<u>31,674,711</u>
Excess (deficiency) of rev over exp	<u>3,252,514</u>	<u>5,896,698</u>	<u>2,644,184</u>	<u>(251,471)</u>
Other financing sources (uses):				
Operating transfers in	0	275,655	275,655	9,512,630
Operating transfers out	(5,184,066)	(5,094,657)	89,409	(5,271,853)
Total other financing sources (uses)	<u>(5,184,066)</u>	<u>(4,819,002)</u>	<u>365,064</u>	<u>4,240,777</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>(1,931,552)</u>	<u>1,077,696</u>	<u>3,009,248</u>	<u>3,989,306</u>
Fund balance at beginning of year	23,261,703	23,261,703	0	19,373,574
Residual equity transfer in	0	375,000	375,000	0
Residual equity transfer out	(158,000)	(158,000)	0	(101,177)
Fund balance at end of year	<u>\$21,172,151</u>	<u>\$24,556,399</u>	<u>\$3,384,248</u>	<u>\$23,261,703</u>

CITY OF LAKE CHARLES, LOUISIANA

General Fund

Schedule of Revenues Compared to Budget (GAAP Basis)

Fiscal Year Ended September 30, 2002

With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001

REVENUES	Mill	2002		Variance	2001
		Budget	Actual	Favorable (Unfavorable)	Actual
TAXES					
Alimony property tax	6.20	\$2,104,900	\$2,109,295	\$4,395	\$2,027,727
Street improvement taxes	2.59	879,305	872,936	(6,369)	845,719
Employee salary	5.73	1,945,335	1,931,245	(14,090)	1,874,565
Sales tax-excess		14,250,000	14,232,232	(17,768)	13,913,945
Ten year sales tax		6,840,000	6,831,472	(8,528)	0
Employee sales tax		2,923,969	2,910,927	(13,042)	0
Occupational licenses		2,255,000	2,392,602	137,602	2,266,471
		<u>31,198,509</u>	<u>31,280,709</u>	<u>82,200</u>	<u>20,928,427</u>
LICENSES AND PERMITS					
Gas franchise		410,000	398,356	(11,644)	663,156
Electric franchise		3,250,000	3,233,184	(16,816)	3,938,095
Cable TV franchise		480,000	482,724	2,724	459,191
Wrecker fees		0	0	0	70
Taxi permits		850	718	(132)	925
Building permits		180,000	166,925	(13,075)	205,541
Electric permits and licenses		66,700	70,252	3,552	73,329
Street cutting permits		150	55	(95)	180
Plumbing permits and licenses		37,800	36,257	(1,543)	38,788
Whiskey permits		106,900	93,205	(13,695)	117,600
Beer permits		18,000	15,460	(2,540)	20,675
Mechanical permits and licenses		23,500	27,100	3,600	25,881
Bingo permits		3,500	3,650	150	3,625
Other		10,100	11,801	1,701	13,579
		<u>4,587,500</u>	<u>4,539,687</u>	<u>(47,813)</u>	<u>5,560,635</u>
INTERGOVERNMENTAL AGENCIES					
State revenue:					
Beer taxes		125,000	148,060	23,060	124,610
2% Fire Insurance Tax		140,000	159,610	19,610	144,387
Department of Transportation		77,600	77,600	0	77,601
Department of Military Affairs		36,375	48,500	12,125	0
Local revenue:					
Payment in lieu of taxes-					
Housing Authority		60,000	51,374	(8,626)	57,699
Calcasieu Parish Police Jury		175,000	178,902	3,902	206,487
Ward 3, Calcasieu Parish fire protection rebate		545,000	676,788	131,788	545,323
Other governmental revenue		43,000	45,003	2,003	29,928
		<u>1,201,975</u>	<u>1,385,837</u>	<u>183,862</u>	<u>1,186,035</u>

CITY OF LAKE CHARLES, LOUISIANA
General Fund

Schedule of Revenues Compared to Budget (GAAP Basis)

Fiscal Year Ended September 30, 2002

With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001

REVENUES	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
CHARGES FOR SERVICES				
Zoning fees	24,000	22,720	(1,280)	29,709
Accident report sales	41,000	40,454	(546)	41,272
Inspection fees	850	1,210	360	985
Grass cutting and lot clearing	160,000	183,409	23,409	169,785
Demolition charges	40,000	58,652	18,652	62,909
Overhead from Transit system	186,000	189,300	3,300	187,901
Overhead from Waste Water	189,900	193,452	3,552	100,643
Overhead from Community Development	16,000	14,646	(1,354)	13,223
Overhead from Water Division	382,490	393,970	11,480	407,684
Overhead from Civic Center	60,250	56,837	(3,413)	74,122
Overhead from Golf Course	77,400	70,156	(7,244)	25,719
Incinerator fees	25,000	24,808	(192)	30,298
Other charges for services	21,300	48,560	27,260	41,643
	<u>1,224,190</u>	<u>1,298,174</u>	<u>73,984</u>	<u>1,185,893</u>
FINES AND FORFEITURES				
City court fines	208,000	193,274	(14,726)	354,903
Driving while intoxicated fines	9,300	5,948	(3,352)	17,365
Parking fines	23,500	29,988	6,488	26,400
Forfeitures	16,000	35,606	19,606	6,664
	<u>256,800</u>	<u>264,816</u>	<u>8,016</u>	<u>405,332</u>
MISCELLANEOUS				
Interest on investments	585,000	506,515	(78,485)	1,191,571
Interest on property taxes	15,000	17,819	2,819	17,155
Interest and penalties on occupational licenses	25,000	35,992	10,992	29,369
Interest and penalties on sales tax	192,000	141,444	(50,556)	503,700
Interest on demand deposits	100,000	88,285	(11,715)	163,332
Oil and gas lease royalties	10,000	10,733	733	25,794
Rentals-Pioneer Building	24,000	31,309	7,309	27,456
Leases	150	0	(150)	150
Communication equipment rental	56,000	63,930	7,930	60,420
Insurance claims and rebates	30,000	176,185	146,185	17,358
Miscellaneous	51,900	82,658	30,758	110,107
Sale of property and equipment	22,300	41,898	19,598	10,506
	<u>1,111,350</u>	<u>1,196,768</u>	<u>85,418</u>	<u>2,156,918</u>
Total revenues	<u>\$39,580,324</u>	<u>\$39,965,991</u>	<u>\$385,667</u>	<u>\$31,423,240</u>

CITY OF LAKE CHARLES, LOUISIANA
General Fund

Schedule of Expenditures Compared to Budget (GAAP Basis)
 Fiscal Year Ended September 30, 2002

With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001

EXPENDITURES	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
GENERAL GOVERNMENT				
Personal services	\$1,696,945	\$1,608,646	\$88,299	\$1,597,077
Materials and supplies	69,079	51,686	17,393	50,548
Other services and charges	307,534	265,506	42,028	284,984
Capital outlay	3,215	3,190	25	1,300
	<u>2,076,773</u>	<u>1,929,028</u>	<u>147,745</u>	<u>1,933,909</u>
FINANCE				
Personal services	702,442	682,366	20,076	714,981
Materials and supplies	11,710	9,159	2,551	9,989
Other services and charges	465,815	407,979	57,836	419,649
	<u>1,179,967</u>	<u>1,099,504</u>	<u>80,463</u>	<u>1,144,619</u>
PUBLIC SAFETY				
Fire Department:				
Personal services	6,714,479	6,352,185	362,294	6,296,848
Materials and supplies	344,187	314,832	29,355	264,866
Other services and charges	591,454	563,663	27,791	483,052
Capital outlay	174,164	170,271	3,893	87,943
	<u>7,824,284</u>	<u>7,400,951</u>	<u>423,333</u>	<u>7,132,709</u>
Police Department:				
Personal services	7,647,624	7,506,987	140,637	6,384,903
Materials and supplies	573,180	534,625	38,555	465,211
Other services and charges	1,286,137	1,247,451	38,686	1,106,846
Capital outlay	299,053	273,353	25,700	421,059
	<u>9,805,994</u>	<u>9,562,416</u>	<u>243,578</u>	<u>8,378,019</u>
Total public safety	<u>17,630,278</u>	<u>16,963,367</u>	<u>666,911</u>	<u>15,510,728</u>

CITY OF LAKE CHARLES, LOUISIANA
General Fund

Schedule of Expenditures Compared to Budget (GAAP Basis)

Fiscal Year Ended September 30, 2002

With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001

EXPENDITURES	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
HUMAN RESOURCES				
Personal services	223,174	214,545	8,629	255,090
Materials and supplies	12,208	10,871	1,337	10,368
Other services and charges	39,345	33,672	5,673	45,900
Capital outlay	0	0	0	1,367
	<u>274,727</u>	<u>259,088</u>	<u>15,639</u>	<u>312,725</u>
PUBLIC WORKS				
Personal services	4,892,029	4,760,761	131,268	4,529,307
Materials and supplies	1,332,922	1,108,084	224,838	1,079,594
Other services and charges	4,049,060	3,801,407	247,653	3,170,451
Capital outlay	633,701	212,467	421,234	371,140
	<u>10,907,712</u>	<u>9,882,719</u>	<u>1,024,993</u>	<u>9,150,492</u>
PLANNING				
Personal services	938,231	882,134	56,097	945,370
Materials and supplies	38,580	29,713	8,867	29,560
Other services and charges	365,810	292,996	72,814	301,731
Capital outlay	2,400	2,400	0	0
	<u>1,345,021</u>	<u>1,207,243</u>	<u>137,778</u>	<u>1,276,661</u>
GENERAL SERVICES				
Personal services	1,066,781	1,038,187	28,594	1,019,944
Materials and supplies	146,992	126,831	20,161	82,765
Other services and charges	1,552,422	1,454,289	98,133	1,183,152
Capital outlay	147,137	109,037	38,100	59,716
	<u>2,913,332</u>	<u>2,728,344</u>	<u>184,988</u>	<u>2,345,577</u>
Total expenditures	<u>\$36,327,810</u>	<u>\$34,069,293</u>	<u>\$2,258,517</u>	<u>\$31,674,711</u>

CITY OF LAKE CHARLES, LOUISIANA**General Fund**

Schedule of Operating Transfers In and Out Compared to Budget (GAAP Basis)

Fiscal Year Ended September 30, 2002

With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001

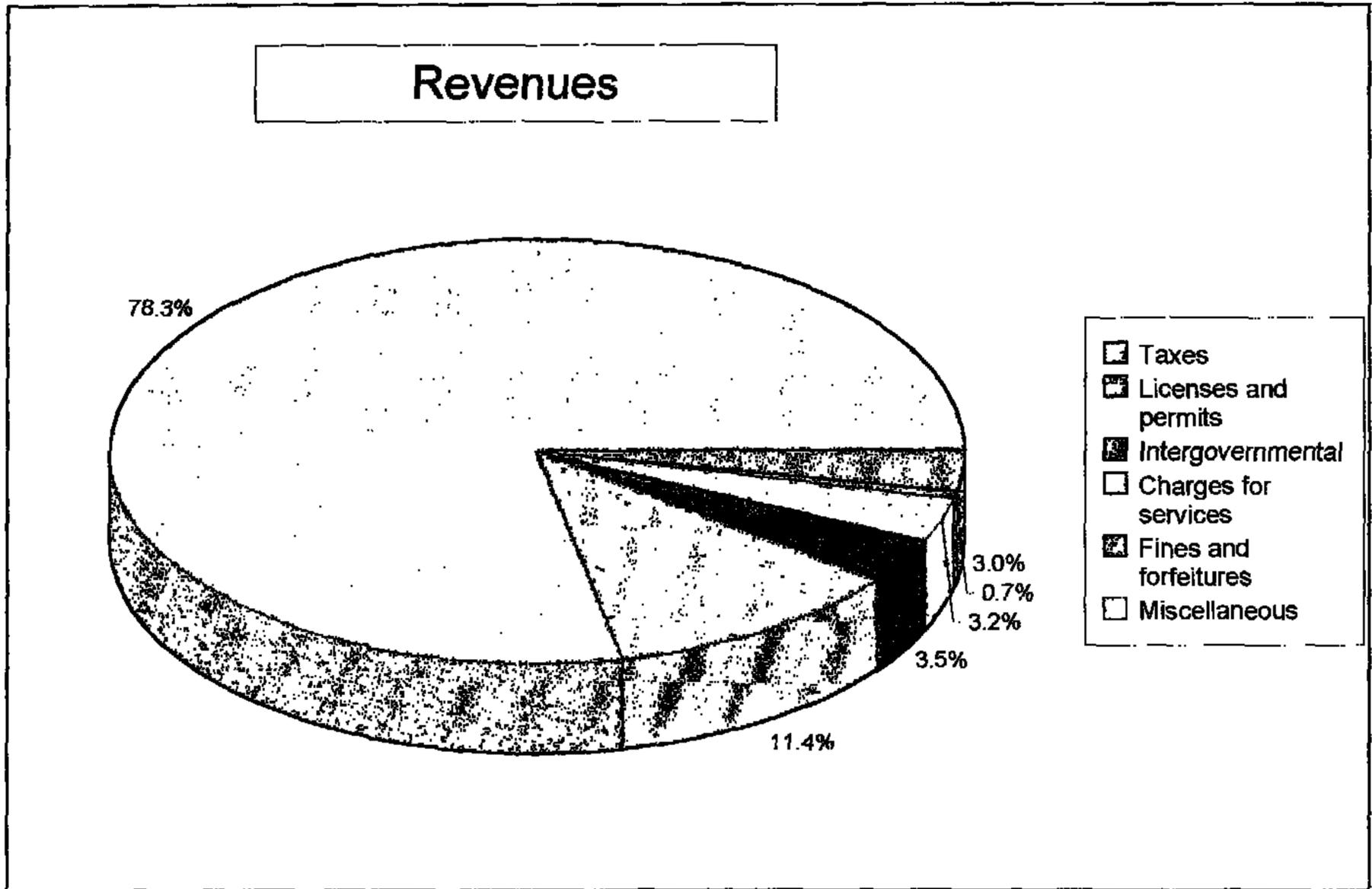
	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Operating transfers in:				
Ten Year Sales Tax Fund	\$0	\$0	\$0	\$6,688,008
Employee's Pay Sales Tax Fund	0	0	0	2,824,622
Vehicle Replacement Fund	0	275,655	275,655	0
Total operating transfer in	0	275,655	275,655	9,512,630
Operating transfers (out):				
Special Revenue Fund	(879,233)	(812,991)	66,242	(1,183,332)
Pension Fund	(1,349,676)	(1,349,675)	1	(1,446,946)
Capital Projects	(2,044,369)	(2,044,369)	0	(1,449,845)
Enterprise	(910,788)	(887,622)	23,166	(951,205)
Internal Service	0	0	0	(240,525)
Total operating transfer (out)	(5,184,066)	(5,094,657)	89,409	(5,271,853)
Net operating transfers in (out)	(\$5,184,066)	(\$4,819,002)	\$365,064	\$4,240,777

CITY OF LAKE CHARLES, LOUISIANA

General Fund

Chart of Revenues

For Fiscal Year Ended September 30, 2002



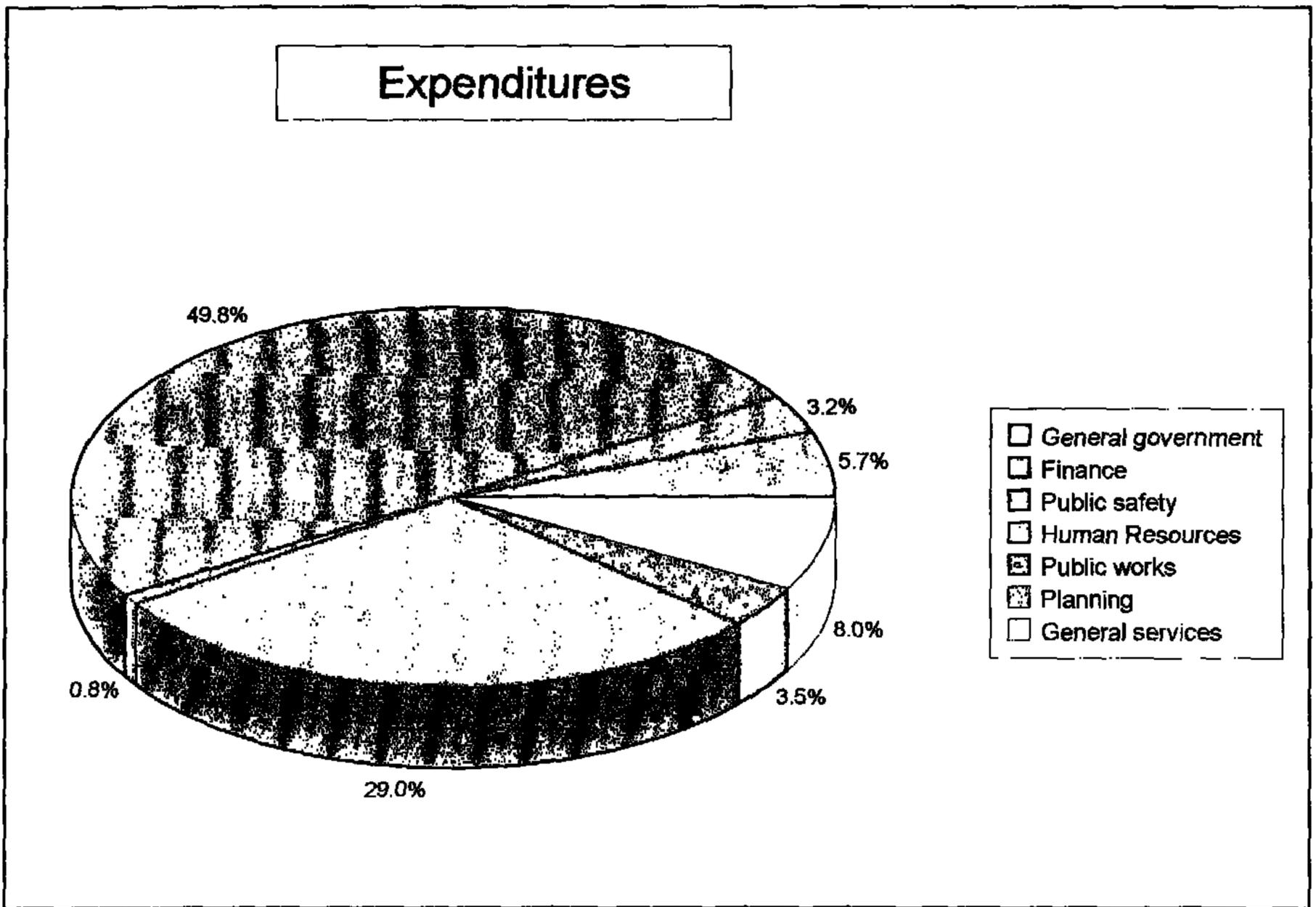
<u>Revenues</u>	<u>2002 Amount</u>	<u>Percent of Total</u>
Taxes	\$31,280,709	78.2 %
Licenses and permits	4,539,687	11.4
Intergovernmental	1,385,837	3.5
Charges for services	1,298,174	3.2
Fines and forfeitures	264,816	0.7
Miscellaneous	1,196,768	3.0
Total revenues	<u><u>\$39,965,991</u></u>	

CITY OF LAKE CHARLES, LOUISIANA

General Fund

Chart of Expenditures

For Fiscal Year Ended September 30, 2002



<u>Expenditures</u>	<u>2002 Amount</u>	<u>Percent of Total</u>
General government	\$1,929,028	5.7 %
Finance	1,099,504	3.2
Public safety	16,963,367	49.8
Human Resources	259,088	0.8
Public works	9,882,719	29.0
Planning	1,207,243	3.5
General services	2,728,344	8.0
Total expenditures	\$34,069,293	

SPECIAL
REVENUE
FUNDS

SPECIAL REVENUE FUNDS

Drug Enforcement Fund. To account for receipt and subsequent expenditure of funds donated or transferred to the City for drug enforcement work by the Police Department. Receipts from property seizures resulting from drug enforcement activity are recorded in this fund and dedicated for such activity as provided by law. This fund was closed in fiscal year 2001 and is presented for comparative purposes only.

Waste Water. To account for the receipt and subsequent expenditure of sewer use charges, dedicated taxes, and other current charges dedicated for operation, maintenance, and improvement of the City's sanitary sewerage system.

Riverboat Gaming Fund. Accounts for receipt and subsequent expenditure or transfer of revenue from casino riverboat admission taxes, development contributions, and related City-owned parking facilities.

Community Development Fund. To account 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.

Grants and Donations Fund. Accounts for funds received and expended for various categorical grant programs, including law enhancement grants and summer food service program. Also accounts for donations received for restricted purposes or special programs not reported in other funds.

Recreation. To account 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.

Ten Year Sales Tax Fund. To account for the receipt and distribution of proceeds from a one percent sales tax levy which commenced in 1987 and has been reauthorized for a ten year period extending through 2006. Revenues from this tax are dedicated on a percentage basis for public safety purposes (20 percent), waste water or sanitary sewerage services and facilities (16 percent), recreation (8 percent), and certain types of capital improvements and Public Works Department services (56 percent), and are distributed through interfund transfers to the respective funds and departmental operating budgets from which expenditures are made for the purposes authorized. Beginning in fiscal year 2002, tax revenues are distributed directly to the receiving funds. The fund is shown for comparative purposes.

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

Employee Pay Sales Tax. To account for the receipt and distribution of revenue from a one quarter percent sales tax dedicated for City employee pay increases. This tax is authorized for a period of ten years beginning April 1, 1995, and is distributed through interfund transfers to those operating funds from which the related increases in personnel costs are paid. Beginning in fiscal year 2002, tax revenues are distributed directly to the receiving funds. The fund is shown for comparative purposes.

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

CITY OF LAKE CHARLES, LOUISIANA
Special Revenue Funds
Combining Balance Sheet
September 30, 2002
With Comparative Totals for September 30, 2001

ASSETS	Waste Water	Riverboat Gaming	Community Development
Cash	\$695,951	\$128,744	\$0
Investments	1,381,277	148,987	10,065
Accounts receivable (net of allowance for estimated uncollectible):			
Accounts	860,551	585,417	0
Accrued interest receivable	6,820	0	0
Intergovernmental	0	0	397,415
Due from other funds	0	0	41,039
Prepaid items	462	0	0
Deferred notes receivable-rehabilitation loans	0	0	13,525
Total assets	<u>\$2,945,061</u>	<u>\$863,148</u>	<u>\$462,044</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$157,385	\$79,167	\$309,766
Due to other funds	19,754	525,000	2,726
Escrow	0	0	0
Contracts payable	0	0	111,998
Accrued leave benefits	5,703	0	0
Deferred revenue-rehabilitation loans	0	0	13,525
Total liabilities	<u>182,842</u>	<u>604,167</u>	<u>438,015</u>
Fund balance:			
Reserved for prepaid items	462	0	0
Unreserved:			
Designated for subsequent year's expenditures	0	0	0
Undesignated	2,761,757	258,981	24,029
Total fund balance	<u>2,762,219</u>	<u>258,981</u>	<u>24,029</u>
Total liabilities and fund balance	<u>\$2,945,061</u>	<u>\$863,148</u>	<u>\$462,044</u>

Grants & Donations	Recreation	Central School Fund	Facility Renewal	Totals	
				2002	2001
\$187,197	\$77,701	\$69,911	\$19,989	\$1,179,493	\$1,188,827
124,955	116,307	397,012	4,327,248	6,505,851	5,573,647
0	100,273	14,791	0	1,561,032	2,267,134
0	0	4,360	45,860	57,040	49,146
47,295	0	0	0	444,710	362,165
62,901	88,774	0	0	192,714	624,527
0	410	0	0	872	759
0	0	0	0	13,525	15,730
\$422,348	\$383,465	\$486,074	\$4,393,097	\$9,955,237	\$10,081,935
\$17,979	\$77,011	\$2,655	\$0	\$643,963	\$711,350
2,965	0	0	0	550,445	1,867,379
0	0	1,825	0	1,825	1,775
0	0	0	0	111,998	46,937
0	8,277	0	0	13,980	13,024
0	0	0	0	13,525	15,730
20,944	85,288	4,480	0	1,335,736	2,656,195
0	410	0	0	872	759
325,889	0	89,851	0	415,740	860,913
75,515	297,767	391,743	4,393,097	8,202,889	6,564,068
401,404	298,177	481,594	4,393,097	8,619,501	7,425,740
\$422,348	\$383,465	\$486,074	\$4,393,097	\$9,955,237	\$10,081,935

CITY OF LAKE CHARLES, LOUISIANA

Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Fiscal Year Ended September 30, 2002

With Comparative Totals for Fiscal Year Ended September 30, 2001

	<u>Waste Water</u>	<u>Riverboat Gaming</u>	<u>Community Development</u>
Revenues:			
Taxes	\$2,432,738	\$6,110,488	\$0
Intergovernmental	0	0	1,922,078
Charges for services	3,156,920	0	0
Miscellaneous	47,378	611,582	2,717
Total revenues	<u>5,637,036</u>	<u>6,722,070</u>	<u>1,924,795</u>
Expenditures:			
Current:			
Public safety	0	0	0
Public works	3,803,902	0	0
Planning and development	0	0	739,529
Community services	0	0	0
Capital outlay	59,381	0	1,203,479
Total expenditures	<u>3,863,283</u>	<u>0</u>	<u>1,943,008</u>
Excess (deficiency) of revenues over expenditures	<u>1,773,753</u>	<u>6,722,070</u>	<u>(18,213)</u>
Other financing sources (uses):			
Operating transfers in	0	0	44,952
Operating transfers out	(550,000)	(6,550,000)	0
Total other financing sources (uses)	<u>(550,000)</u>	<u>(6,550,000)</u>	<u>44,952</u>
Excess (deficiency) of rev and other sources over exp and other uses	1,223,753	172,070	26,739
Fund balance at beginning of year	1,538,466	336,911	(2,710)
Residual equity transfer out	0	(250,000)	0
Fund balance at end of year	<u>\$2,762,219</u>	<u>\$258,981</u>	<u>\$24,029</u>

<u>Grants & Donations</u>	<u>Recreation</u>	<u>Central School Fund</u>	<u>Facility Renewal</u>	<u>Totals</u>	
				<u>2002</u>	<u>2001</u>
\$0	\$1,913,316	\$0	\$0	\$10,456,542	\$24,070,373
1,159,691	0	0	0	3,081,769	2,528,445
0	115,332	86,297	0	3,358,549	2,418,771
7,959	12,971	16,358	214,905	913,870	1,375,472
<u>1,167,650</u>	<u>2,041,619</u>	<u>102,655</u>	<u>214,905</u>	<u>17,810,730</u>	<u>30,393,061</u>
381,258	0	0	0	381,258	604,996
0	0	0	0	3,803,902	3,790,467
0	0	0	0	739,529	810,407
718,510	2,560,099	88,030	0	3,366,639	3,380,106
148,985	26,787	0	0	1,438,632	1,172,768
<u>1,248,753</u>	<u>2,586,886</u>	<u>88,030</u>	<u>0</u>	<u>9,729,960</u>	<u>9,758,744</u>
<u>(81,103)</u>	<u>(545,267)</u>	<u>14,625</u>	<u>214,905</u>	<u>8,080,770</u>	<u>20,634,317</u>
119,016	649,023	0	250,000	1,062,991	4,812,028
0	(600,000)	0	0	(7,700,000)	(23,713,602)
<u>119,016</u>	<u>49,023</u>	<u>0</u>	<u>250,000</u>	<u>(6,637,009)</u>	<u>(18,901,574)</u>
37,913	(496,244)	14,625	464,905	1,443,761	1,732,743
363,491	794,421	466,969	3,928,192	7,425,740	6,772,997
0	0	0	0	(250,000)	(1,080,000)
<u>\$401,404</u>	<u>\$298,177</u>	<u>\$481,594</u>	<u>\$4,393,097</u>	<u>\$8,619,501</u>	<u>\$7,425,740</u>

CITY OF LAKE CHARLES, LOUISIANA
Drug Enforcement Fund
Comparative Balance Sheet
September 30, 2002 and 2001

ASSETS	2002	2001
Cash	\$0	\$21,461
Due from other funds	0	0
Total assets	\$0	\$21,461
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$0	\$8,632
Due to other funds	0	12,829
Total liabilities	0	21,461
Fund balance:		
Undesignated	0	0
Total liabilities and fund balance	\$0	\$21,461

CITY OF LAKE CHARLES, LOUISIANA**Drug Enforcement Fund**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

Fiscal Year Ended September 30, 2002

With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Intergovernmental - Drug forfeitures	\$0	\$0	\$0	\$12,513
Seizures and Miscellaneous	0	0	0	13,347
Total revenues	0	0	0	25,860
Expenditures:				
Personal services	0	0	0	288,541
Other services and charges	0	0	0	18,689
Materials and supplies	0	0	0	22,209
Total expenditures	0	0	0	329,439
Excess (deficiency) of rev over exp	0	0	0	(303,579)
Other financing sources:				
Operating transfers in	0	0	0	247,618
Excess (deficiency) of rev and other sources over exp	0	0	0	(55,961)
Fund balance at beginning of year	0	0	0	55,961
Fund balance at end of year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

CITY OF LAKE CHARLES, LOUISIANA
Waste Water Fund
 Comparative Balance Sheet
 September 30, 2002 and 2001

ASSETS	2002	2001
Cash	\$695,951	\$583,747
Investments	1,381,277	667,442
Receivable (net of allowances for estimated uncollectible)		
Accounts	860,551	260,853
Accrued interest	6,820	1,781
Due from other funds	0	193,313
Prepaid items	462	402
Total assets	<u>\$2,945,061</u>	<u>\$1,707,538</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$157,385	\$161,657
Due to other funds	19,754	1,702
Accrued leave benefits	5,703	5,713
Total liabilities	<u>182,842</u>	<u>169,072</u>
Fund balance:		
Reserved for prepaid items	462	402
Unreserved:		
Designated for subsequent year's expenditures	0	81,275
Undesignated	2,761,757	1,456,789
Total fund balance	<u>2,762,219</u>	<u>1,538,466</u>
Total liabilities and fund balance	<u>\$2,945,061</u>	<u>\$1,707,538</u>

CITY OF LAKE CHARLES, LOUISIANA**Waste Water Fund****Statement of Revenues, Expenditures, and Changes in Fund Balance****Budget (GAAP Basis) and Actual****Fiscal Year Ended September 30, 2002****With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001**

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Sales tax revenue	\$2,436,277	\$2,432,738	(\$3,539)	\$0
Charges for services	3,135,000	3,156,920	21,920	2,204,060
Miscellaneous	33,000	47,378	14,378	73,781
Total revenues	<u>5,604,277</u>	<u>5,637,036</u>	<u>32,759</u>	<u>2,277,841</u>
Expenditures:				
Personal services	1,987,152	1,864,408	122,744	1,810,632
Contractual and operational	2,153,542	1,939,494	214,048	1,979,835
Capital outlay	300,000	59,381	240,619	82,459
Total expenditures	<u>4,440,694</u>	<u>3,863,283</u>	<u>577,411</u>	<u>3,872,926</u>
Excess (deficiency) of rev over exp	<u>1,163,583</u>	<u>1,773,753</u>	<u>610,170</u>	<u>(1,595,085)</u>
Other financing sources (uses):				
Operating transfers in	0	0	0	2,385,132
Operating transfers out	(550,000)	(550,000)	0	(800,000)
Total other financing sources (uses)	<u>(550,000)</u>	<u>(550,000)</u>	<u>0</u>	<u>1,585,132</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>613,583</u>	<u>1,223,753</u>	<u>610,170</u>	<u>(9,953)</u>
Fund balance at beginning of year	<u>1,538,466</u>	<u>1,538,466</u>	<u>0</u>	<u>1,548,419</u>
Fund balance at end of year	<u>\$2,152,049</u>	<u>\$2,762,219</u>	<u>\$610,170</u>	<u>\$1,538,466</u>

CITY OF LAKE CHARLES, LOUISIANA
Riverboat Gaming Fund
Comparative Balance Sheet
September 30, 2002 and 2001

ASSETS	2002	2001
Cash	\$128,744	\$203,908
Investments	148,987	145,919
Accounts receivable	585,417	585,417
Total assets	\$863,148	\$935,244
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$79,167	\$158,333
Due to other funds	525,000	440,000
Total liabilities	604,167	598,333
Fund balance:		
Unreserved-designated for subsequent year's expenditures	0	113,286
Unreserved-undesignated	258,981	223,625
Total fund balance	258,981	336,911
Total liabilities and fund balance	\$863,148	\$935,244

CITY OF LAKE CHARLES, LOUISIANA
Riverboat Gaming Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Fiscal Year Ended September 30, 2002
With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Taxes	\$6,075,000	\$6,110,488	\$35,488	\$6,075,000
Miscellaneous	611,714	611,582	(132)	617,083
Total revenues	<u>6,686,714</u>	<u>6,722,070</u>	<u>35,356</u>	<u>6,692,083</u>
Expenditures:				
Other services and charges	0	0	0	0
Total expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues over expenditures	<u>6,686,714</u>	<u>6,722,070</u>	<u>35,356</u>	<u>6,692,083</u>
Other financing sources (uses):				
Operating transfers out	(6,550,000)	(6,550,000)	0	(5,520,000)
Total other financing sources (uses)	<u>(6,550,000)</u>	<u>(6,550,000)</u>	<u>0</u>	<u>(5,520,000)</u>
Excess (deficiency) of rev and other sources over exp and other uses	136,714	172,070	35,356	1,172,083
Fund balance at beginning of year	336,911	336,911	0	244,828
Residual equity transfer out	(250,000)	(250,000)	0	(1,080,000)
Fund balance at end of year	<u><u>\$223,625</u></u>	<u><u>\$258,981</u></u>	<u><u>\$35,356</u></u>	<u><u>\$336,911</u></u>

CITY OF LAKE CHARLES, LOUISIANA
Community Development Fund
Comparative Balance Sheet
September 30, 2002 and 2001

ASSETS	2002	2001
Cash	\$0	\$0
Investments	10,065	9,857
Due from other governmental agencies	397,415	331,821
Due from other funds	41,039	0
Deferred notes receivable-rehabilitation loans	13,525	15,730
Total assets	\$462,044	\$357,408
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$309,766	\$297,388
Due to other funds	2,726	63
Escrow	0	0
Contracts payable	111,998	46,937
Deferred revenue-rehabilitation loans	13,525	15,730
Total liabilities	438,015	360,118
Fund balance:		
Reserved for encumbrances	0	0
Unreserve-undesignated	24,029	(2,710)
Total fund balance	24,029	(2,710)
Total liabilities and fund balance	\$462,044	\$357,408

CITY OF LAKE CHARLES, LOUISIANA
Community Development Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Fiscal Year Ended September 30, 2002
With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Intergovernmental:				
Grants - Community Development	\$2,822,793	\$1,323,144	(\$1,499,649)	\$864,820
Grants - Housing Programs	654,063	598,934	(55,129)	692,898
Program income	3,900	2,322	(1,578)	9,126
Miscellaneous	150	395	245	2,688
Total revenues	<u>3,480,906</u>	<u>1,924,795</u>	<u>(1,556,111)</u>	<u>1,569,532</u>
Expenditures:				
Current:				
Personal services	103,766	103,567	199	80,627
Contract and operational	22,544	37,107	(14,563)	25,938
Material and supplies	2,226	2,224	2	1,865
Special current	801,509	596,631	204,878	701,977
Capital outlay	1,175,034	1,203,479	(28,445)	851,653
Total expenditures	<u>2,105,079</u>	<u>1,943,008</u>	<u>162,071</u>	<u>1,662,060</u>
Excess (deficiency) of revenues over expenditures	1,375,827	(18,213)	(1,394,040)	(92,528)
Other financing sources:				
Operating transfers in	50,981	44,952	(6,029)	0
Total other financing sources	<u>50,981</u>	<u>44,952</u>	<u>(6,029)</u>	<u>0</u>
Excess (deficiency) of rev and other sources over exp and other uses	1,426,808	26,739	(1,400,069)	(92,528)
Fund balance at beginning of year	<u>(2,710)</u>	<u>(2,710)</u>	<u>0</u>	<u>89,818</u>
Fund balance at end of year	<u>\$2,901,887</u>	<u>\$24,029</u>	<u>(\$2,806,167)</u>	<u>(\$2,710)</u>

CITY OF LAKE CHARLES, LOUISIANA
Grants & Donations Fund
Comparative Balance Sheet
September 30, 2002 and 2001

ASSETS	2002	2001
Cash	\$187,197	\$32,328
Investments	124,955	281,150
Due from other governmental agencies	47,295	30,344
Due from other funds	62,901	33,856
Total assets	\$422,348	\$377,678
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$17,979	\$14,187
Due to other funds	2,965	0
Total Liabilities	20,944	14,187
Fund balance:		
Unreserved-designated for subsequent year's expenditures	325,889	294,352
Unreserved-undesignated	75,515	69,139
Total fund balance	401,404	363,491
Total liabilities and fund balance	\$422,348	\$377,678

CITY OF LAKE CHARLES, LOUISIANA

Grants & Donations Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

Fiscal Year Ended September 30, 2002

With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001

	2002			2001
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Intergovernmental:				
Shared grants:				
Federal	\$198,818	\$350,155	\$151,337	\$186,337
State	995,925	796,345	(199,580)	758,476
Local	12,000	13,191	1,191	13,401
Miscellaneous	4,336	7,959	3,623	21,780
Total revenues	<u>1,211,079</u>	<u>1,167,650</u>	<u>(43,429)</u>	<u>979,994</u>
Expenditures:				
Current:				
Public safety	575,178	381,258	193,920	275,557
Community services	924,967	718,510	206,457	660,777
Capital outlay	166,719	148,985	17,734	107,847
Total expenditures	<u>1,666,864</u>	<u>1,248,753</u>	<u>418,111</u>	<u>1,044,181</u>
Excess of revenues over expenditures	<u>(455,785)</u>	<u>(81,103)</u>	<u>374,682</u>	<u>(64,187)</u>
Other financing source(uses):				
Operating transfers in	134,933	119,016	(15,917)	103,506
Total other financing sources (uses)	<u>134,933</u>	<u>119,016</u>	<u>(15,917)</u>	<u>103,506</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>(320,852)</u>	<u>37,913</u>	<u>358,765</u>	<u>39,319</u>
Fund balance at beginning of year	<u>363,491</u>	<u>363,491</u>	<u>0</u>	<u>324,172</u>
Fund balance at end of year	<u>\$42,639</u>	<u>\$401,404</u>	<u>\$358,765</u>	<u>\$363,491</u>

CITY OF LAKE CHARLES, LOUISIANA
Recreation Fund
 Comparative Balance Sheet
 September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
ASSETS		
Cash	\$77,701	\$260,455
Investments	116,307	210,117
Accrued interest receivable	0	935
Accounts receivable	100,273	0
Due from other funds	88,774	397,358
Prepaid items	410	357
Total assets	<u>\$383,465</u>	<u>\$869,222</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$77,011	\$67,490
Accrued leave benefits	8,277	7,311
Total liabilities	<u>85,288</u>	<u>74,801</u>
Fund balance		
Reserved for prepaid items	410	357
Unreserved:		
Designated for subsequent year's expenditures	0	372,000
Undesignated	297,767	422,064
Total fund balance	<u>298,177</u>	<u>794,421</u>
Total liabilities and fund balance	<u>\$383,465</u>	<u>\$869,222</u>

CITY OF LAKE CHARLES, LOUISIANA**Recreation Fund****Statement of Revenues, Expenditures, and Changes in Fund Balance****Budget (GAAP Basis) and Actual****Fiscal Year Ended September 30, 2002****With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001**

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Taxes	\$1,917,323	\$1,913,316	(\$4,007)	\$625,965
Charges for services	108,900	115,332	6,432	116,695
Miscellaneous	14,600	12,971	(1,629)	278,400
Total revenues	<u>2,040,823</u>	<u>2,041,619</u>	<u>796</u>	<u>1,021,060</u>
Expenditures:				
Personal services	1,766,866	1,556,400	210,466	1,586,330
Contractual and operational	864,513	707,076	157,437	783,253
Materials and supplies	357,745	296,623	61,122	277,434
Capital outlay	124,550	26,787	97,763	130,809
Total expenditures	<u>3,113,674</u>	<u>2,586,886</u>	<u>526,788</u>	<u>2,777,826</u>
Excess (deficiency) of rev over exp	<u>(1,072,851)</u>	<u>(545,267)</u>	<u>527,584</u>	<u>(1,756,766)</u>
Other financing sources (uses):				
Operating transfers in	1,112,611	649,023	(463,588)	2,075,772
Operating transfers out	(600,000)	(600,000)	0	0
Total other financing sources (uses)	<u>512,611</u>	<u>49,023</u>	<u>(463,588)</u>	<u>2,075,772</u>
Excess (deficiency) of rev and other sources over exp and other uses	<u>(560,240)</u>	<u>(496,244)</u>	<u>63,996</u>	<u>319,006</u>
Fund balance at beginning of year	<u>794,421</u>	<u>794,421</u>	<u>0</u>	<u>475,415</u>
Fund balance at end of year	<u>\$234,181</u>	<u>\$298,177</u>	<u>\$63,996</u>	<u>\$794,421</u>

CITY OF LAKE CHARLES, LOUISIANA**Ten Year Sales Tax Fund
Comparative Balance Sheet
September 30, 2002 and 2001**

	<u>2002</u>	<u>2001</u>
ASSETS		
Accounts receivable	\$0	\$1,130,930
Total Assets	\$0	\$1,130,930
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	\$0	\$1,130,930
Total liabilities	0	1,130,930
Fund balance	0	0
Total liabilities and fund balance	\$0	\$1,130,930

CITY OF LAKE CHARLES, LOUISIANA**Ten Year Sales Tax Fund**

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

Fiscal Year Ended September 30, 2002

With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001

	2002			2001
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Taxes	\$0	\$0	\$0	\$13,913,944
Miscellaneous	0	0	0	19,409
Total revenues	0	0	0	13,933,353
Expenditures:	0	0	0	0
Excess of revenues over expenditures	0	0	0	13,933,353
Other financing sources (uses):				
Operating transfers out	0	0	0	(13,933,353)
Excess (deficiency) of rev and other sources over exp and other uses	0	0	0	0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$0	\$0	\$0	\$0

CITY OF LAKE CHARLES, LOUISIANA

Central School Fund
Comparative Balance Sheet
September 30, 2002 and 2001

ASSETS	2002	2001
Cash	\$69,911	\$64,739
Investments	397,012	396,059
Accounts receivable	14,791	8,079
Accrued interest receivable	4,360	3,530
Total assets	\$486,074	\$472,407
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$2,655	\$3,663
Escrow	1,825	1,775
Total liabilities	4,480	5,438
Fund balance:		
Unreserved:		
Designated for subsequent year's expenditures	89,851	0
Undesignated	391,743	466,969
Total fund balance	481,594	466,969
Total liabilities and fund balance	\$486,074	\$472,407

CITY OF LAKE CHARLES, LOUISIANA

Central School Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

Fiscal Year Ended September 30, 2002

With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Charge for services	\$96,000	\$86,297	(\$9,703)	\$98,016
Miscellaneous	17,750	16,358	(1,392)	30,589
Total revenues	<u>113,750</u>	<u>102,655</u>	<u>(11,095)</u>	<u>128,605</u>
Expenditures:				
Materials and supplies	10,514	2,089	8,425	3,266
Other services and charges	103,697	85,941	17,756	69,046
Total expenditures	<u>114,211</u>	<u>88,030</u>	<u>26,181</u>	<u>72,312</u>
Excess of revenue over expenditures	(461)	14,625	15,086	56,293
Fund balance at beginning of year	<u>466,969</u>	<u>466,969</u>	<u>0</u>	<u>410,676</u>
Fund balance at end of year	<u><u>\$466,508</u></u>	<u><u>\$481,594</u></u>	<u><u>\$15,086</u></u>	<u><u>\$466,969</u></u>

CITY OF LAKE CHARLES, LOUISIANA
Employee's Pay Sales Tax Fund
Comparative Balance Sheet
September 30, 2002 and 2001

ASSETS	2002	2001
Accounts receivable	\$0	\$281,855
Total assets	\$0	\$281,855
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	\$0	\$281,855
Total liabilities	0	281,855
Fund balance	0	0
Total fund balance	0	0
Total liabilities and fund balance	\$0	\$281,855

CITY OF LAKE CHARLES, LOUISIANA
Employee's Pay Sales Tax Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget(GAAP Basis) and Actual
Fiscal Year Ended September 30, 2002
With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Taxes	\$0	\$0	\$0	\$3,455,464
Interest on investments	0	0	0	4,785
Total revenues	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,460,249</u>
Expenditures:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of revenues over expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,460,249</u>
Other financing sources(uses):				
Operating transfers out	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,460,249)</u>
<i>Excess (deficiency) of rev and other sources over exp and other uses</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance at end of year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

CITY OF LAKE CHARLES, LOUISIANA
Facility Renewal Fund
Comparative Balance Sheet
September 30, 2002 and 2001

ASSETS	2002	2001
Cash	\$19,989	\$22,189
Investments	4,327,248	3,863,103
Accrued interest receivable	45,860	42,900
Total assets	<u>\$4,393,097</u>	<u>\$3,928,192</u>
LIABILITIES AND FUND BALANCE		
Fund Balance: Unreserved, undesignated	<u>\$4,393,097</u>	<u>\$3,928,192</u>
Total fund balance	<u>4,393,097</u>	<u>3,928,192</u>
Total liabilities and fund balance	<u>\$4,393,097</u>	<u>\$3,928,192</u>

CITY OF LAKE CHARLES, LOUISIANA
Facility Renewal Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget(GAAP Basis) and Actual
Fiscal Year Ended September 30, 2002
With Comparative Actual Amounts for Fiscal Year Ended September 30, 2001

	2002		Variance Favorable (Unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Interest on investments	\$195,000	\$214,905	\$19,905	\$304,484
Total revenues	<u>195,000</u>	<u>214,905</u>	<u>19,905</u>	<u>304,484</u>
Expenditures:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues over expenditures	<u>195,000</u>	<u>214,905</u>	<u>19,905</u>	<u>304,484</u>
Other financing sources:				
Operating transfers in	<u>250,000</u>	<u>250,000</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of rev and other sources over exp	445,000	464,905	19,905	304,484
Fund balance at beginning of year	<u>3,928,192</u>	<u>3,928,192</u>	<u>0</u>	<u>3,623,708</u>
Fund balance at end of year	<u>\$4,373,192</u>	<u>\$4,393,097</u>	<u>\$19,905</u>	<u>\$3,928,192</u>

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DEBT SERVICE FUNDS

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DEBT SERVICE FUNDS

The Debt Service Fund accounts for the payment of interest and principal on all debt and the revenue provided for the repayment of such debt. All special assessment debt has been repaid but the continued collection of outstanding special assessment receivables are accounted for in this fund.

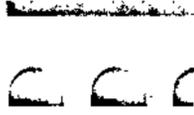
CITY OF LAKE CHARLES, LOUISIANA
Debt Service Fund
Comparative Balance Sheet
September 30, 2002 and 2001

ASSETS	2002	2001
Cash	\$57,516	\$155,455
Investments	2,391,147	2,301,040
Receivables (net allowances for estimated uncollectibles):		
Accrued interest receivable	17,494	14,572
Special assessments receivable-delinquent	62,569	63,841
Special assessments receivable-deferred	486,897	495,715
Interest receivable - special assessments	59,156	60,087
Due from other funds	1,982	68,730
Total assets	<u>\$3,076,761</u>	<u>\$3,159,440</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$54,904	\$90,134
Escrow deposits	25,150	25,830
Deferred revenues	486,897	495,715
Total liabilities	<u>566,951</u>	<u>611,679</u>
Fund balance:		
Reserved for debt service	2,509,810	2,547,761
Total liabilities and fund balance	<u>\$3,076,761</u>	<u>\$3,159,440</u>

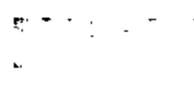
CITY OF LAKE CHARLES, LOUISIANA
Debt Service Fund

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
 Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Revenues:		
Special assessments	\$0	\$132
Miscellaneous	98,175	205,621
Total revenues	<u>98,175</u>	<u>205,753</u>
Expenditures:		
Principal retirement	855,861	921,909
Interest and fiscal charges	629,940	664,164
Total expenditures	<u>1,485,801</u>	<u>1,586,073</u>
 Excess (deficiency) of revenues over expenditures	 <u>(1,387,626)</u>	 <u>(1,380,320)</u>
Other financing sources:		
Operating transfer in	1,349,675	1,446,946
Total other financing sources:	<u>1,349,675</u>	<u>1,446,946</u>
 Excess (deficiency) of revenues and other sources over expenditures	 <u>(37,951)</u>	 <u>66,626</u>
 Fund balance at beginning of year	 <u>2,547,761</u>	 <u>2,481,135</u>
 Fund balance at end of year	 <u><u>\$2,509,810</u></u>	 <u><u>\$2,547,761</u></u>



CAPITAL
PROJECTS
FUNDS



CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for financial resources used by the City for the acquisition or construction of major capital facilities, excluding those financed through Enterprise Funds.

CITY OF LAKE CHARLES, LOUISIANA
Capital Projects Fund
Comparative Balance Sheet
September 30, 2002 and 2001

ASSETS	2002	2001
Cash	\$5,160,835	\$3,839,674
Receivable:		
Accounts	763,107	465,774
Intergovernmental	0	144,527
Investments	32,318,802	26,931,193
Accrued interest receivable	236,481	282,824
Due from other funds	1,225,000	1,521,305
Total assets	\$39,704,225	\$33,185,297
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$285,293	\$297,459
Contracts payable	302,708	478,549
Deferred revenue	358,575	418,792
Total liabilities	946,576	1,194,800
Fund balance:		
Reserved for encumbrances	4,986,092	2,888,671
Unreserved:		
Designated for capital projects	33,854,942	29,132,621
Undesignated	(83,385)	(30,795)
Total fund balance	38,757,649	31,990,497
Total liabilities and fund balance	\$39,704,225	\$33,185,297

CITY OF LAKE CHARLES, LOUISIANA
Capital Projects Fund
 Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
 Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Revenues:		
Taxes	\$3,985,026	\$0
Interest on investments	1,232,893	2,037,708
Intergovernmental	434,821	936,325
Miscellaneous	94,868	246,993
Total revenues	<u>5,747,608</u>	<u>3,221,026</u>
Expenditures:		
Capital projects	<u>8,474,825</u>	<u>8,695,186</u>
Excess (deficiency) of revenues over expenditures	<u>(2,727,217)</u>	<u>(5,474,160)</u>
Other financing sources (uses):		
Operating transfers in	9,494,369	12,271,184
Total other financing sources (uses):	<u>9,494,369</u>	<u>12,271,184</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	6,767,152	6,797,024
Fund balance at beginning of year	<u>31,990,497</u>	<u>25,193,473</u>
Fund balance at end of year	<u>\$38,757,649</u>	<u>\$31,990,497</u>

INTERNAL SERVICE FUNDS

The 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.

The Vehicle Replacement Fund provides for replacement costs for vehicles used by the municipality. This fund is used to account for the cost of services relating to the purchase and replacement of City vehicles. This fund was closed at the end of fiscal year 2002.

The 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 Balance Sheet

September 30, 2002

With Comparative Totals for September 30, 2001

	Risk	Vehicle	Employee	Totals	
	Management	Replacement	Insurance	2002	2001
ASSETS					
Current assets:					
Cash	\$409,212	\$0	\$645,623	\$1,054,835	\$1,528,793
Investments	7,019,907	0	2,591,946	9,611,853	11,117,147
Receivables:					
Accounts	120,746	0	758	121,504	2,073
Accrued interest	66,842	0	21,293	88,135	130,315
Prepaid expenses	686,605	0	0	686,605	513,585
Total current assets	<u>8,303,312</u>	<u>0</u>	<u>3,259,620</u>	<u>11,562,932</u>	<u>13,291,913</u>
Fixed assets (at cost):					
Office equipment	22,901	0	0	22,901	16,196
Vehicles	25,288	0	0	25,288	1,417,037
	48,189	0	0	48,189	1,433,233
Less accumulated depreciation	34,761	0	0	34,761	859,125
Net fixed assets	<u>13,428</u>	<u>0</u>	<u>0</u>	<u>13,428</u>	<u>574,108</u>
Total assets	<u>\$8,316,740</u>	<u>\$0</u>	<u>\$3,259,620</u>	<u>\$11,576,360</u>	<u>\$13,866,021</u>
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	\$15,741	\$0	\$7,907	\$23,648	\$381,939
Due to other funds	96	0	0	96	84
Accrued insurance claims	2,770,964	0	840,000	3,610,964	3,788,651
Incurred-not reported claims	150,000	0	100,000	250,000	250,000
Total current liabilities	<u>2,936,801</u>	<u>0</u>	<u>947,907</u>	<u>3,884,708</u>	<u>4,420,674</u>
Long-term liabilities:					
Accrued leave benefits	39,639	0	0	39,639	39,370
Accrued insurance claims- noncurrent	908,531	0	0	908,531	941,403
Total long-term liabilities	<u>948,170</u>	<u>0</u>	<u>0</u>	<u>948,170</u>	<u>980,773</u>
Total liabilities	<u>3,884,971</u>	<u>0</u>	<u>947,907</u>	<u>4,832,878</u>	<u>5,401,447</u>
Fund equity:					
Contributed capital-municipality	710	0	0	710	375,710
Retained earnings:					
Unreserved-designate insur claims	891,704	0	0	891,704	1,646,702
Unreserved	3,539,355	0	2,311,713	5,851,068	6,442,162
Total retained earnings	<u>4,431,059</u>	<u>0</u>	<u>2,311,713</u>	<u>6,742,772</u>	<u>8,088,864</u>
Total fund equity	<u>4,431,769</u>	<u>0</u>	<u>2,311,713</u>	<u>6,743,482</u>	<u>8,464,574</u>
Total liabilities and fund equity	<u>\$8,316,740</u>	<u>\$0</u>	<u>\$3,259,620</u>	<u>\$11,576,360</u>	<u>\$13,866,021</u>

CITY OF LAKE CHARLES, LOUISIANA**Internal Service Funds**

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings

Fiscal Year Ended September 30, 2002

With Comparative Totals for Fiscal Year Ended September 30, 2001

	Risk	Vehicle	Employee	Totals	
	Management	Replacement	Insurance	2002	2001
Operating revenues:					
Charges for services	\$1,844,800	\$241,938	\$4,301,948	\$6,388,686	\$5,727,864
Subrogation	241,499	0	0	241,499	85,146
Total operating revenues	<u>2,086,299</u>	<u>241,938</u>	<u>4,301,948</u>	<u>6,630,185</u>	<u>5,813,010</u>
Operating expenses:					
Personal services	358,472	0	0	358,472	356,744
Materials and supplies	3,563	0	0	3,563	4,083
General and administration	1,070,775	0	719,344	1,790,119	1,422,892
Depreciation	4,037	233,155	0	237,192	231,246
Claims and losses paid	1,939,866	0	3,418,006	5,357,872	4,470,850
Total operating expenses	<u>3,376,713</u>	<u>233,155</u>	<u>4,137,350</u>	<u>7,747,218</u>	<u>6,485,815</u>
Operating income (loss)	<u>(1,290,414)</u>	<u>8,783</u>	<u>164,598</u>	<u>(1,117,033)</u>	<u>(672,805)</u>
Nonoperating revenues:					
Interest	308,292	9,603	97,015	414,910	936,265
Other	1,484	(369,798)	0	(368,314)	(4,546)
Total nonoperating revenues	<u>309,776</u>	<u>(360,195)</u>	<u>97,015</u>	<u>46,596</u>	<u>931,719</u>
Income (loss) before operating transfers	<u>(980,638)</u>	<u>(351,412)</u>	<u>261,613</u>	<u>(1,070,437)</u>	<u>258,914</u>
Operating Transfers:					
Operating transfer in	0	0	0	0	240,525
Operating transfer out	0	(275,655)	0	(275,655)	(600,000)
Total operating transfers	<u>0</u>	<u>(275,655)</u>	<u>0</u>	<u>(275,655)</u>	<u>(359,475)</u>
Net income (loss)	<u>(980,638)</u>	<u>(627,067)</u>	<u>261,613</u>	<u>(1,346,092)</u>	<u>(100,561)</u>
Retained earnings at beginning of year	<u>5,411,697</u>	<u>627,067</u>	<u>2,050,100</u>	<u>8,088,864</u>	<u>8,189,425</u>
Retained earnings at end of year	<u><u>\$4,431,059</u></u>	<u><u>\$0</u></u>	<u><u>\$2,311,713</u></u>	<u><u>\$6,742,772</u></u>	<u><u>\$8,088,864</u></u>

CITY OF LAKE CHARLES, LOUISIANA

Internal Service Fund

Combining Statement of Cash Flows

Fiscal Year Ended September 30, 2002

With Comparative Totals for the Fiscal Year ended September 30, 2001

	Risk Management
Cash flows from operating activities:	
Operating income (loss)	<u>(\$1,290,414)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	4,037
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(120,412)
(Increase) decrease in prepaid expenses	(173,020)
(Increase) decrease in interfund charge vehicle use	0
Increase (decrease) in accounts payable	(357,595)
Increase (decrease) in accrued insurance claims	(260,558)
Increase (decrease) in accrued wages and benefits	269
Total adjustments	<u>(907,279)</u>
Net cash provided by operating activities	<u>(2,197,693)</u>
Cash flows from capital and related financial activities:	
Capital expenditures	<u>(5,758)</u>
Net cash provided by (used for) capital and related financial activities	<u>(5,758)</u>
Cash flow from investing activities:	
Purchase of investment securities	(8,214,048)
Proceeds from sale and maturities of investment securities	9,744,036
Interest on investments	310,785
Net cash provided by (used for) investing activities	<u>1,840,773</u>
Cash flows from noncapital financial activities:	
Operating transfers in	0
Operating transfers out	0
Net cash provided noncapital financing activities	<u>0</u>
Net increase (decrease) in cash and cash equivalents	<u>(362,678)</u>
Cash and cash equivalents at beginning of year	<u>771,890</u>
Cash and cash equivalents at end of year	<u><u>\$409,212</u></u>

Schedule of Noncash Activity:

Assets retired costs \$537 and had accumulated depreciation of \$537. Net loss equaled \$0.

Assets transferred in cost \$1,484 and had accumulated depreciation of \$0. Net gain equaled \$1,484.

Assets transferred out cost \$1,430,817 and had accumulated depreciation of \$1,061,019. Net loss equaled \$369,798.

Change in the fair value of investments resulted in an unrealized gain of \$132,206 at year end 2001 and an unrealized gain of \$49,953 at year end 2002.

Vehicle Replacement	Employee Insurance	Totals	
		2002	2001
\$8,783	\$164,598	(\$1,117,033)	(\$672,805)
233,155	0	237,192	231,246
0	981	(119,431)	57,795
0	0	(173,020)	(81,585)
0	0	0	54
0	(684)	(358,279)	361,202
0	50,000	(210,558)	(1,349,540)
0	0	269	(5,666)
233,155	50,297	(623,827)	(786,494)
241,938	214,895	(1,740,860)	(1,459,299)
(39,068)	0	(44,826)	(111,363)
(39,068)	0	(44,826)	(111,363)
(382,281)	(2,483,290)	(11,079,619)	(16,071,016)
626,425	2,263,572	12,634,033	17,962,010
11,556	85,628	407,969	845,613
255,700	(134,090)	1,962,383	2,736,607
0	0	0	240,525
(650,655)	0	(650,655)	(600,000)
(650,655)	0	(650,655)	(359,475)
(192,085)	80,805	(473,958)	806,470
192,085	564,818	1,528,793	722,323
\$0	\$645,623	\$1,054,835	\$1,528,793

CITY OF LAKE CHARLES, LOUISIANA
Risk Management Internal Service Fund
 Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
 Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Charges for services	\$1,844,800	\$1,599,800
Subrogation	241,499	85,146
Total operating revenues	<u>2,086,299</u>	<u>1,684,946</u>
Operating expenses:		
Personal services	358,472	356,744
Materials and supplies	3,563	4,083
General and administration	1,070,775	768,474
Depreciation	4,037	2,526
Claims and losses paid	1,939,866	1,228,766
Total operating expenses	<u>3,376,713</u>	<u>2,360,593</u>
Operating income (loss)	<u>(1,290,414)</u>	<u>(675,647)</u>
Nonoperating revenues (expenses) :		
Interest revenue	308,292	754,789
Other	1,484	0
Total nonoperating revenues	<u>309,776</u>	<u>754,789</u>
Income (loss) before operating transfers	<u>(980,638)</u>	<u>79,142</u>
Operating Transfers:		
Operating transfer out	<u>0</u>	<u>(600,000)</u>
Net income (loss)	<u>(980,638)</u>	<u>(520,858)</u>
Retained earnings at beginning of year	<u>5,411,697</u>	<u>5,932,555</u>
Retained earnings at end of year	<u><u>\$4,431,059</u></u>	<u><u>\$5,411,697</u></u>

CITY OF LAKE CHARLES, LOUISIANA
Risk Management Internal Service Fund
Comparative Statement of Cash Flows
Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating income (loss)	(\$1,290,414)	(\$675,647)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	4,037	2,526
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(120,412)	58,695
(Increase) decrease in prepaid expenses	(173,020)	(81,585)
Increase (decrease) in accounts payable	(357,595)	360,381
Increase (decrease) in accrued insurance claims	(260,558)	(1,439,540)
Increase (decrease) in accrued wages and benefits	269	(5,666)
Total adjustments	<u>(907,279)</u>	<u>(1,105,189)</u>
Net cash provided by (used for) operating activities	<u>(2,197,693)</u>	<u>(1,780,836)</u>
Cash flows from capital and related financial activities:		
Capital expenditures	<u>(5,758)</u>	<u>(9,998)</u>
Cash flow from investing activities:		
Purchase of investment securities	(8,214,048)	(12,821,197)
Proceeds from sale and maturities of investment securities	9,744,036	14,962,610
Interest on investments	310,785	683,377
Net cash provided (used for) operating activities	<u>1,840,773</u>	<u>2,824,790</u>
Cash flows from noncapital financial activities:		
Operating transfers out	0	(600,000)
Net cash provided noncapital financing activities	<u>0</u>	<u>(600,000)</u>
Net increase (decrease) in cash and cash equivalents	(362,678)	433,956
Cash and cash equivalents at beginning of year	<u>771,890</u>	<u>337,934</u>
Cash and cash equivalents at end of year	<u><u>\$409,212</u></u>	<u><u>\$771,890</u></u>

Schedule of Noncash Activity:

Assets retired cost \$537 and had accumulated depreciation of \$537. Net loss equaled \$0.

Assets transferred in cost \$1,484 and had accumulated depreciation of \$0. Net gain equaled \$1,484.

Change in the fair value of investments resulted in an unrealized gain of \$114,995 at year end 2001 and an unrealized gain of \$39,355 at year end 2002.

CITY OF LAKE CHARLES, LOUISIANA
Vehicle Replacement Internal Service Fund
 Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
 Fiscal Years Ended September 30, 2002 and 2001

	2002	2001
Operating revenues:		
Charges for services	\$241,938	\$262,268
Operating expenses:		
Depreciation	233,155	228,720
Operating income	8,783	33,548
Nonoperating revenues (expenses):		
Interest	9,603	18,706
Other	(369,798)	(4,546)
Total nonoperating revenues (expenses)	(360,195)	14,160
Income (loss) before operating transfers	(351,412)	47,708
Operating Transfers:		
Operating transfer out	(275,655)	0
Net income (loss)	(627,067)	47,708
Retained earnings at beginning of year	627,067	579,359
Retained earnings at end of year	\$0	\$627,067

CITY OF LAKE CHARLES, LOUISIANA
Vehicle Replacement Internal Service Fund
Comparative Statement of Cash Flows
Fiscal Years Ended September 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Operating income	\$8,783	\$33,548
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	233,155	228,720
Changes in assets and liabilities:		
(Increase) decrease in interfund charge for vehicle usage	0	54
Total adjustments	233,155	228,774
Net cash provided by operating activities	241,938	262,322
Cash flows from capital and related financial activities:		
Capital expenditures	(39,068)	(101,365)
Net cash provided by (used for) capital and related financing activities	(39,068)	(101,365)
Cash flow from investing activities:		
Purchase of investment securities	(382,281)	(292,481)
Proceeds from sale and maturities of investment securities	626,425	215,345
Interest on investments	11,556	16,167
Net cash provided (used for) investing activities	255,700	(60,969)
Cash flow from noncapital financing activities:		
Operating and contributed capital transfer out	(650,655)	0
Net increase (decrease) in cash and cash equivalents	(192,085)	99,988
Cash and cash equivalents at beginning of year	192,085	92,097
Cash and cash equivalents at end of year	\$0	\$192,085

Schedule of Noncash Activity:

Assets transferred out cost \$1,430,817 and had accumulated depreciation of \$1,061,019. Net loss equaled \$369,798. Change in the fair value of investments resulted in an unrealized gain of \$969 at year end 2001.

CITY OF LAKE CHARLES, LOUISIANA
Employee Insurance Internal Service Fund
 Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
 Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Charges for services	\$4,301,948	\$3,865,796
Operating expenses:		
General and administration	719,344	654,418
Claims and losses paid	3,418,006	3,242,084
Total operating expenses	<u>4,137,350</u>	<u>3,896,502</u>
Operating income	<u>164,598</u>	<u>(30,706)</u>
Nonoperating revenues :		
Interest revenue	<u>97,015</u>	<u>162,770</u>
Income before operating transfers	<u>261,613</u>	<u>132,064</u>
Operating transfers in:		
General Fund	<u>0</u>	<u>240,525</u>
Net income	261,613	372,589
Retained earnings at beginning of year	<u>2,050,100</u>	<u>1,677,511</u>
Retained earnings at end of year	<u><u>\$2,311,713</u></u>	<u><u>\$2,050,100</u></u>

CITY OF LAKE CHARLES, LOUISIANA
Employee Insurance Internal Service Fund
Comparative Statement of Cash Flows
Fiscal Years Ended September 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Operating income (loss)	\$164,598	(\$30,706)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	981	(900)
Increase (decrease) in accounts payable	(684)	821
Increase (decrease) in accrued insurance claims	50,000	90,000
Total adjustments	50,297	89,921
 Net cash provided by (used for) operating activities	 214,895	 59,215
Cash flow from investing activities:		
Purchase of investment securities	(2,483,290)	(2,957,338)
Proceeds from sale of maturities of investment securities	2,263,572	2,784,055
Interest on investments	85,628	146,069
Net cash provided (used for) operating activities	(134,090)	(27,214)
Cash flows from noncapital financial activities:		
Operating transfers in	0	240,525
Net cash provided noncapital financing activities	0	240,525
 Net increase (decrease) in cash and cash equivalents	 80,805	 272,526
 Cash and cash equivalents at beginning of year	 564,818	 292,292
 Cash and cash equivalents at end of year	 \$645,623	 \$564,818

Schedule of Noncash Activity:

Change in the fair value of investments resulted in an unrealized gain of \$16,242 at year end 2001 and an unrealized gain of \$10,598 at year end 2002.

ENTERPRISE FUNDS

Enterprise Funds are used to account for the acquisition, operation and maintenance of governmental facilities and services which are entirely or predominately self-supporting by user charges. The operations of Enterprise Funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprise.

The following activities of the City are reported in this section: Civic Center
Golf Course
Public Transit
Water Utility

CITY OF LAKE CHARLES, LOUISIANA

Enterprise Funds

Combining Balance Sheet

September 30, 2002

With Comparative Totals for September 30, 2001

	<u>Civic Center</u>
ASSETS	
Current assets:	
Cash	\$400,736
Accounts receivable (net of allowance for uncollectible)	24,169
Accrued interest receivable	2,409
Investments	599,265
Due from other governmental agencies	0
Due from other funds	150,000
Inventories	24,158
Prepaid items	4,544
Total current assets	<u>1,205,281</u>
Restricted assets:	
Customer deposits	0
Total restricted assets	<u>0</u>
Property, plant and equipment:	
Land	0
Buses	0
Buildings and structures	20,035,083
Improvements	6,321,090
Construction in Progress	0
Equipment, furniture and fixtures	3,084,165
	<u>29,440,338</u>
Less accumulated depreciation	17,102,178
Net property , plant and equipment	<u>12,338,160</u>
 Total assets	 <u><u>\$13,543,441</u></u>

Golf Course	Public Transit	Water Utility	Totals	
			2002	2001
\$169,323	\$0	\$671,037	\$1,241,096	\$1,163,155
4,010	3,795	818,337	850,311	713,965
0	0	20,167	22,576	23,791
187,806	20,044	3,460,543	4,267,658	3,542,538
0	182,727	108,909	291,636	484,843
0	131,451	0	281,451	289,391
40,525	0	117,099	181,782	170,842
41	3	365	4,953	4,307
<u>401,705</u>	<u>338,020</u>	<u>5,196,457</u>	<u>7,141,463</u>	<u>6,392,832</u>
0	0	401,886	401,886	367,802
<u>0</u>	<u>0</u>	<u>401,886</u>	<u>401,886</u>	<u>367,802</u>
1,065,698	0	231,985	1,297,683	1,297,683
0	1,227,861	0	1,227,861	1,337,909
589,262	0	570,513	21,194,858	21,194,858
1,127,004	0	47,140,876	54,588,970	52,579,765
0	0	2,454,887	2,454,887	3,042,213
682,431	69,466	1,633,990	5,470,052	5,269,621
<u>3,464,395</u>	<u>1,297,327</u>	<u>52,032,251</u>	<u>86,234,311</u>	<u>84,722,049</u>
<u>1,038,608</u>	<u>382,062</u>	<u>15,283,984</u>	<u>33,806,832</u>	<u>31,564,773</u>
<u>2,425,787</u>	<u>915,265</u>	<u>36,748,267</u>	<u>52,427,479</u>	<u>53,157,276</u>
<u>\$2,827,492</u>	<u>\$1,253,285</u>	<u>\$42,346,610</u>	<u>\$59,970,828</u>	<u>\$59,917,910</u>

(continued on next page)

CITY OF LAKE CHARLES, LOUISIANA
Enterprise Funds
Combining Balance Sheet
September 30, 2002
With Comparative Totals for September 30, 2001

	<u>Civic Center</u>
LIABILITIES AND FUND EQUITY	
Current liabilities :	
Accounts payable	\$60,836
Contracts payable	0
Escrow	12,887
Due to other funds	25,551
Total current liabilities	<u>99,274</u>
Current liabilities payable from restricted assets:	
Customer deposits payable	0
Total current liabilities payable from restricted assets	<u>0</u>
Long-term liabilities:	
Accrued leave benefits	64,340
Total long-term liabilities	<u>64,340</u>
Fund equity:	
Contributed capital:	
Municipality	24,926,010
State government	0
Federal government	1,305,161
Customers and developers and others	506,416
Total contributed capital	<u>26,737,587</u>
Retained earnings (deficit):	
Unreserved	(13,357,760)
Total retained earnings	<u>(13,357,760)</u>
Total fund equity	<u>13,379,827</u>
Total liabilities and fund equity	<u><u>\$13,543,441</u></u>

Golf Course	Public Transit	Water Utility	Totals	
			2002	2001
\$32,115	\$209,752	\$363,974	\$666,677	\$753,630
29,525	0	41,762	71,287	143,776
18,022	0	0	30,909	36,111
2,066	0	30,789	58,406	212,525
<u>81,728</u>	<u>209,752</u>	<u>436,525</u>	<u>827,279</u>	<u>1,146,042</u>
0	0	401,918	401,918	367,762
<u>0</u>	<u>0</u>	<u>401,918</u>	<u>401,918</u>	<u>367,762</u>
34,514	43,883	300,673	443,410	413,470
<u>34,514</u>	<u>43,883</u>	<u>300,673</u>	<u>443,410</u>	<u>413,470</u>
1,930,594	1,507,578	0	28,364,182	28,018,398
0	0	1,441,432	1,441,432	1,474,525
518,785	1,594,472	0	3,418,418	3,519,418
0	0	2,728,287	3,234,703	3,274,048
<u>2,449,379</u>	<u>3,102,050</u>	<u>4,169,719</u>	<u>36,458,735</u>	<u>36,286,389</u>
261,871	(2,102,400)	37,037,775	21,839,486	21,704,247
<u>261,871</u>	<u>(2,102,400)</u>	<u>37,037,775</u>	<u>21,839,486</u>	<u>21,704,247</u>
2,711,250	999,650	41,207,494	58,298,221	57,990,636
<u>\$2,827,492</u>	<u>\$1,253,285</u>	<u>\$42,346,610</u>	<u>\$59,970,828</u>	<u>\$59,917,910</u>

CITY OF LAKE CHARLES, LOUISIANA**Enterprise Funds**

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings

Fiscal Year Ended September 30, 2002

With Comparative Totals for Fiscal Year Ended September 30, 2001

	Civic Center
Operating revenues:	
Charges for services	\$799,422
Parking fees	16,762
Other	126,608
Total operating revenues	<u>942,792</u>
Operating expenses:	
Personal services	832,470
Materials and supplies	211,607
Maintenance	140,540
Heat, light and power	295,093
Transportation	0
General and administration	192,443
Depreciation	1,025,342
Total operating expenses	<u>2,697,495</u>
Operating income (loss)	<u>(1,754,703)</u>
Nonoperating revenues (expenses):	
Operating grants from governmental agencies	183,205
Interest	23,832
Sales tax	69,090
Other	(5,811)
Total nonoperating revenues	<u>270,316</u>
Income (loss) before operating transfers	<u>(1,484,387)</u>
Capital contributions and transfers:	
Capital contributions	
State government	0
Federal government	0
Developer	0
Operating transfers in	558,233
Total Capital contributions and transfers:	<u>558,233</u>
Net income (loss)	<u>(926,154)</u>
Add depreciation on contributed assets acquired from governmental grants/developers	0
Retained earnings (deficit) at beginning of year	<u>(12,431,606)</u>
Retained earnings (deficit) at end of year	<u><u>(\$13,357,760)</u></u>

Golf Course	Public Transit	Water Utility	Totals	
			2002	2001
\$1,162,774	\$67,044	\$5,820,579	\$7,849,819	\$7,631,228
0	0	0	16,762	18,585
1,312	13,971	518,838	660,729	663,819
<u>1,164,086</u>	<u>81,015</u>	<u>6,339,417</u>	<u>8,527,310</u>	<u>8,313,632</u>
496,990	473,564	2,275,827	4,078,851	4,027,741
321,229	57,624	892,944	1,483,404	1,268,808
15,551	37,036	224,655	417,782	535,740
37,219	0	525,991	858,303	1,267,775
0	37,894	0	37,894	42,414
159,912	466,430	998,616	1,817,401	1,773,283
111,944	129,960	1,048,884	2,316,130	2,196,520
<u>1,142,845</u>	<u>1,202,508</u>	<u>5,966,917</u>	<u>11,009,765</u>	<u>11,112,281</u>
21,241	(1,121,493)	372,500	(2,482,455)	(2,798,649)
0	613,529	0	796,734	683,422
5,185	814	126,203	156,034	370,974
50,433	41,713	190,563	351,799	0
32,215	(23,920)	(5,608)	(3,124)	1,137
<u>87,833</u>	<u>632,136</u>	<u>311,158</u>	<u>1,301,443</u>	<u>1,055,533</u>
109,074	(489,357)	683,658	(1,181,012)	(1,743,116)
0	0	97,190	97,190	0
0	2,049	0	2,049	0
0	0	84,200	84,200	0
0	329,389	0	887,622	1,302,142
<u>0</u>	<u>331,438</u>	<u>181,390</u>	<u>1,071,061</u>	<u>1,302,142</u>
109,074	(157,919)	865,048	(109,951)	(440,974)
46,500	126,251	72,439	245,190	194,549
<u>106,297</u>	<u>(2,070,732)</u>	<u>36,100,288</u>	<u>21,704,247</u>	<u>21,950,672</u>
<u>\$261,871</u>	<u>(\$2,102,400)</u>	<u>\$37,037,775</u>	<u>\$21,839,486</u>	<u>\$21,704,247</u>

CITY OF LAKE CHARLES, LOUISIANA

Enterprise Funds

Combining Statement of Cash Flows

Fiscal Year Ended September 30, 2002

With Comparative Totals for the Fiscal Year ended September 30, 2001

	Civic Center
Cash flows from operating activities:	
Operating income (loss)	<u>(\$1,754,703)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,025,342
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	15,552
(Increase) decrease in prepaid expenses	(593)
(Increase) decrease in inventory	4,059
(Increase) decrease in due from other funds operating reimbursements	(94,509)
Increase (decrease) in due to other funds operating reimbursements	(77,228)
Increase (decrease) in accounts payable	6,142
Increase (decrease) in miscellaneous payable	(5,394)
Increase (decrease) in customer deposit accounts	0
Increase (decrease) in accrued wages and benefits	8,022
Total adjustments	<u>881,393</u>
Net cash provided by operating activities	<u>(873,310)</u>
Cash flows from capital and related financial activities:	
Capital expenditures	(142,334)
Contracts payable	0
Sale of Capital Asset	0
Contributed capital	400,000
Net cash provided by (used for) capital and related financing activities	<u>257,666</u>
Cash flow from investing activities:	
Purchase of investment securities	(560,377)
Proceeds from sale and maturities of investments securities	397,413
Interest on investments	18,777
Net cash provided by (used for) investing activities	<u>(144,187)</u>
Cash flow from noncapital financing activities:	
Intergovernmental revenue	183,205
Sales tax revenue	69,090
Operating transfers in	558,233
Net cash provided by noncapital financing activities	<u>810,528</u>
Net increase (decrease) in cash and cash equivalents	50,697
Cash and cash equivalents at beginning of year	350,039
Cash and cash equivalents at end of year	<u><u>\$400,736</u></u>

Schedule of Noncash Activity:

Assets transferred in cost \$244,430, had accumulated depreciation of \$196,138. Net gain equaled \$48,292.

Assets transferred out cost \$18,764, had accumulated depreciation of \$9,683. Net loss equaled \$9,081.

Assets retired cost \$296,095 and had accumulated depreciation of \$260,523. Net loss equaled \$35,572.

Donated Developer Customer water system extensions of \$84,200 were recorded as capital contribution.

Change in the fair value of investments resulted in an unrealized gain of \$44,129 at year end 2001 and an unrealized gain of \$6,406 at year end 2002.

Golf Course	Transit	Water Utility	Totals	
			2002	2001
\$21,241	(\$1,121,493)	\$372,500	(\$2,482,455)	(\$2,798,649)
111,944	129,960	1,048,884	2,316,130	2,196,520
(3,721)	(2,303)	(145,874)	(136,346)	(106,207)
(6)	0	(47)	(646)	2,460
(12,702)	0	(2,298)	(10,941)	34,490
5,976	81,329	15,144	7,940	(257,673)
2,066	0	(78,957)	(154,119)	(146,042)
(27,402)	(224,938)	159,245	(86,953)	91,496
192	0	0	(5,202)	(668)
0	0	34,156	34,156	22,303
(1,384)	6,204	17,098	29,940	(17,254)
74,963	(9,748)	1,047,351	1,993,959	1,819,425
96,204	(1,131,241)	1,419,851	(488,496)	(979,224)
0	(2,561)	(1,353,597)	(1,498,492)	(3,801,803)
0	0	(72,489)	(72,489)	(45,793)
0	2,772	0	2,772	0
0	8,000	164,287	572,287	1,102,238
0	8,211	(1,261,799)	(995,922)	(2,745,358)
(97,568)	(573)	(3,682,407)	(4,340,925)	(6,821,897)
0	10,000	3,214,798	3,622,211	8,064,158
5,185	813	126,067	150,842	341,869
(92,383)	10,240	(341,542)	(567,872)	1,584,130
0	741,688	0	924,893	794,059
50,433	41,713	190,564	351,800	0
0	329,389	0	887,622	1,302,141
50,433	1,112,790	190,564	2,164,315	2,096,200
54,254	0	7,074	112,025	(44,252)
115,069	0	1,065,849	1,530,957	1,575,209
\$169,323	\$0	\$1,072,923	\$1,642,982	\$1,530,957

CITY OF LAKE CHARLES, LOUISIANA
Civic Center Enterprise Fund
Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Charges for services:		
Rentals and leases	\$402,959	\$533,753
Concessions and sales	396,463	615,169
Parking fees	16,762	18,585
Commissions and other miscellaneous	126,608	172,019
Total operating revenues	<u>942,792</u>	<u>1,339,526</u>
Operating expenses:		
Personal services	832,470	910,552
Materials and supplies	211,607	299,812
Maintenance	140,540	145,827
Heat, light and power	295,093	521,321
General and administration	192,443	253,335
Depreciation	1,025,342	1,019,629
Total operating expenses	<u>2,697,495</u>	<u>3,150,476</u>
Operating income (loss)	<u>(1,754,703)</u>	<u>(1,810,950)</u>
Nonoperating revenues (expenses):		
Shared revenue from governmental agencies	183,205	184,946
Interest	23,832	27,131
Sales tax	69,090	0
Other	(5,811)	0
Total nonoperating revenues	<u>270,316</u>	<u>212,077</u>
Income (loss) before operating transfers	<u>(1,484,387)</u>	<u>(1,598,873)</u>
Operating transfers in:		
General Fund	558,233	610,110
Special Revenue Fund	0	75,036
Total operating transfer	<u>558,233</u>	<u>685,146</u>
Net income (loss)	<u>(926,154)</u>	<u>(913,727)</u>
Retained earnings (deficit) at beginning of year	<u>(12,431,606)</u>	<u>(11,517,879)</u>
Retained earnings (deficit) at end of year	<u>(\$13,357,760)</u>	<u>(\$12,431,606)</u>

CITY OF LAKE CHARLES, LOUISIANA
Civic Center Enterprise Fund
Comparative Statement of Cash Flows
Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating income	(\$1,754,703)	(\$1,810,950)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,025,342	1,019,629
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	15,552	2,697
(Increase) decrease in prepaid expenses	(593)	(407)
(Increase) decrease in inventory	4,059	14,938
(Increase) decrease in due from other funds operating reimbursements	(94,509)	(48,663)
Increase (decrease) in due to other funds operating reimbursements	(77,228)	53,537
Increase (decrease) in accounts payable	6,142	(21,889)
Increase (decrease) in miscellaneous payable	(5,394)	1,300
Increase (decrease) in accrued wages and benefits	8,022	(5,033)
Total adjustments	<u>881,393</u>	<u>1,016,109</u>
Net cash provided by operating activities	<u>(873,310)</u>	<u>(794,841)</u>
Cash flows from capital and related financial activities:		
Capital expenditures	(142,334)	(213,650)
Contributed capital	400,000	500,000
Net cash provided (used for) capital and related financing activities	<u>257,666</u>	<u>286,350</u>
Cash flow from investing activities:		
Purchase of investment securities	(560,377)	(630,155)
Proceeds from sale and maturities of investment securities	397,413	299,281
Interest on investments	18,777	25,665
Net cash provided (used for) investing activities	<u>(144,187)</u>	<u>(305,209)</u>
Cash flows from noncapital financial activities:		
Intergovernmental revenue	183,205	184,946
Sales tax revenue	69,090	0
Operating transfers in	558,233	685,145
Net cash provided noncapital financing activities	<u>810,528</u>	<u>870,091</u>
Net increase (decrease) in cash and cash equivalents	50,697	56,391
Cash and cash equivalents at beginning of year	<u>350,039</u>	<u>293,648</u>
Cash and cash equivalents at end of year	<u><u>\$400,736</u></u>	<u><u>\$350,039</u></u>

Schedule of Noncash Activity:

0.00

Assets retired cost \$97,271 and had accumulated depreciation of \$88,581. Net loss equaled \$8,690.

Assets transferred in cost \$34,119 and had accumulated depreciation of \$31,240. Net gain equaled \$2,879.

Change in the fair value of investments resulted in an unrealized gain of \$2,413 at year end 2001 and an unrealized gain of \$3,733 at year end 2002.

CITY OF LAKE CHARLES, LOUISIANA
Golf Course Enterprise Fund

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
 Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Charges for services:		
Greens and membership fees	\$518,231	\$147,846
Rentals	334,169	111,750
Concesssion and sales	175,993	61,697
Sale of golf accessories	134,381	60,845
Other	1,312	3,347
Total operating revenues	<u>1,164,086</u>	<u>385,485</u>
Operating expenses:		
Personal services	496,990	419,758
Materials and supplies	321,229	195,987
Maintenance	15,551	8,091
Heat, light and power	37,219	39,457
General and administration	159,912	108,322
Depreciation	111,944	64,660
Total operating expenses	<u>1,142,845</u>	<u>836,275</u>
Operating income	<u>21,241</u>	<u>(450,790)</u>
Nonoperating revenues (expenses):		
Interest	5,185	41,684
Sales tax	50,433	0
Other (Gain on transfer of Golf Carts from Vehicle Replacement Fund)	32,215	1,488
Total nonoperating revenues	<u>87,833</u>	<u>43,172</u>
Income (loss) before operating transfers	109,074	(407,618)
Operating transfers in:		
Special Revenue Fund	0	41,621
Total operating transfers	<u>0</u>	<u>41,621</u>
Net income	109,074	(365,997)
Add depreciation on contributed assets acquired from governmental grants, developers and customers	46,500	0
Retained earnings (deficit) at beginning of year	<u>106,297</u>	<u>472,294</u>
Retained earnings (deficit) at end of year	<u><u>\$261,871</u></u>	<u><u>\$106,297</u></u>

CITY OF LAKE CHARLES, LOUISIANA
Golf Course Enterprise Fund
Comparative Statement of Cash Flows
Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating income	\$21,241	(\$450,790)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	111,944	64,660
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(3,721)	(289)
(Increase) decrease in prepaid expenses	(6)	(11)
(Increase) decrease in inventory	(12,702)	17,178
(Increase) decrease in due from other funds operating reimbursements	5,976	(2,282)
Increase (decrease) in due to other funds operating reimbursements	2,066	(15,952)
Increase (decrease) in accounts payable	(27,402)	32,472
Increase (decrease) in gift certificates payable	192	(1,968)
Increase (decrease) in accrued wages and benefits	(1,384)	1,151
Total adjustments	<u>74,963</u>	<u>94,959</u>
Net cash provided by operating activities	<u>96,204</u>	<u>(355,831)</u>
Cash flows from capital and related financial activities:		
Capital expenditures	0	(1,003,395)
Contributed capital	0	580,000
Net cash provided (used for) capital and related financing activities	<u>0</u>	<u>(423,395)</u>
Cash flow from investing activities:		
Purchase of investment securities	(97,568)	(621,465)
Proceeds from sale and maturities of investment securities	0	1,220,625
Interest on investments	5,185	44,816
Net cash provided (used for) investing activities	<u>(92,383)</u>	<u>643,976</u>
Cash flows from noncapital financial activities:		
Sales tax revenue	50,433	0
Operating transfers in	0	41,621
Net cash provided noncapital financing activities	<u>50,433</u>	<u>41,621</u>
Net increase (decrease) in cash and cash equivalents	54,254	(93,629)
Cash and cash equivalents at beginning of year	<u>115,069</u>	<u>208,698</u>
Cash and cash equivalents at end of year	<u><u>\$169,323</u></u>	<u><u>\$115,069</u></u>

Schedule of Noncash Activity:

Assets retired cost \$26,724 and had accumulated depreciation of \$26,724. Net loss equaled \$0.

Assets transferred in cost \$165,680 and had accumulated depreciation of \$133,465. Net gain equaled \$32,215.

CITY OF LAKE CHARLES, LOUISIANA
Public Transit Enterprise Fund
Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Charges for services	\$67,044	\$63,742
Other	13,971	0
Total operating revenues	<u>81,015</u>	<u>63,742</u>
Operating expenses:		
Personal services	473,564	467,994
Materials and supplies	57,624	57,398
Maintenance	37,036	23,688
Transportation	37,894	42,414
General and administration	466,430	400,953
Depreciation	129,960	124,888
Total operating expenses	<u>1,202,508</u>	<u>1,117,335</u>
 Operating income (loss)	 <u>(1,121,493)</u>	 <u>(1,053,593)</u>
Nonoperating revenues:		
Operating grants from governmental agencies	613,529	498,476
Interest	814	4,046
Sales tax	41,713	0
Other	(23,920)	0
Total nonoperating revenues	<u>632,136</u>	<u>502,522</u>
 Income (loss) before operating transfers	 <u>(489,357)</u>	 <u>(551,071)</u>
Capital contributions and transfers:		
Capital Contribution from federal government	2,049	0
Operating transfer in from:		
General Fund	329,389	341,095
Special Revenue Funds	0	35,478
Total operating transfers	<u>331,438</u>	<u>376,573</u>
 Net income (loss)	 <u>(157,919)</u>	 <u>(174,498)</u>
 Add depreciation on contributed assets acquired from governmental grants, developers and customers	 126,251	 125,738
 Retained earnings (deficit) at beginning of year	 <u>(2,070,732)</u>	 <u>(2,021,972)</u>
 Retained earnings (deficit) at end of year	 <u><u>(\$2,102,400)</u></u>	 <u><u>(\$2,070,732)</u></u>

CITY OF LAKE CHARLES, LOUISIANA
Public Transit Enterprise Fund
Comparative Statement of Cash Flows
Fiscal Years Ended September 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Operating income (loss)	(\$1,121,493)	(\$1,053,593)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	129,960	124,888
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(2,303)	(956)
(Increase) decrease in prepaid expenses	0	(1)
(Increase) decrease in due from other funds operating reimbursement	81,329	(209,621)
Increase (decrease) in due to other funds operating reimbursement	0	(1,977)
Increase (decrease) in accounts payable	(224,938)	336,425
Increase (decrease) in accrued wages and benefits	6,204	(5,030)
Total adjustments	(9,748)	243,728
Net cash provided by (used for) operating activities	(1,131,241)	(809,865)
Cash flow from capital and related financial activities:		
Capital expenditures	(2,561)	(295,671)
Contributed capital	8,000	22,238
Sale of capital asset	2,772	0
Net cash provided (used for) capital and related financing activities	8,211	(273,433)
Cash flow from investing activities:		
Purchase of investment activities	(573)	(2,426)
Proceeds from sale and maturities of investment securities	10,000	25,000
Interest on investments	813	4,045
Net cash provided by (used for) investing activities	10,240	26,619
Cash flows from noncapital financial activities:		
Intergovernmental revenue	741,688	609,113
Sales tax revenue	41,713	0
Operating transfers in	329,389	376,573
Net cash provided by (used for) noncapital financial activities	1,112,790	985,686
Net increase (decrease) in cash and cash equivalents	0	(70,993)
Cash and cash equivalents at beginning of year	0	70,993
Cash and cash equivalents at end of year	\$0	\$0

Schedule of Noncash Activity:

Assets retired cost \$118,956 and had accumulated depreciation of \$92,264. Net loss equaled \$26,692.
Assets transferred in cost \$28,193 and had accumulated depreciation of \$18,658. Net gain equaling \$9,535 was closed into contributed capital from municipality.

CITY OF LAKE CHARLES, LOUISIANA
Water Utility Enterprise Fund
 Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
 Fiscal Years Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Charges for services:		
Water sales	\$5,820,579	\$6,036,426
Other	518,838	488,453
Total operating revenues	<u>6,339,417</u>	<u>6,524,879</u>
Operating expenses:		
Personal services	2,275,827	2,229,437
Materials and supplies	892,944	715,611
Maintenance	224,655	358,134
Heat, light and power	525,991	706,997
General and administration	998,616	1,010,673
Depreciation	1,048,884	987,343
Total operating expenses	<u>5,966,917</u>	<u>6,008,195</u>
Operating income	<u>372,500</u>	<u>516,684</u>
Nonoperating revenues (expenses):		
Interest	126,203	298,113
Sales tax	190,563	0
Gain (loss) on fixed assets	(5,608)	(351)
Total nonoperating revenues (expenses)	<u>311,158</u>	<u>297,762</u>
Income (loss) before operating transfers	<u>683,658</u>	<u>814,446</u>
Capital contributions and transfers:		
Capital contributions:		
State government	97,190	0
Developers	84,200	0
Transfer in from Special Revenue Funds	0	198,802
Total operating transfers	<u>181,390</u>	<u>198,802</u>
Net income	<u>865,048</u>	<u>1,013,248</u>
Add depreciation on contributed assets acquired from governmental grants, developers and customers	72,439	68,811
Retained earnings at beginning of year	<u>36,100,288</u>	<u>35,018,229</u>
Retained earnings at end of year	<u><u>\$37,037,775</u></u>	<u><u>\$36,100,288</u></u>

CITY OF LAKE CHARLES, LOUISIANA
Water Utility Enterprise Fund
Comparative Statement of Cash Flows
Fiscal Years Ended September 30, 2002 and 2001

	2002	2001
Cash flows from operating activities:		
Operating income	\$372,500	\$516,684
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	1,048,884	987,343
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(145,874)	(107,659)
(Increase) decrease in prepaid expenses	(47)	2,879
(Increase) decrease in inventory	(2,298)	2,374
(Increase) decrease in due from other funds-operating reimbursement	15,144	2,893
Increase (decrease) in due to other funds operating reimbursements	(78,957)	(181,650)
Increase (decrease) in accounts payable	159,245	(255,512)
Increase (decrease) in customer deposit account	34,156	22,303
Increase (decrease) in accrued wages and benefits	17,098	(8,342)
Total adjustments	1,047,351	464,629
Net cash provided by operating activities	1,419,851	981,313
Cash flows from capital and related financial activities:		
Capital expenditures	(1,353,597)	(2,289,087)
Contracts payable	(72,489)	(45,793)
Contributed capital	164,287	0
Net cash provided by (used for) capital and related financing activities	(1,261,799)	(2,334,880)
Cash flow from investing activities:		
Purchase of investment securities	(3,682,407)	(5,567,851)
Proceeds from sale and maturities of investment securities	3,214,798	6,519,252
Interest on investments	126,067	267,343
Net cash provided (used for) investing activities	(341,542)	1,218,744
Cash flows from noncapital financial activities:		
Sales tax revenues	190,564	0
Operating transfers in	0	198,802
Net cash provided by (used for) noncapital financial activities	190,564	198,802
Net increase (decrease) in cash and cash equivalents	7,074	63,979
Cash and cash equivalents at beginning of year	1,065,849	1,001,870
Cash and cash equivalents at end of year	<u>\$1,072,923</u>	<u>\$1,065,849</u>

Schedule of Noncash Activity:

Donated developer constructed water system extensions of \$84,200 were recorded as capital contribution. Assets transferred in cost \$16,438 and had accumulated depreciation of \$12,775. Net gain equaled \$3,663. Assets transferred out cost \$18,764 and had accumulated depreciation of \$9,683. Net loss equaled \$9,081. Assets retired costs \$53,144 and had accumulated depreciation of \$52,954. Net loss equaled \$190. Change in the fair value of investments resulted in an unrealized gain of \$41,716 at year end 2001 and an unrealized gain of \$2,673 at year end 2002.

TRUST &
AGENCY
FUNDS

TRUST AND AGENCY FUNDS

The Trust and Agency Funds are used to account for assets held by the City in a fiduciary capacity. Such funds are operated by carrying out specific terms of statutes, ordinances, and other governing regulations, and include the following expendable trust and agency funds which are reported in this section:

The Veterans Memorial Park Expendable Trust Fund accounts for the receipt and use of private donations made for development of a permanent veterans memorial on City owned lakefront property.

The Waterslide Agency Fund accounts for funds held by the City to secure performance of a concession agreement.

CITY OF LAKE CHARLES, LOUISIANA
Trust and Agency Funds
Combinbing Balance Sheet
September 30, 2002
With Comparative Totals for September 30, 2001

	Expendable Trust Memorial Park	Agency Waterslide	Totals	
			2002	2001
ASSETS				
Cash	\$6,605	\$3,419	\$10,024	\$13,119
Investments	9,095	0	9,095	8,908
Total assets	\$15,700	\$3,419	\$19,119	\$22,027
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$0	\$0	\$0	\$670
Due to other funds	3	0	3	1
Escrow	0	3,419	3,419	3,362
Total liabilities	3	3,419	3,422	4,033
Fund balance:				
Unreserved, undesignated	15,697	0	15,697	17,994
Total fund balance	15,697	0	15,697	17,994
Total liabilities and fund balance	\$15,700	\$3,419	\$19,119	\$22,027

CITY OF LAKE CHARLES, LOUISIANA
Veteran's Memorial Park Expendable Trust Fund
 Comparative Balance Sheet
 September 30, 2002 and 2001

ASSETS	2002	2001
Cash	\$6,605	\$9,757
Investments	9,095	8,908
Total assets	\$15,700	\$18,665
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$0	\$670
Due to other funds	3	1
Total liabilities	3	671
Fund balance:		
Unreserved, undesignated	15,697	17,994
Total fund balance	15,697	17,994
Total liabilities and fund balance	\$15,700	\$18,665

CITY OF LAKE CHARLES, LOUISIANA
Veteran's Memorial Park Expendable Trust Fund
 Comparative Statement of Revenues, Expenditures and Changes in Fund Balance
 Fiscal Year Ended September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Revenues:		
Interest	\$338	\$994
Donations	4,000	4,497
Total revenues	<u>4,338</u>	<u>5,491</u>
Expenditures		
Community services	<u>6,635</u>	<u>9,734</u>
Excess of revenues over expenditures	(2,297)	(4,243)
Fund balance at beginning of year	<u>17,994</u>	<u>22,237</u>
Fund balance at end of year	<u><u>\$15,697</u></u>	<u><u>\$17,994</u></u>

CITY OF LAKE CHARLES, LOUISIANA
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended September 30, 2002

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ASSETS				
Cash in Waterslide Agency Fund	\$3,362	\$57	\$0	\$3,419
Total assets	<u>\$3,362</u>	<u>\$57</u>	<u>\$0</u>	<u>\$3,419</u>
LIABILITIES				
Escrow in Waterslide Agency Fund	\$3,362	\$57	\$0	\$3,419
Total liabilities	<u>\$3,362</u>	<u>\$57</u>	<u>\$0</u>	<u>\$3,419</u>

GENERAL
FIXED ASSETS
ACCOUNT
GROUP

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is used to record fixed assets used in governmental fund type operations. There is no depreciation taken on general fixed assets.

CITY OF LAKE CHARLES, LOUISIANA

Comparative Schedules of General Fixed Assets

By Source

September 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
General fixed assets:		
Land	\$11,371,169	\$11,371,169
Buildings	13,244,432	13,144,498
Improvements	24,140,776	24,238,490
Equipment	22,542,386	21,552,011
Total general fixed assets	<u>\$71,298,763</u>	<u>\$70,306,168</u>
Property acquired prior to October 1, 1985	\$25,294,497	\$25,531,603
Property acquired after September 30, 1985 from:		
Federal grants	516,988	516,988
State grants	170,000	170,000
General fund revenues	40,449,683	39,229,983
Donations	4,867,595	4,857,594
Total investments in general fixed assets	<u>\$71,298,763</u>	<u>\$70,306,168</u>

CITY OF LAKE CHARLES, LOUISIANA
Schedule of General Fixed Assets
By Function and Activity
September 30, 2002

Function and Activity	Land	Buildings	Improvements Other Than Buildings	Machinery and Equipment	Total
GENERAL GOVERNMENT					
Legislative	\$0	\$0	\$0	\$10,624	\$10,624
Executive	0	0	0	85,848	85,848
Judicial	0	0	0	221,729	221,729
Total general government	<u>0</u>	<u>0</u>	<u>0</u>	<u>318,201</u>	<u>318,201</u>
STAFF AGENCIES					
Finance	0	0	0	228,598	228,598
Planning and development	0	0	0	135,242	135,242
Human Resources	0	0	0	28,405	28,405
Public works	214,700	901,195	0	1,825,018	2,940,913
Information Services	0	0	0	833,682	833,682
General government buildings	1,345,094	2,727,086	1,070,967	292,142	5,435,289
Total staff agencies	<u>1,559,794</u>	<u>3,628,281</u>	<u>1,070,967</u>	<u>3,343,087</u>	<u>9,602,129</u>
PUBLIC SAFETY					
Police	64,965	610,113	979,329	5,135,593	6,790,000
Fire	382,050	3,151,947	457,799	4,906,465	8,898,261
Permit Center	0	0	0	181,910	181,910
Total public safety	<u>447,015</u>	<u>3,762,060</u>	<u>1,437,128</u>	<u>10,223,968</u>	<u>15,870,171</u>
Streets	0	9,693	0	2,468,272	2,477,965
Recreation	8,361,403	3,055,537	10,686,455	1,137,198	23,240,593
Community service	5,000	2,549,579	0	0	2,554,579
Sanitation and waste	997,957	239,282	10,946,226	5,051,660	17,235,125
	<u>9,364,360</u>	<u>5,854,091</u>	<u>21,632,681</u>	<u>8,657,130</u>	<u>45,508,262</u>
Total general fixed assets allocated to functions	<u>\$11,371,169</u>	<u>\$13,244,432</u>	<u>\$24,140,776</u>	<u>\$22,542,386</u>	<u>\$71,298,763</u>

CITY OF LAKE CHARLES, LOUISIANA

Schedule of Changes in General Fixed Assets

By Function and Activity

For the Fiscal Year Ended September 30, 2002

Function and Activity	General Fixed Assets 9/30/2001	Additions	Deletions	General Fixed Assets 9/30/2002
GENERAL GOVERNMENT				
Legislative	\$8,448	\$2,176	\$0	\$10,624
Executive	54,151	46,515	(14,818)	85,848
Judicial	636,578	121,655	(536,504)	221,729
Total general government	<u>699,177</u>	<u>170,346</u>	<u>(551,322)</u>	<u>318,201</u>
STAFF AGENCIES				
Finance	227,133	13,925	(12,460)	228,598
Planning and development	97,781	54,561	(17,100)	135,242
Human Resources	30,576	1,770	(3,941)	28,405
Public works	2,864,875	257,921	(181,883)	2,940,913
Information Services	848,778	76,355	(91,451)	833,682
General government buildings	4,784,263	729,694	(78,668)	5,435,289
Total staff agencies	<u>8,853,406</u>	<u>1,134,226</u>	<u>(385,503)</u>	<u>9,602,129</u>
PUBLIC SAFETY				
Police	6,596,891	436,617	(243,508)	6,790,000
Fire	8,761,233	186,872	(49,844)	8,898,261
Permit Center	68,998	117,862	(4,950)	181,910
Total public safety	<u>15,427,122</u>	<u>741,351</u>	<u>(298,302)</u>	<u>15,870,171</u>
Streets	2,441,424	276,321	(239,780)	2,477,965
Recreation	23,233,830	394,222	(387,459)	23,240,593
Community service	2,554,579	0	0	2,554,579
Sanitation and waste	17,096,630	363,787	(225,292)	17,235,125
	<u>45,326,463</u>	<u>1,034,330</u>	<u>(852,531)</u>	<u>45,508,262</u>
Total general fixed assets allocated to functions	<u><u>\$70,306,168</u></u>	<u><u>\$3,080,253</u></u>	<u><u>(\$2,087,658)</u></u>	<u><u>\$71,298,763</u></u>

GENERAL
LONG-TERM
DEBT ACCOUNT
GROUP

GENERAL LONG-TERM DEBT ACCOUNT GROUP

The General Long-Term Debt Account Group records long-term liabilities expected to be financed from governmental type funds.

CITY OF LAKE CHARLES, LOUISIANA

Statement of General Long-Term Debt

September 30, 2002

FUNDS	Amount Available and to be Provided for Payment of		
	Amount Available in Debt Service Fund for Debt Retirement	Total of Amount Available	Amount to be Governmental Fund Revenues
Special assessment debt with government commitment	\$1,096,788	\$1,096,788	\$0
Accrued leave benefits	0	0	1,922,075
Police benefit guarantees	447,068	447,068	260,154
Sales Tax Increment Financing Agreement	832	832	2,847,492
Tax exempt refunding bonds	0	0	3,600,000
Taxable refunding bonds	965,122	965,122	5,809,878
Total funds	\$2,509,810	\$2,509,810	\$14,439,599

STATISTICAL SECTION

(Unaudited)

The City of Lake Charles has no revenue bonds payable at this time. All of the long-term capital debt consists of general obligations financed through dedicated property tax assessments or by the usage of general tax revenues if necessary. All special assessments are financed through property assessments to the owner and in some instances are supplemented by City funds.

CITY OF LAKE CHARLES, LOUISIANA
General Governmental Expenditures and Other Uses by Function
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Years Ended</u>	<u>General Government (Personnel- Planning)</u>	<u>Finance</u>	<u>Fire and Police</u>	<u>Public Works</u>
1993	\$2,280,728	\$839,604	\$10,557,358	\$14,435,944
1994	2,609,151	874,345	11,294,553	17,065,230
1995	2,834,434	918,321	12,642,552	18,539,153
1996	3,046,895	967,701	14,196,403	25,462,061
1997	3,106,556	974,520	15,299,178	26,464,607
1998	3,186,197	1,034,447	15,515,080	23,799,305
1999	3,328,941	1,079,025	14,608,719	28,591,979
2000	3,501,065	1,109,145	16,070,147	28,727,054
2001	3,523,295	1,144,619	16,115,724	21,636,145
2002	3,395,359	1,099,504	17,344,625	22,161,446

Note:

Includes General, Special Revenue, Debt Service and Capital Projects Funds

Table 1

Community Services	General Services	Community Development	Debt Service	Net Operating Transfers	Total
\$2,011,355	\$1,443,831	\$1,069,867	\$566,136	\$1,149,429	\$34,354,252
2,488,183	1,478,233	940,084	501,363	991,632	38,242,774
2,676,811	1,594,832	1,886,605	460,547	1,124,430	42,677,685
2,817,787	1,702,340	1,181,346	271,996	1,155,106	50,801,635
2,858,587	1,815,771	1,127,508	177,026	1,286,915	53,110,668
2,756,989	2,006,759	2,625,806	694,751	1,293,381	52,912,715
3,140,390	2,493,605	3,294,011	1,691,766	1,131,535	59,359,971
3,285,283	2,303,314	2,812,614	1,650,440	1,226,417	60,685,479
3,380,106	2,345,577	1,983,175	1,586,073	942,667	52,657,381
3,366,639	2,728,344	2,178,161	1,485,801	611,967	54,371,846

CITY OF LAKE CHARLES, LOUISIANA
General Governmental Revenues and Other Sources by Source
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Years Ended</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- Governmental</u>	<u>Charges for Services</u>
1993	\$26,412,090	\$3,493,826	\$2,727,996	\$2,754,507
1994	30,624,830	3,820,624	2,780,838	2,811,985
1995	33,984,440	3,807,766	3,883,355	3,139,203
1996	38,441,976	4,339,682	3,633,397	3,039,712
1997	37,526,792	4,425,108	5,384,140	2,881,616
1998	39,993,118	4,450,105	5,039,189	3,231,181
1999	42,719,120	4,190,415	6,522,258	3,222,346
2000	42,901,989	4,400,485	5,811,970	3,472,143
2001	44,998,800	5,560,635	4,650,805	3,604,664
2002	45,722,277	4,539,687	4,902,427	4,656,723

Note:

Includes General, Special Revenue, Debt Service and Capital Projects Funds

Table 2

Fines and Forfeitures	Uses of Money and Property	Miscellaneous	Net Operating Transfers	Total
\$483,872	\$946,906	\$1,014,948	\$0	\$37,834,145
552,290	921,695	1,931,275	0	43,443,537
423,574	1,158,468	6,761,476	0	53,158,282
484,426	1,510,779	3,603,712	0	55,053,684
425,329	1,495,345	3,337,270	0	55,475,600
388,801	1,571,461	3,047,957	0	57,721,812
337,943	1,869,866	3,426,158	0	62,288,106
382,337	1,535,076	2,928,302	0	61,432,302
405,332	2,156,918	3,865,926	0	65,243,080
264,816	1,196,768	2,339,806	0	63,622,504

CITY OF LAKE CHARLES, LOUISIANA
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year Ended</u>	<u>Tax Year</u>	<u>Total Tax Levy</u>	<u>Less: Cancellations and Reductions</u>	<u>Net Tax Levy</u>
1993	1992	\$4,215,640	\$35,757	\$4,179,883
1994	1993	4,315,303	47,430	4,267,873
1995	1994	4,447,451	4,551	4,442,900
1996	1995	4,604,277	35,102	4,569,175
1997	1996	4,739,814	139,851	4,599,963
1998	1997	4,880,549	39,602	4,840,947
1999	1998	4,944,413	61,418	4,882,995
2000	1999	5,142,416	46,758	5,095,658
2001	2000	5,448,959	331,803	5,117,156
2002	2001	5,600,075	29,978	5,570,097

Table 3

Less: Outstanding Delinquent Taxes	Net Total Taxes Collected	Percent of Net Taxes Collected	Percent of Delinquent Taxes to Net Levy
\$20,475	\$4,159,408 %	99.51 %	0.49 %
29,521	4,238,352	99.31	0.69
8,119	4,434,965	99.82	0.18
25,020	4,571,951	99.46	0.54
34,780	4,585,464	99.68	0.76
40,083	4,800,864	99.17	0.83
58,584	4,824,411	98.80	1.20
78,221	5,017,437	98.46	1.54
71,316	5,045,840	98.61	1.39
49,886	5,520,211	99.10	0.90

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

Fiscal Year Ended	Tax Year	Real Property and Mobile		Personal, Business Industry	
		Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1993	1992	\$153,517,110	\$1,535,171,100	\$40,385,210	\$269,234,733
1994	1993	154,739,450	1,547,394,500	44,019,380	293,462,533
1995	1994	158,193,690	1,581,936,900	49,125,000	327,500,000
1996	1995	162,729,110	1,627,291,100	54,037,810	360,252,067
1997	1996	204,016,810	2,040,168,100	69,057,190	460,381,267
1998	1997	204,832,650	2,048,326,500	77,534,440	516,896,267
1999	1998	210,456,270	2,104,562,700	76,939,050	512,927,000
2000	1999	221,014,670	2,210,146,700	79,319,510	528,796,733
2001	2000	229,530,010	2,295,300,100	83,296,660	555,311,067
2002	2001	236,891,890	2,368,918,900	84,699,970	564,666,467

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 1992, 1996 and 2000.

Table 4

Public Utilities		Total all Property		Ratio of Total Assessed to Total Estimated Actual Value
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
\$18,782,740	\$75,130,960	\$212,685,060	\$1,879,536,793	8.85 to 1
18,407,910	73,631,640	217,166,740	1,914,488,673	8.82 to 1
18,544,830	74,179,320	225,863,520	1,983,616,220	8.78 to 1
18,497,100	73,988,400	235,264,020	2,061,531,567	8.76 to 1
17,913,050	71,652,200	290,987,050	2,572,201,567	8.84 to 1
18,182,000	72,728,000	300,549,090	2,637,950,767	8.78 to 1
17,753,290	71,013,160	305,148,610	2,688,502,860	8.81 to 1
18,278,340	73,113,360	386,125,520	2,812,056,793	8.83 to 1
18,819,110	75,276,440	331,645,780	2,925,887,607	8.82 to 1
19,251,490	77,005,960	340,843,350	3,010,591,327	8.83 to 1

CITY OF LAKE CHARLES, LOUISIANA
Assessed Value of All Taxable Property by Source
Fiscal Year Ended September 30, 1993 through September 30, 2002
(Unaudited)

Tax Year	Real and Mobile Property Assessed Value	Personal Property Assessed Value	Public Service Assessed Value	Total Assessed Value
1992	\$153,517,110	\$40,385,210	\$18,782,740	\$212,685,060
1993	154,739,450	44,019,380	17,407,910	216,166,740
1994	158,193,690	49,125,000	18,544,830	225,863,520
1995	162,729,110	54,037,810	18,497,100	235,264,020
1996	204,016,810	69,057,190	17,913,050	290,987,050
1997	204,832,650	77,534,440	18,182,000	300,549,090
1998	210,456,270	76,939,050	17,947,890	305,343,210
1999	221,014,670	79,319,510	18,278,340	318,612,520
2000	229,530,010	83,296,660	18,819,110	331,645,780
2001	236,891,890	84,699,970	19,251,490	340,843,350

Note:

Assessed value is determined as noted in Table 4.

CITY OF LAKE CHARLES, LOUISIANA
Reconciliation of 2001 Tax Roll
Fiscal Year Ended September 30, 2002
(Unaudited)

Assessed valuation of \$340,843,350 at 16.43 mills		\$5,600,056
Additions		13,128
Less:		
Cancellations and reductions		(29,978)
Unpaid taxes (includes bankruptcies, adjudications, and paid under protest)		(49,886)
Total to account for (current year collections only)		<u>5,533,320</u>
Distribution of ad valorem taxes collected during fiscal year ended September 30, 2000:		
General Fund:		
General alimony - 6.20 mill	\$2,109,295	
Special street improvements - 2.59 mills	872,936	
Employee salary - 5.73 mills	1,931,245	
Special recreation - 1.91 mills	<u>646,434</u>	
Total accounted for		<u>5,559,910</u>
Total amount over collected*		<u><u>(\$26,590)</u></u>

* Includes collections for prior year.

CITY OF LAKE CHARLES, LOUISIANA
Principal Taxpayers
Tax Year December 31, 2001
for Fiscal Year Ended September 30, 2002
(Unaudited)

Taxpayer	Type of Business	Assessed Valuation 2000	Percentage of Total Valuation
Harrah's	Riverboat casino	\$12,591,830	2.86 %
Bell South Telecommunications	Telephone	9,797,110	2.23
Hibernia National Bank	Bank	7,180,850	1.63
Wal-Mart Stores	Retail	5,487,815	1.25
Entergy Gulf States Inc.	Electric utility	4,232,530	0.96
Xspedius	Telecommunications	3,704,730	0.84
Banc One Management Corp.	Bank	3,187,090	0.72
US Unwired	Telecommunications	2,599,010	0.59
Simon, Melvin & Associates	Land & Project Developer	2,448,520	0.56
Lowe's	Retail	<u>2,244,690</u>	0.51
		<u>\$53,474,175</u>	12.16

Total city valuation: \$439,660,390

CITY OF LAKE CHARLES, LOUISIANA
Property Tax Rates (Millage) - Per \$1000 Assessment
Last Ten Fiscal Years
(Unaudited)

Calendar Year Ended	Fiscal Year	General and Special Revenue Funds	Debt Service Funds	Total
1992	1992-93	19.15	0.54	19.69
1993	1993-94	19.15	0.59	19.74
1994	1994-95	19.15	0.54	19.69
1995	1995-96	19.15	0.42	19.57
1996	1996-97	16.12	0.16	16.28
1997	1997-98	16.14	0.00	16.14
1998	1998-99	16.14	0.00	16.14
1999	1999-00	16.14	0.00	16.14
2000	2000-01	16.43	0.00	16.43
2001	2001-02	16.43	0.00	16.43

Note:

All property taxes levied by the City of Lake Charles are retained in the City budget and none are collected for distribution to other governmental units.

CITY OF LAKE CHARLES, LOUISIANA
Ratio of Net General Obligation Bonded Debt
To Assessed Value and Net General Obligation Bonded Debt Per Capita
Fiscal Years Ended September 30, 1993 through 2002
(Unaudited)

<u>Fiscal Year Ended</u>	<u>Population</u>	<u>Assessed Value (in Thousands)</u>
1993	71,705	212,685
1994	72,112	217,167
1995	73,742	225,864
1996	75,424	235,264
1997	No General Obligation Debt	
1998	No General Obligation Debt	
1999	No General Obligation Debt	
2000	No General Obligation Debt	
2001	No General Obligation Debt	
2002	No General Obligation Debt	

Note:

- (1) Gross bonded debt amount does not includes special assessment bonds.
- (2) Debt service money available is for the repayment of general obligation bonds.
- (3) Population figures used for 1989 through 1991 are official 1990 census results.
Other population figures are annual estimates.
- (4) All bonded debt was paid in full in fiscal year 1997

Table 9

Gross Bonded Debt	Debt Service Money Available	Net Bonded Debt	Percent Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
345,000	4,215	340,785	0.16	5
245,000	9,630	235,370	0.11	3
145,000	18,076	126,924	0.06	2
50,000	13,898	36,102	0.02	1

CITY OF LAKE CHARLES, LOUISIANA
Computation of Legal Debt Margin
September 30, 2002
(Unaudited)

Net assessed value (real property)		\$236,891,890
Plus exempt property		<u>83,768,950</u>
Total assessed value		<u>\$320,660,840</u>
Debt limit - 10 percent of total assessed value		\$32,066,084
Amount of debt applicable to debt limit:		
Total bonded debt (including special assessments)	\$10,375,000	
Less:		
Assets in Debt Service Funds available for payment of principal and interest	\$965,122	
Other deductions allowed by law:		
Special assessment bonds	<u>1,096,788</u>	
Total deductions		<u>2,061,910</u>
Total amount of debt applicable to debt limit		<u>8,313,090</u>
Legal debt margin		<u><u>\$23,752,994</u></u>

CITY OF LAKE CHARLES, LOUISIANA
 Computation of Direct and Overlapping
 General Obligation Bonded Debt
 September 30, 2002
 (Unaudited)

Jurisdiction	General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Lake Charles	Amount Applicable to Lake Charles
City of Lake Charles	\$0	100 %	\$0
Calcasieu Parish School Board	133,331,460	28.334%	37,777,555
Calcasieu Parish Library Bonds	7,250,000	28.334%	2,054,183
Calcasieu Parish Police Jury	<u>6,411</u>	28.334%	<u>1,816</u>
Total Direct and Overlapping General Obligation Bonded Debt	<u><u>\$140,587,871</u></u>		<u><u>\$39,833,555</u></u>

CITY OF LAKE CHARLES, LOUISIANA
 Ratio of Annual Debt Service Expenditures for
 General Bonded Debt to Total General Expenditures
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year Ended	Principal Retirement	Interest Paid	Total Debt Service	Total General Expenditures	Ratio of Debt Service to General Expenditures
1993	\$419,403	\$146,733	\$566,136	\$34,354,252	1.65 %
1994	387,821	113,542	501,363	38,242,774	1.31
1995	378,397	82,150	460,547	42,677,685	1.08
1996	221,804	50,192	271,996	50,801,635	0.54
1997	144,442	32,584	177,026	53,110,668	0.33
1998	75,277	19,417	94,694	52,912,715	0.18
1999	645,278	600,039	1,245,317	59,359,971	2.10
2000	581,181	697,618	1,278,799	60,685,479	2.11
2001	582,000	660,792	1,242,792	52,657,381	2.36
2002	600,000	628,440	1,228,440	54,371,846	2.26

Note:

- (1) Total General Expenditures includes General, Special Revenue, and Debt Service Funds.
- (2) Amounts include principal and interest payments of special assessments through 2001.

CITY OF LAKE CHARLES, LOUISIANA
Special Assessment Billing and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended	Special Assessments Billings	Special Assessments collected	Ratio of Collections To Amount Due	Total Outstanding Assessments
1993	\$945,449	\$247,032	26.1 %	\$1,439,891
1994	946,748	196,202	20.7	1,252,323
1995	955,381	108,018	11.3	1,082,893
1996	893,970	100,288	11.2	880,248
1997	791,612	42,669	5.4	795,981
1998	750,013	27,083	3.6	748,373
1999	729,489	17,762	2.4	665,609
2000	664,487	1,122	0.2	647,895
2001	647,895	9,483	1.5	638,412
2002	638,412	12,727	2.0	625,685

Note:

The amount reported as Special Assessments Billings is the total amount actually billed, including current and delinquent principal and interest, in November of each year. The amount reported as Special Assessments Collected is the total amount actually collected during the fiscal year.

CITY OF LAKE CHARLES, LOUISIANA
Sales Tax, Licenses Tax and Utility Franchise Tax Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended	One Percent Sales Tax (1965)	Additional One Percent Sales Tax (1987)	Employee's Pay Sales Tax (1995)
1993	\$9,307,413	\$9,307,412	\$0
1994	10,299,961	10,299,960	0
1995	10,673,230	10,673,228	1,127,825
1996	11,286,542	11,286,540	2,795,072
1997	11,571,527	11,571,526	2,887,759
1998	12,282,721	12,282,721	3,051,254
1999	13,312,712	13,312,712	3,270,504
2000	13,100,266	13,100,266	3,268,928
2001	13,913,944	13,913,944	3,455,464
2002	14,232,232	14,232,232	3,546,611

Note:

One-quarter cent sales tax collections levied for an employee pay raise began May, 1995.

Table 14

Occupational License and Insurance Taxes	Electric Utility Franchise	Gas Utility Franchise	Cable Television Franchise
\$1,869,475	\$2,586,166	\$245,312	\$332,465
1,941,457	2,848,582	261,731	372,239
2,000,807	2,778,707	265,766	405,569
2,152,181	3,173,086	248,011	474,811
2,125,724	3,007,878	599,121	430,584
2,196,952	3,144,286	393,389	430,158
2,183,838	3,018,078	331,305	417,689
2,202,192	3,096,916	404,659	420,144
2,266,471	3,938,095	663,156	459,191
2,392,602	3,233,184	398,356	482,724

CITY OF LAKE CHARLES, LOUISIANA
Property Value, Construction and Bank Deposits
Last Ten Calendar Years
(Unaudited)

Calendar Year Ended	Commercial Construction	
	Permits Issued	Value
1993	285	\$55,234,530
1994	216	21,848,575
1995	283	47,431,671
1996	311	97,633,110
1997	329	62,691,854
1998	444	29,747,777
1999	287	21,275,879
2000	289	28,374,567
2001	574	79,854,735
2002	492	51,304,184

Source: Construction data from City of Lake Charles Inspection Division; bank deposits from individual banks; property value (assessed valuation) from Calcasieu Parish Tax assessor's Office.

Table 15

Residential Construction		Property Value		
Permits Issued	Value	Bank Deposits	Taxable	Non-Taxable
713	\$4,128,425	\$1,331,842,000	\$212,685,060	\$41,851,850
622	4,987,188	1,397,813,000	217,166,740	41,350,180
552	4,536,337	1,395,149,000	225,863,520	43,971,290
784	6,800,564	1,647,834,000	235,264,020	83,768,950
736	6,708,083	1,619,879,000	290,987,050	83,768,950
950	5,609,288	1,848,275,000	300,549,090	81,510,260
805	11,633,499	3,004,576,000	305,148,610	56,066,260
689	8,751,892	3,024,391,000	386,125,520	63,022,230
845	28,329,654	3,330,156,000	331,645,780	68,351,570
708	25,309,302	3,248,297,000	340,843,350	83,768,950

CITY OF LAKE CHARLES, LOUISIANA
Demographic Statistics
Last Ten Calendar Years
(Unaudited)

<u>Calendar Year Ended</u>	<u>Population</u>	<u>Median Household Income (1)</u>	<u>Median Age</u>
1992	70,622	\$25,228	27.6
1993	71,705	21,225	32.1
1994	72,112	21,225	32.2
1995	73,742	21,225	32.1
1996	75,424	21,225	32.1
1997	75,743	21,225	32.1
1998	76,537	21,225	31.6
1999	76,537	21,225	32.2
2000	71,757	21,225	35.3
2001	73,029	30,774	35.3

Notes:

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

Table 16

Public City School Enrollment (K-12 Grades)	Private City School Enrollment (K-12 Grades)	Total City School Enrollment (K-12 Grades)	Unemployment Percentage Rate
16,038	2,787	18,825	6.5 %
16,232	2,614	18,846	7.3
16,662	2,713	19,375	5.1
14,291	2,713	17,004	6.3
14,777	2,815	17,592	6.0
14,696	2,820	17,516	5.0
15,748	3,121	18,869	3.5
15,590	3,042	18,632	5.1
14,335	3,078	17,377	5.3
13,830	2,907	16,737	5.4

CITY OF LAKE CHARLES, LOUISIANA
Enterprise Fund Operating Revenues
Last Ten Fiscal Years
(Unaudited)

<u>Year Ended</u>	<u>Civic Center</u>	<u>Golf Course</u>	<u>Public Transit</u>	<u>Water Utility</u>
1993	\$714,365	\$846,747	\$136,590	\$5,740,746
1994	745,956	990,626	136,568	5,745,312
1995	666,793	1,087,392	137,512	6,015,162
1996	729,982	1,147,880	79,231	6,396,291
1997	647,765	1,182,153	86,120	6,155,325
1998	1,618,265	1,201,766	79,927	6,584,346
1999	1,582,948	1,152,147	53,431	6,476,055
2000	1,502,565	1,114,722	62,151	6,817,627
2001	1,339,526	385,485	63,742	6,524,879
2002	942,792	1,164,086	81,015	6,339,417

Note:

The Golf Course was closed for most of 2001 for major renovations.

CITY OF LAKE CHARLES, LOUISIANA
Miscellaneous Statistics
September 30, 2002
(Unaudited)

Date of incorporation	1867
Form of government	Mayor-Council
Area	44 square miles
Miles of streets (estimate)	483
Fire protection:	
Number of stations	7
Total authorized personnel	147
Police protection:	
Number of stations	4
Total authorized personnel	186
Water system:	
Number of customers	27,399
Average daily consumption	9.95 million gallons
Sewers:	
Sanitary sewers	600 miles
Storm sewers	425 miles
Recreation and culture:	
Number of parks and acreage	34-453 acres
Number of libraries	1 central - 13 branches
Number of volumes	345,413
Employees - City of Lake Charles	1,008
Telephones	56,093
Electric meters	26,653
Gas meters	38,216
Building permits issued	1,380
Schools	28 public 8 non-public 16,737 enrollment 1 technical institute 2,030 enrollment 1 college 8,029 enrollment
Industry	141 establishments 13,650 workers 313,700,000 annual wages

Source: Lake Charles city directory and local city sources.

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CITY OF LAKE CHARLES, LOUISIANA

**OMB CIRCULAR A-133
SUPPLEMENTARY REPORTS**

YEAR ENDED SEPTEMBER 30, 2002

CITY OF LAKE CHARLES
LAKE CHARLES, LOUISIANA

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CFP - Certified Financial Planner

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

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

We have audited the financial statements of the City of Lake Charles, Louisiana as of and for the year ended September 30, 2002, and have issued our report thereon dated February 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Lake Charles' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Lake Charles' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Board, management, and other state and federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

M^s Elroy, Quirk & Burch

Lake Charles, Louisiana

February 7, 2003

McELROY, QUIRK & BURCH

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

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

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

Compliance

We have audited the compliance of the City of Lake Charles, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2002. The City of Lake Charles' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Lake Charles' management. Our responsibility is to express an opinion on the City of Lake Charles' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of

Lake Charles' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Lake Charles' compliance with those requirements.

In our opinion, the City of Lake Charles, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2002.

Internal Control Over Compliance

The management of the City of Lake Charles is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Lake Charles' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of Lake Charles' ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. A reportable condition is described in the accompanying schedule of findings and questioned costs as item 02-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 02-1 to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of the City of Lake Charles as of and for the year ended September 30, 2002, and have issued our report thereon dated February 7, 2003. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes

of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures, applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended for the information of the Board, management, and other state and federal audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

Mc Elroy, Quirk & Busch

Lake Charles, Louisiana

February 7, 2003

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For Period Ending September 30, 2002

<u>Grant Type</u>	<u>Federal CFDA Number</u>
Department of Housing & Urban Development:	
Community Development Block Grant	14.218
Louisiana Department of Administration (pass thru agency):	
HUD/Emergency Shelter Grant	14.231
HUD/Emergency Shelter Grant	14.231
HUD/HOME Grant	14.239
HUD/CHDOS	-
Federal Emergency Management Agency:	
Louisiana Department of Military Affairs (pass thru agency)	-
Department of Transportation:	
Federal Transit Administration	20.507
	-
Federal Transit Administration	-
	-
	-
Department of Agriculture:	
Louisiana Department of Education (pass thru agency):	
Child Nutrition Summer Food Program	10.559
Department of Justice:	
COPS Formula Grant (LLEBG)	-
Louisiana Commission on Law Enforcement: (pass thru agency)	
DARE	-
Street Sales Disruption	16.579
Louisiana Serve Commission/Dept of Treasury:	
Americorps 2000 Grant	94.006
Americorps 2001 Grant	-
Americorps 2002 Grant	-
Americorps/PDAT Grant	-
Total Federal Assistance	

<u>Grant Number</u>	<u>Grant Period</u>		<u>Grant Receipts</u>	<u>Current Expenditures</u>
	<u>From</u>	<u>To</u>		
B-00-MC-22-0004	10/1/01	9/30/02	\$ 1,323,143	\$ 1,295,052
570987-370-201101	10/1/01	9/30/02	49,651	49,651
559287-370-100953	10/1/01	9/30/02	15,912	15,912
M-98-MC-22-0208	10/1/01	9/30/02	458,725	458,725
M-98-MC-22-0208	10/1/01	9/30/02	74,647	74,647
FMP01-019-0001	10/1/01	9/30/02	48,500	48,500
LA-904-232	10/1/01	9/30/02	265,084	265,084
LA-90X-NEW	10/1/01	9/30/02	178,042	178,042
LA-900-209	10/1/01	9/30/02	2,049	2,049
LA-902-209	10/1/01	9/30/02	81,263	81,263
LA-902-232	10/1/01	9/30/02	14,139	14,139
	10/1/01	9/30/02	402,112	402,112
98-LBVX-2658	10/1/01	9/30/02	-	322
2000-LBVX-0212	10/1/01	9/30/02	-	57,673
2000-LBVX-1246	10/1/01	9/30/02	-	152,637
2001-LBBX-2098	10/1/01	9/30/02	198,818	89,169
E-01-6-006	10/1/01	9/30/02	63,848	63,848
B00-6-007	10/1/01	9/30/02	105,507	105,507
00ASFLA0191301	10/1/01	9/30/02	3,641	3,641
00ASFLA0191301	10/1/01	9/30/02	200,899	200,899
00ASFLA0191301	10/1/01	9/30/02	19,701	19,701
PDAT	10/1/01	9/30/02	<u>636</u>	<u>636</u>
			<u>\$ 3,506,317</u>	<u>\$ 3,579,209</u>

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2002

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified
 Internal control over financial reporting:
 Material weakness identified? Yes No
 Reportable condition identified not considered
 to be material weakness? Yes None reported
 Noncompliance material to financial statements
 noted? Yes No

Federal Awards

Internal control over major programs:
 Material weakness identified? Yes No
 Reportable condition identified not considered
 to be material weakness? Yes None reported
 Type of auditor's report issued on compliance
 for major programs: Unqualified
 Any audit findings disclosed that are required
 to be reported in accordance with Circular
 A-133, Section .510(a)? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
14.239	HUD/HOME Grant
20.507	Federal Transit Administration
10.559	Child Nutrition Summer Food Program

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes No

(continued on next page)

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2002
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings to report.

CITY OF LAKE CHARLES, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2002
(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

02-1 Child Nutrition Summer Food Program - CFDA No. 10.559

Condition: We noted during our testing, that different inventory records do not agree with each other. The City utilizes three inventory records: the "Daily Food Production Record," Inventory cards and the "Daily Issue/Withdrawal Record." In various combinations, these three reports did not agree with each other.

Criteria: To insure proper inventory management, these reports should each be accurately maintained and routinely reconciled with each other.

Effect: Differences in these reports could indicate a lack of control over commodities served.

Recommendation: We recommend that close attention be paid to insure that all records accurately reflect the movement of inventory items and that a periodic physical inventory be taken to check these cards. The City should provide some form of orientation and training for individuals responsible for preparing these reports.

Response: We concur with this recommendation.

CITY OF LAKE CHARLES, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2002

01-1 Payroll Review Procedures

Condition: Payroll time sheets were not adequately reviewed before they were submitted to the payroll department. Departmental timekeepers performed the only detail review of payroll time sheets prior to payroll calculation.

Recommendation: We recommended that review procedures be implemented which would require payroll time sheets to be reviewed by a supervisory level individual within the department after the initial review by the department's timekeeper. Payroll reports should also be routinely reviewed by City management to check for unusually high amounts of overtime or special pay paid to employees.

Current status: No similar condition existed for the year ended June 30, 2002.

01-2 Supervision of payroll production and reporting

Condition: Payroll check production and payroll reports were not reviewed by an individual outside of the payroll department.

Recommendation: We recommended that an upper level member of the City's finance or accounting department review check registers prior to the production of checks. We also recommended that a similar employee review all quarterly and annual payroll reports prior to their filing to insure that they are filed timely and accurately.

Current status: No similar condition existed for the year ended September 30, 2002.

01-3 Child Nutrition Summer Food Program - CFDA No. 10.559

Condition: We noted during our testing, that we could not reconcile the number of meals distributed to the sites with the number of meals served at the sites.

Recommendation: We recommended that additional care be taken to reconcile units distributed to sites to units served at sites to insure accurate meal counts were used to prepare funding requests. All reports should be checked for mathematical accuracy and reviewed by appropriate accounting personnel.

Current status: No similar condition existed for the year ended September 30, 2002.

01-4 Child Nutrition Summer Food Program - CFDA No. 10.559

Condition: We noted during our testing that quantities noted on inventory cards did not agree in some instances to quantities used.

Recommendation: We recommended that close attention be paid to insure that all inventory cards accurately reflect the movement of inventory items and that a periodic physical inventory be taken to check these cards.

Current status: The condition still exists as described in Finding 02-1.

01-5 Child Nutrition Summer Food Program - CFDA No. 10.559

Condition: We noted during our testing one instance in which an item was removed from inventory according to the inventory cards but was not on the menu for that day and no units were returned according to the inventory cards.

Recommendation: We recommended that additional review procedures be implemented to monitor the items removed from inventory and to reconcile items removed with daily menus.

Current status: No similar condition existed for the year ended September 30, 2002.