

**CITY OF WESTWEGO, LOUISIANA  
FINANCIAL REPORT  
FOR YEAR ENDED DECEMBER 31, 2011**

***CAMNETAR & CO., CPAs***  
**a professional accounting corporation**

CITY OF WESTWEGO, LOUISIANA  
ANNUAL FINANCIAL REPORT  
DECEMBER 31, 2011

CITY OF WESTWEGO, LOUISIANA  
 DECEMBER 31, 2011  
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DECEMBER 31, 2011  
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## **INDEPENDENT AUDITOR'S REPORT**

### **Honorable Mayor and Members of the City Council City of Westwego, Louisiana**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Westwego, Louisiana, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Westwego, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Westwego, Louisiana, as of December 31, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2012 on our consideration of the City of Westwego, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the budgetary comparison schedules on pages 44 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Westwego, Louisiana's financial statements taken as a whole. The other supplementary information presented on page 49 and 50 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

*Camnetar & Co.*

*Camnetar & Co., CPAs*  
a professional accounting corporation

Gretna, Louisiana  
June 22, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF WESTWEGO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2011

Our discussion and analysis of the City of Westwego's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2011. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

***USING THE ANNUAL REPORT***

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-wide Financial Statements) provide information about the activities as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in short term as well as what remains for future spending. Fund financial statements also report the operation in more detail than the government-wide statements by providing information about the most significant funds.

***Government-Wide Financial Statements***

One of the most important questions asked about finances is, "Is the City of Westwego as a whole better off or worse as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information on the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the net assets and changes in them. Net assets-the difference between assets and liabilities-are one way to measure the financial health, or financial position of an entity. Over time, increases or decreases in net assets are one indicator of whether the entity's financial health is improving or deteriorating. It is important to consider other nonfinancial factors, however, to assess the overall health of the City of Westwego.

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds-not the City of Westwego as a whole. Some funds are required to be established by State laws.

CITY OF WESTWEGO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011

**Fund Financial Statements** - continued

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

The City uses the governmental type of fund with the following accounting approach. Most of the basic services including general government, public safety, public works, sanitation, health, and recreation are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general governmental operations and the basic services it provides. Governmental funds information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are described in reconciliations immediately following the fund financial statements.

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewerage departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewerage departments, which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 16-18.

CITY OF WESTWEGO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011

**FINANCIAL HIGHLIGHTS**

Our financial statements provide these insights into the results of this year's operation:

- As of December 31, 2011 assets exceeded liabilities by \$37,062,986 (net assets) for the fiscal year reported.
- Total net assets are comprised of the following:
  - (1) Invested in capital assets of \$34,981,020 including the cost of land, buildings, office equipment, furniture, and fixtures, and automobiles, net of accumulated depreciation reduced by outstanding bonds or notes attributable to the acquisition, construction, or improvement of those assets.
  - (2) Unrestricted net assets of \$(781,063).
  - (3) Restricted net assets of \$2,863,029 representing the portion restricted for specific purposes.
- The governmental fund reported total ending fund balance of \$3,288,056, which was classified as \$174,188 nonspendable, \$677,306 restricted, \$708,878 committed for future spending, \$1,282,127 assigned, and \$445,557 unassigned. This compares to the prior year ending fund balance of \$3,609,588 showing a decrease of \$321,532 during the current year.
- Total spending for all governmental activities, not including transfers, was \$10,634,323 for the year, which was \$3,373,549 more than the program revenues for the activities - \$7,260,774.

The Statement of Net Assets and the Statement of Activities reports two types of activities - governmental and business type activities.

**FINANCIAL ANALYSIS OF THE CITY OF WESTWEGO AS A WHOLE**

The City's net assets increased by \$2,574,775 as a result of this year's operations. Net assets-invested in capital assets absorbed most of the increase this year. The balance in net assets represents the accumulated results of all past years' operations.

The City's total revenues for the year in governmental activities were \$14,153,777 (\$7,260,774 in charges for services and \$6,893,003 in general revenues). The total cost of all governmental activities, not including transfers, was \$10,634,323.

CITY OF WESTWEGO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011

The following is the City's government wide financial information for the current and prior years in condensed form. Further details regarding these statements may be found on pages 10 and 11.

CITY OF WESTWEGO, LOUISIANA CONDENSED STATEMENT OF NET ASSETS  
DECEMBER 31, 2011 AND 2010

	Governmental Activities <u>2011</u>	Business-Type Activities <u>2011</u>	Total <u>2011</u>	Governmental Activities <u>2010</u>	Business-Type Activities <u>2010</u>	Total <u>2010</u>
Current and other assets	\$ 4,705,668	\$ 1,345,964	\$ 6,051,632	\$ 4,826,746	\$ 1,043,064	\$ 5,869,810
Capital assets, net	<u>24,317,467</u>	<u>12,662,183</u>	<u>36,979,650</u>	<u>21,281,458</u>	<u>12,943,253</u>	<u>34,224,711</u>
Total assets	<u>29,023,135</u>	<u>14,008,147</u>	<u>43,031,282</u>	<u>26,108,204</u>	<u>13,986,317</u>	<u>40,094,521</u>
Long term liabilities	847,356	1,931,329	2,778,685	600,694	1,927,885	2,528,579
Other liabilities	<u>1,417,612</u>	<u>1,771,999</u>	<u>3,189,611</u>	<u>1,217,158</u>	<u>1,860,573</u>	<u>3,077,731</u>
Total liabilities	<u>2,264,968</u>	<u>3,703,328</u>	<u>5,968,296</u>	<u>1,817,852</u>	<u>3,788,458</u>	<u>5,606,310</u>
Invested in capital assets	24,317,467	10,663,553	34,981,020	21,281,458	10,949,318	32,230,776
Restricted	2,668,311	194,718	2,863,029	2,880,175	151,612	3,031,787
Unrestricted	<u>(227,611)</u>	<u>(553,452)</u>	<u>(781,063)</u>	<u>128,719</u>	<u>(903,071)</u>	<u>(774,352)</u>
Total net assets	<u>\$26,758,167</u>	<u>\$10,304,819</u>	<u>\$37,062,986</u>	<u>\$24,290,352</u>	<u>\$10,197,859</u>	<u>\$34,488,211</u>

CITY OF WESTWEGO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011

CITY OF WESTWEGO, LOUISIANA CONDENSED STATEMENT OF ACTIVITIES  
AND CHANGES IN NET ASSETS  
DECEMBER 31, 2011 AND 2010

	Governmental Activities 2011	Business-Type Activities 2011	Total 2011	Governmental Activities 2010	Business-Type Activities 2010	Total 2010
Revenues:						
Program revenues						
Charges for services	\$ 2,677,696	\$ 1,565,574	\$ 4,243,270	\$ 2,845,754	\$ 1,356,789	\$ 4,202,543
Operating grants, contributions and transfers in	1,128,308	1,051,639	2,179,947	1,619,234	1,155,167	2,774,401
Capital grants and contributions	3,454,770	-0-	3,454,770	570,762	-0-	570,762
General revenues						
Property taxes	1,376,038	-0-	1,376,038	1,289,774	-0-	1,289,774
Franchise taxes	261,153	-0-	261,153	261,951	-0-	261,951
Sales taxes	1,933,527	-0-	1,933,527	1,954,462	-0-	1,954,462
Alcoholic beverage tax	11,217	-0-	11,217	12,387	-0-	12,387
Boarding fee	2,361,206	-0-	2,361,206	2,427,281	-0-	2,427,281
Occupational licenses	391,121	-0-	391,121	392,236	-0-	392,236
Investment earnings	1,444	353	1,797	4,550	1,014	5,564
Gain (loss) on sale of assets	59,110	-0-	59,110	11,969	-0-	11,969
Miscellaneous	498,187	-0-	498,187	1,086,908	-0-	1,086,908
Special Community Disaster Loan and interest forgiveness	-0-	-0-	-0-	2,015,791	-0-	2,015,791
<b>Total revenues</b>	<u>14,153,777</u>	<u>2,617,566</u>	<u>16,771,343</u>	<u>14,493,059</u>	<u>2,512,970</u>	<u>17,006,029</u>
Expenses and transfers out:						
General government	3,608,052	-0-	3,608,052	4,127,411	-0-	4,127,411
Public safety	5,387,925	-0-	5,387,925	5,238,609	-0-	5,238,609
Public works	509,786	-0-	509,786	497,645	-0-	497,645
Sanitation	597,873	-0-	597,873	592,692	-0-	592,692
Health	290,064	-0-	290,064	259,015	-0-	259,015
Recreation	240,623	-0-	240,623	218,358	-0-	218,358
Transfers out	1,051,639	0-	1,051,639	1,155,167	0-	1,155,167
Water and sewerage	-0-	2,510,606	2,510,606	-0-	2,558,651	2,558,651
<b>Total expenses and transfers out</b>	<u>11,685,962</u>	<u>2,510,606</u>	<u>14,196,568</u>	<u>12,088,897</u>	<u>2,558,651</u>	<u>14,647,548</u>
Changes in net assets	2,467,815	106,960	2,574,775	2,404,162	(45,681)	2,358,481
Net assets – Beginning of Year	<u>24,290,352</u>	<u>10,197,859</u>	<u>34,488,211</u>	<u>21,886,190</u>	<u>10,243,540</u>	<u>32,129,730</u>
Net assets – End of Year	<u>\$26,758,167</u>	<u>\$10,304,819</u>	<u>\$37,062,986</u>	<u>\$24,290,352</u>	<u>\$10,197,859</u>	<u>\$34,488,211</u>

CITY OF WESTWEGO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011

**FINANCIAL ANALYSIS OF THE CITY OF WESTWEGO'S FUNDS**

As we noted earlier, the City uses funds to help it control and manage money for particular purposes. Analysis of funds aids in considering whether the City is being accountable for the resources provided to it, but may also give you more insight into the overall financial health of the City.

As the City completed the year, its governmental fund reported a fund balance of \$3,288,056. This reflects a decrease of \$321,532 from last year. This decrease is primarily the result of a decrease in fines and insurance reimbursements of approximately \$1,115,223 and an increase in pension expense of approximately \$189,776.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund's December 31, 2011 fund balance was revised by \$1,054,648. Major budget amendments were approved as follows:

- (A) Budgeted revenues were decreased by \$545,075. This decrease was due primarily to a decrease in police fines of \$354,410 and a net decrease in grant revenue and intergovernmental revenue of \$593,471.
- (B) Budgeted expenditures decreased \$1,447,778 mainly due to a decrease in capital expenditures of approximately \$1,797,661.

**CAPITAL ASSETS**

Capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2011 was \$24,317,467.

This year there were \$4,160,861 of additions and \$136,347 deletions to governmental activities' capital assets. More detailed information about the capital assets is presented in Note 3 to the financial statements.

**DEBT**

At year-end, the City of Westwego had \$70,720 of long-term compensated absences, \$789,335 of other post-employment benefits, and \$1,998,630 due to the Municipal Facilities Revolving Loan Fund.

CITY OF WESTWEGO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2011

***ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES***

The City officials considered many factors when budgeting the fiscal year rates and fees that would be charged. One of those factors is new laws and regulations.

The December 31, 2012 budget assumes there will be no significant changes in the City's operations and is based on the assumption that operating expenditures will be reduced through increased management efficiency.

Salaries are budgeted for the year ending December 31, 2012 at an increase of 2% over the year ending December 31, 2011 in anticipation of raises. The expense categories affected by payroll increases are increased accordingly. Health insurance expense is budgeted at 2011 levels for the year ending December 31, 2012 due to increased premiums being absorbed by employees. General Fund Capital expenditures are budgeted as \$5,499,150 for the year ending December 31, 2012 and grant revenue is budgeted as \$4,360,800 for the year ending December 31, 2012.

***CONTACTING FINANCIAL MANAGEMENT***

This financial report is designed to provide a general overview of the City of Westwego, Louisiana's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact the Honorable John I. Shaddinger, Jr., Mayor, City of Westwego, Louisiana, at phone number (504) 347-5745.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WESTWEGO, LOUISIANA  
STATEMENT OF NET ASSETS  
December 31, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total (Memorandum Only)</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,012,684	\$ 262,468	\$ 2,275,152
Prepaid insurance	174,188	-0-	174,188
Receivables, net	933,363	220,389	1,153,752
Due from other governments	774,335	-0-	774,335
Internal balances	811,098	541,825	1,352,923
Restricted cash and cash equivalents	-0-	321,282	321,282
Capital assets, net	<u>24,317,467</u>	<u>12,662,183</u>	<u>36,979,650</u>
<b>Total Assets</b>	<u>29,023,135</u>	<u>14,008,147</u>	<u>43,031,282</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	979,299	134,618	1,113,917
Accrued liabilities	423,638	77,894	501,532
Deferred revenue	14,675	-0-	14,675
Internal balances	-0-	1,352,923	1,352,923
Utility deposits	-0-	126,564	126,564
Current portion of loan payable	-0-	80,000	80,000
<b>Non-Current Liabilities:</b>			
Long-term accrued liabilities	58,021	12,699	70,720
Other post-employment benefits	789,335	-0-	789,335
Loans payable	<u>-0-</u>	<u>1,918,630</u>	<u>1,918,630</u>
<b>Total Liabilities</b>	<u>2,264,968</u>	<u>3,703,328</u>	<u>5,968,296</u>
<b>NET ASSETS</b>			
Invested in capital assets	24,317,467	10,663,553	34,981,020
Restricted	2,668,311	194,718	2,863,029
Unrestricted	<u>(227,611)</u>	<u>(553,452)</u>	<u>(781,063)</u>
<b>Total Net Assets</b>	<u>\$ 26,758,167</u>	<u>\$ 10,304,819</u>	<u>\$ 37,062,986</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2011

Functions/Programs Governmental Activities:	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Business-Type Activities			Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	(Memorandum Only)
General government	\$ 3,608,052	\$ 190,812	\$ 191,343	\$ 2,486,468	\$ (739,429)	\$ -0-	\$ (739,429)
Public safety	5,387,925	1,807,115	896,965	74,900	(2,608,945)	-0-	(2,608,945)
Public works	509,786	-0-	-0-	29,372	(480,414)	-0-	(480,414)
Sanitation	597,873	679,769	-0-	-0-	81,896	-0-	81,896
Health	290,064	-0-	40,000	-0-	(250,064)	-0-	(250,064)
Recreation	240,623	-0-	-0-	864,030	623,407	-0-	623,407
Total governmental activities	10,634,323	2,677,696	1,128,308	3,454,770	(3,373,549)	-0-	(3,373,549)
Business-Type Activities:							
Water	1,221,107	595,779	-0-	-0-	-0-	(625,328)	(625,328)
Sewerage	1,289,499	969,795	-0-	-0-	-0-	(319,704)	(319,704)
Total business-type activities	2,510,606	1,565,574	-0-	-0-	-0-	(945,032)	(945,032)
Total	13,144,929	4,243,270	1,128,308	3,454,770	(3,373,549)	(945,032)	(4,318,581)
General Revenues:							
Taxes:							
Property taxes					1,376,038	-0-	1,376,038
Franchise taxes					261,153	-0-	261,153
Sales taxes					1,933,527	-0-	1,933,527
Alcoholic beverage tax					11,217	-0-	11,217
Boarding fee					2,361,206	-0-	2,361,206
Occupational licenses					391,121	-0-	391,121
Investment earnings					1,444	353	1,797
Gain (Loss) on sale of assets					59,110	-0-	59,110
Miscellaneous					498,187	-0-	498,187
Transfers					(1,051,639)	1,051,639	-0-
Total general revenues and transfers					\$ 5,841,364	\$ 1,051,992	\$ 6,893,356
Changes in net assets					2,467,815	106,960	2,574,775
Net assets - Beginning of Year					24,290,352	10,197,859	34,488,211
Net assets - End of the Year					\$26,758,167	\$ 10,304,819	\$ 37,062,986

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF WESTWEGO, LOUISIANA  
BALANCE SHEET - GOVERNMENTAL FUND  
December 31, 2011

ASSETS

	General Fund
Cash and cash equivalents	\$ <u>2,012,684</u>
Prepaid insurance	<u>174,188</u>
Receivables, net:	
Property taxes	555,356
Other accounts	<u>378,007</u>
	<u>933,363</u>
Due from other governments:	
Parish of Jefferson	434,898
State of Louisiana	336,693
U. S. Government	<u>2,744</u>
	<u>774,335</u>
Due from/to other funds, net	<u>811,098</u>
Total assets	\$ <u>4,705,668</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 979,299
Accrued liabilities	423,638
Deferred revenue	<u>14,675</u>
Total liabilities	<u>1,417,612</u>
Fund balance:	
Nonspendable (prepaid insurance)	174,188
Restricted for street lighting	443,240
Restricted for police expenditures	201,655
Restricted for drivers license expenditures	32,411
Committed for future spending police department	229,094
Committed for future spending public works	479,784
Assigned for Waterworks deficit	1,282,127
Unassigned	<u>445,557</u>
Total fund balance	<u>3,288,056</u>
Total liabilities and fund balance	\$ <u>4,705,668</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA  
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
December 31, 2011

Total fund balance of the governmental fund at December 31, 2011	\$ 3,288,056
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Amounts reported for governmental activities  
in the Statement of Net Assets are  
different because:

Capital assets used in governmental  
activities are not financial resources  
and, therefore, are not reported in the  
governmental fund. Those assets consist of:

Land and building	20,208,670	
Machinery and equipment	<u>12,771,715</u>	
	32,980,385	
Less accumulated depreciation	<u>(8,662,918)</u>	

Capital assets, net		24,317,467
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Long-term liabilities are not due and  
payable in the current period and, therefore,  
are not reported in the governmental funds:

Compensated absences payable	(58,021)	
Other post-employment benefits	<u>(789,335)</u>	<u>(847,356)</u>

Net assets of governmental activities at December 31, 2011	\$ <u>26,758,167</u>
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The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE-GOVERNMENTAL FUND  
Year Ended December 31, 2011

	<u>General Fund</u>
Revenues:	
Taxes	\$ 3,480,449
Licenses and permits	738,503
Intergovernmental	6,994,977
Charges for services	631,145
Fines	1,587,938
Miscellaneous	<u>723,465</u>
Total revenues	<u>14,156,477</u>
Expenditures:	
Current:	
General government	3,113,864
Public safety	4,732,328
Public works	338,924
Sanitation	597,873
Health	270,876
Recreation	211,644
Capital outlay	<u>4,160,861</u>
Total expenditures	<u>13,426,370</u>
Excess of revenues over expenditures	730,107
Other financing uses:	
Transfer to Proprietary Funds	<u>1,051,639</u>
Deficiency of revenues over expenditures and other financing uses	<u>(321,532)</u>
Fund balance - beginning of year	<u>3,609,588</u>
Fund balance - end of year	<u>\$ 3,288,056</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE-GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
Year Ended December 31, 2011

Total net change in fund balance at December 31, 2011 per Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund	\$ (321,532)
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Amounts reported in governmental activities  
in the government-wide Statement of  
Activities are different because:

Governmental funds report capital  
outlays as expenditures. However, in  
the government-wide Statement of  
Activities, the cost of those assets  
is allocated over their estimated  
useful lives and reported as depreciation  
expense.

Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 4,160,861	
Depreciation expense for the year ended December 31, 2011	(1,122,152)	
Disposition of assets, net	<u>(2,700)</u>	3,036,009

Excess of long-term compensated absences earned over compensated absences used	(2,863)	
Increase in other post-employment benefits	<u>(243,799)</u>	<u>(246,662)</u>

Total change in net assets of governmental activities	\$ <u>2,467,815</u>
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The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 December 31, 2011

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)
	Water	Sewerage	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 83,868	\$ 178,600	\$ 262,468
Accounts receivable - customers	73,171	147,218	220,389
Due from other funds	-0-	541,825	541,825
Total Current Assets	<u>157,039</u>	<u>867,643</u>	<u>1,024,682</u>
Restricted assets:			
Customers' deposits fund:			
Cash and cash equivalents	126,564	-0-	126,564
Sewer revenue bond fund:			
Cash and cash equivalents	-0-	194,718	194,718
Total Restricted Assets	<u>126,564</u>	<u>194,718</u>	<u>321,282</u>
Capital assets:			
Property, plant, and equipment, at cost less accumulated depreciation	3,530,350	9,131,833	12,662,183
Total Assets	<u>3,813,953</u>	<u>10,194,194</u>	<u>14,008,147</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities (payable from current assets):			
Accounts payable	71,350	63,268	134,618
Accrued liabilities	41,441	36,453	77,894
Due to other funds	1,352,923	-0-	1,352,923
Current portion of loan payable	-0-	80,000	80,000
Current liabilities (payable from restricted assets):			
Customers' deposits	126,564	-0-	126,564
Total Current Liabilities	<u>1,592,278</u>	<u>179,721</u>	<u>1,771,999</u>
Non-Current liabilities:			
Accrued liabilities	7,702	4,997	12,699
Loan payable	-0-	1,918,630	1,918,630
Total Non-Current Liabilities	<u>7,702</u>	<u>1,923,627</u>	<u>1,931,329</u>
Total Liabilities	<u>1,599,980</u>	<u>2,103,348</u>	<u>3,703,328</u>
Net assets:			
Invested in capital assets	3,530,350	7,133,203	10,663,553
Restricted capital projects	-0-	194,718	194,718
Unrestricted (deficit)	( 1,316,377)	762,925	(553,452)
Total Net Assets	<u>\$ 2,213,973</u>	<u>\$ 8,090,846</u>	<u>\$10,304,819</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 Year Ended December 31, 2011

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)
	Water	Sewerage	
Operating Revenues:			
Charges for services	\$ <u>595,779</u>	\$ <u>969,795</u>	\$ <u>1,565,574</u>
Operating Expenses:			
Salaries and wages	326,482	214,340	540,822
Security	-0-	43,930	43,930
Water purchased	68,519	-0-	68,519
Maintenance	141,887	199,555	341,442
Power	112,929	116,338	229,267
Chemicals	133,426	22,189	155,615
Medical insurance	33,911	26,369	60,280
General insurance	153,536	162,361	315,897
Truck expense	-0-	1,082	1,082
Office supplies and postage	12,776	9,183	21,959
Pension plan	50,570	22,783	73,353
Bad debts	4,453	15,406	19,859
Telephone	2,181	2,741	4,922
Tenure awards	2,425	1,800	4,225
Professional fees	49,090	49,090	98,180
Depreciation	97,258	328,260	425,518
Other	<u>31,664</u>	<u>15,397</u>	<u>47,061</u>
Total operating expenses	<u>1,221,107</u>	<u>1,230,824</u>	<u>2,451,931</u>
Net operating loss	<u>(625,328)</u>	<u>(261,029)</u>	<u>(886,357)</u>
Non-Operating Revenues/(Expenses):			
Interest income	173	180	353
Interfund transfer	644,997	406,642	1,051,639
Interest and administrative expense	<u>-0-</u>	<u>(58,675)</u>	<u>(58,675)</u>
Total non-operating Revenues/(expenses)	<u>645,170</u>	<u>348,147</u>	<u>993,317</u>
Change in Net Assets	19,842	87,118	106,960
Net Assets-Beginning of Year	<u>2,194,131</u>	<u>8,003,728</u>	<u>10,197,859</u>
Net Assets-End of Year	<u>\$ 2,213,973</u>	<u>\$ 8,090,846</u>	<u>\$10,304,819</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 Year Ended December 31, 2011

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)
	Water	Sewerage	
<b>Cash flows from Operating Activities:</b>			
Receipts from customers	\$ 600,936	\$ 935,301	\$ 1,536,237
Payments to suppliers	(763,373)	(660,007)	(1,423,380)
Payment to employees	(333,326)	(215,874)	(549,200)
Other receipts (payments)	<u>1,568</u>	<u>-0-</u>	<u>1,568</u>
Net cash provided (used) by operating activities	<u>(494,195)</u>	<u>59,420</u>	<u>(434,775)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from other funds	644,997	406,642	1,051,639
Increase in due to other funds	(125,221)	-0-	(125,221)
Increase in due from other funds	<u>-0-</u>	<u>(126,444)</u>	<u>(126,444)</u>
Net cash provided by Noncapital financing activities	<u>519,776</u>	<u>280,198</u>	<u>799,974</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of property, plant, and equipment	(21,010)	(123,438)	(144,448)
Net, proceeds/payments from capital debt	-0-	4,695	4,695
Interest and administrative expense paid on capital debt	<u>-0-</u>	<u>(58,821)</u>	<u>(58,821)</u>
Net cash used by capital and related financing activities	<u>(21,010)</u>	<u>(177,564)</u>	<u>(198,574)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	<u>173</u>	<u>180</u>	<u>353</u>
Net cash provided by investing activities	<u>173</u>	<u>180</u>	<u>353</u>
Net increase in cash	4,744	162,234	166,978
<b>Cash and Cash Equivalents:</b>			
Beginning of year	205,688	211,084	416,772
End of year	<u>\$ 210,432</u>	<u>\$ 373,318</u>	<u>\$ 583,750</u>
<b>Classification of Cash at End of Year:</b>			
Current assets	\$ 83,868	\$ 178,600	\$ 262,468
Restricted assets	126,564	194,718	321,282
	<u>\$ 210,432</u>	<u>\$ 373,318</u>	<u>\$ 583,750</u>
<b>Reconciliation of Operating Loss to Net Cash provided (used) by Operating Activities:</b>			
Operating loss	\$ (625,328)	\$ (261,029)	\$ (886,357)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:			
Depreciation	97,258	328,260	425,518
(Increase) Decrease in accounts receivable customers	9,610	(19,088)	(9,478)
Increase in accounts payable	27,116	11,011	38,127
Increase (decrease) in accrued liabilities	(4,419)	266	(4,153)
Increase in customer deposits	<u>1,568</u>	<u>-0-</u>	<u>1,568</u>
Net cash provided (used) by operating activities	<u>\$ (494,195)</u>	<u>\$ 59,420</u>	<u>\$ (434,775)</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CITY OF WESTWEGO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2011

INTRODUCTION

The City of Westwego was incorporated January 18, 1919, under the provisions of Louisiana Revised Statutes 33:321 et. seq., which provisions are commonly known as the Lawrason Act. The City operates under a Mayor and City Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, drainage, sanitation, health, social services, recreation, public improvements, planning and zoning, and general administrative services.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The accompanying financial statements include all funds of the City of Westwego. There are no component units which are controlled by or fiscally dependent on the City which should be included to form the reporting entity. Control by or fiscal dependence on the City was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and financial accountability.

The following organizations conduct an activity entirely within the City for the benefit of the City's residents but are not considered a part of the reporting entity because the City does not exercise control over them and they are fiscally independent of the city:

Westwego Housing Authority  
Westwego Volunteer Fire Company #1

B. Basis of Presentation

The accompanying basic financial statements of the City of Westwego have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

CITY OF WESTWEGO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

B. Basis of Presentation - continued

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. These statements include all the financial activities of the City. Information contained in these statements reflects the economic resources measurement focus on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function, and therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the City, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The City uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund might be considered major if it is the primary operating fund of the City or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. At December 31, 2011, the City had only one governmental fund, its General Fund, and two proprietary funds, its Waterworks and Sewerage Enterprise Funds. The City's funds are described as follows:

CITY OF WESTWEGO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

B. Basis of Presentation - continued

Governmental Fund

General Fund - This fund is the primary operating fund of the City and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to City policy.

Proprietary Funds - Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business-type activities are accounted for through proprietary funds. The measurement focus is on the determination of net income, financial position, and cash flows. Operating expenses include costs of services as well as materials, contracts, personnel, and dedication. In accordance with GASB Statement No. 20, the City has elected to follow GASB statements issued after November 30, 1989, rather than the Financial Accounting Standards Board, in accounting for proprietary funds.

Enterprise Funds - These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - 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 governing 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.

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

CITY OF WESTWEGO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

C. Measurement Focus/Basis of Accounting - continued

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available. Taxpayer-assessed revenues, such as sales taxes, are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue of the period in which collected by merchants. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Property taxes are recognized as revenue of the year for which budgeted. The primary revenue sources that have been treated as "susceptible to accrual" under the modified accrual basis are sales taxes, grants, and various fees. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Materials and supplies are recorded as expenditures at the time of purchase. Inventory of such items on hand at year-end are not material to the financial statements.

Proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled Water and Sewerage Fund utility service receivables are recorded at year-end.

D. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data presented in the financial statements:

1. A general summary of the proposed budget is published 10 days prior to a public hearing.
2. A public hearing is conducted at City Hall to obtain taxpayer comments.

CITY OF WESTWEGO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

D. Budgets and Budgetary Accounting - continued

3. Prior to December 31, the budget is legally enacted through passage of an ordinance. In the event the budget is not adopted by December 31, the temporary budget for the ensuing year is based on 50% of the expenditures of the prior year. The original budget for the year ended December 31, 2011 is as adopted on February 28, 2011 and the amended budget as adopted on December 12, 2011.
4. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. The adopted operating budget of expenditures operates as an appropriation and amounts are available for expenditure only to the extent included within the budget. At the end of the fiscal year, the unexpended balance of each appropriation reverts to the respective fund from which it was appropriated and is subject to future appropriation. Outstanding encumbrances which are not canceled are included as part of the next year's budget.
6. The adopted operating budget may be amended in an open meeting of the Mayor and City Council. The budget amendment cannot be adopted proposing expenditures which exceed the total of estimated funds available for the fiscal year.

E. Allowance for Uncollectible Receivables

An allowance for estimated uncollectible receivables was established in prior years based on historical collection experience and other relevant circumstances. At December 31, 2011, all receivables are considered collectible and, therefore, an allowance was not required.

F. Capital Assets

Capital outlays are recorded as expenditures in the General Fund and as capital assets in the government-wide financial statements to the extent of the City's capitalization threshold of \$500. Depreciation is recorded on such assets on a straight-line basis over their estimated useful lives. Capital outlays of the Proprietary Funds are recorded as fixed assets and depreciated over their estimated useful lives on a straight-line basis for both the fund financial statements and government-wide financial statements. All fixed assets are stated at their historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are stated at their estimated fair market value on the date donated.

CITY OF WESTWEGO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

G. On-Behalf Payments

Supplemental pay which is paid directly to employees of the City of Westwego by the State of Louisiana, Department of Public Safety, are recognized as intergovernmental revenue and salaries expenditure in the year in which paid. For the year ended December 31, 2011, the amount recognized as revenue and expenditure was \$279,735.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

I. Fund Balance

During the fiscal year ended December 31, 2011, the City of Westwego implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- a. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed - amounts that can be used only for specific purposes determined by a formal decision of the City's Mayor and City Council members, which is the highest level of decision-making authority for the City.

CITY OF WESTWEGO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

I. Fund Balance - continued

- d. Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.
- e. Unassigned - all other spendable amounts.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The City does not have a formal minimum fund balance policy.

J. Net Assets

Net assets comprise the various net earnings from revenues and expenses. Net assets are classified in the following components:

- a. Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

CITY OF WESTWEGO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

(2) CASH AND CASH EQUIVALENTS

For financial reporting purposes, cash and cash equivalents includes petty cash and demand deposits.

These deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The following is a summary of cash at December 31, 2011.

Petty cash and demand deposits:	
Unrestricted	\$ 2,275,152
Restricted	<u>321,282</u>
	\$ <u>2,596,434</u>

The collected bank balances at December 31, 2011 were \$2,408,966 of which \$437,415 was covered by federal depository insurance, and \$1,971,551 was covered by collateral held by the Federal Reserve Bank in the City's name.

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. The City's bank balance of \$2,408,966 at December 31, 2011 is secured by pledged collateral held in joint custody. The City has no formal policy regarding custodial credit risk.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City of Westwego that the fiscal agent has failed to pay deposited funds upon demand.

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2011

(3) CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2011.

	<u>Balance 1/1/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/11</u>
<b>Governmental Activities:</b>				
Land, improvements, and buildings	\$20,045,147	\$ 163,523	\$ -0-	\$20,208,670
Machinery and equipment	8,910,724	3,997,338	136,347	12,771,715
Totals	<u>28,955,871</u>	<u>4,160,861</u>	<u>136,347</u>	<u>32,980,385</u>
Less accumulated depreciation:				
Land, improvements, and buildings	1,465,778	295,048	-0-	1,760,826
Machinery and equipment	<u>6,208,635</u>	<u>827,104</u>	<u>133,647</u>	<u>6,902,092</u>
Total accumulated depreciation	7,674,413	1,122,152	133,647	8,662,918
Capital assets, net	<u>\$21,281,458</u>	<u>\$ 3,038,709</u>	<u>\$ 2,700</u>	<u>\$24,317,467</u>
<b>Business-Type Activities:</b>				
Land	91,433	-0-	-0-	91,433
Building	76,714	-0-	-0-	76,714
Water purification plant	4,018,997	-0-	-0-	4,018,997
Sewerage treatment plant	8,685,193	108,915	-0-	8,794,108
Water and sewerage lines	7,111,126	-0-	-0-	7,111,126
Equipment	1,602,985	35,533	-0-	1,638,518
Totals	<u>21,586,448</u>	<u>144,448</u>	<u>-0-</u>	<u>21,730,896</u>
Less accumulated depreciation	8,643,195	425,518	-0-	9,068,713
Capital assets, net	<u>\$12,943,253</u>	<u>\$ (281,070)</u>	<u>\$ -0-</u>	<u>\$12,662,183</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 249,293
Public safety	654,540
Public works	171,580
Sanitation	-0-
Health	18,889
Recreation	27,850
	<u>\$1,122,152</u>

Estimated lives used for depreciation purposes are as follows:

Buildings	50 years
Land improvements	50 years
Water plant	50-100 years
Sewerage plant	50-100 years
Machinery and equipment	5-10 years

CITY OF WESTWEGO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

(4) RETIREMENT PLANS

Prior to 1975, Louisiana Revised Statutes 33:2220 provided for the establishment of a police pension and relief fund for the Police Department of municipalities having more than 7,500 inhabitants. Since the City met that level of inhabitants, it adopted Ordinance 734 on December 13, 1971, establishing "The City of Westwego Police Pension and Relief Fund".

In 1975, the Louisiana legislature set up a statewide municipal police retirement system giving police employees the option of that plan or the City's. On September 15, 1983 the City's plan was merged with the state pension plan which is currently known as the Municipal Police Employees' Retirement System of Louisiana. Since then, the City of Westwego Police Pension and Relief Fund has been used to account for the accumulation of resources for the payment of (1) the actuarially determined liability at the time of the merger, and (2) any liability arising due to differences between the two plans. At the time of the merger, the actuarially determined liability was \$348,317 and this amount was being paid to the Municipal Police Employees' Retirement System in quarterly installments of \$7,827, including interest at 7% per annum. During 1988 a lump-sum payment was made to the State Retirement System in full payment of the balance due. Additional liability for pensions to be paid from The City of Westwego Police Pension and Relief Fund would arise if any of the 4 employees who were merged into the state system on September 15, 1983 qualified for and elected to retire at an age younger than the minimum set by the state plan (50 years old). As of December 31, 2002, all liabilities had been paid and the fiduciary fund was eliminated.

All other full-time City employees participate in the Municipal Employees' Retirement System, State of Louisiana, or beginning July 1, 2006, the Firefighters' Retirement System, State of Louisiana.

The Municipal Police Employees' Retirement System of Louisiana, the Municipal Employees' Retirement System, State of Louisiana and the Firefighters' Retirement System of Louisiana are cost-sharing multiple employer public employees retirement systems. In addition to normal retirement benefits, the plans also provide for death and disability benefits. Benefits are established by State statutes.

CITY OF WESTWEGO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

(4) RETIREMENT PLANS - continued

Any member of the Municipal Police Employees' Retirement System is eligible for normal retirement after he has been a member of the System for one year, if he has 25 years of creditable service at any age, or has 20 years of creditable service and is age 50, or has 12 years of creditable service and is age 55. Benefit rates are 3 1/3 percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100%. Membership in the Municipal Police Employees' Retirement System is mandatory for all full-time police officers employed by the City.

Participants in the Municipal Employees' Retirement System who attain 25 or more years of creditable service can retire at any age, or at age 60 with ten years of service. Generally, the monthly retirement benefit is equal to 3 percent of the participants' final compensation multiplied by his/her years of creditable service not to exceed 100%. Final compensation is the average monthly earnings during the highest 36 months or joined months if service was interrupted. Membership in the Municipal Employees' Retirement System is mandatory for permanent employees who work at least 35 hours per week and do not participate in another public funded retirement system.

Any member of the Firefighters' Retirement System is eligible for normal retirement if he has 25 years of creditable service at any age, or has 20 years of creditable service and is age 50, or has 12 years of creditable service and is age 55. Benefit rates are 3 1/3 percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100%. Membership in the Firefighters' Retirement System is mandatory for fulltime firefighters who are employed by the City and who earn more than \$375 a month.

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2011

(4) RETIREMENT PLANS - continued

The City's total payroll for all employees for the year ended December 31, 2011 was \$4,831,241. The payrolls of employees covered by the pension plans, number of employees covered, contribution rates, and the actuarially determined contributions required for the three plans for the year ended December 31, 2011 were as follows:

	Municipal Police Employees' Retirement System	Municipal Employees' Retirement System	Firefighters' Retirement System
Payroll of employees covered by the plan	\$1,798,452	\$1,693,937	\$ 429,706
Number of employees covered by the plan	38	49	11
Contribution rates:			
Employee	7.50%-10.00%	9.25%	8.00%-10.00%
Employer (City)	25.00%-26.50%	14.25%-16.75%	21.50%-23.25%
Contributions required:			
Employee	\$ 157,268	\$ 132,689	\$ 38,888
Employer (City)	\$ 463,044	\$ 262,918	\$ 96,335

The City's total pension contribution of \$822,117 for the year ended December 31, 2011 is recorded as an expenditure or expense in the following funds: General Fund, \$748,764, Enterprise Funds, \$73,353. The City has no further liability for pension contributions after it has made the required contributions which are based upon a percent of salaries paid to covered employees. The City's 2011 contribution represented approximately .70%, 1.10%, and .3% respectively, of total contributions required of all employers participating in the Municipal Police Employees' Retirement System, the Municipal Employees' Retirement System, and the Firefighters' Retirement System.

CITY OF WESTWEGO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

(4) RETIREMENT PLANS - continued

The Municipal Police Employees' Retirement System, the Municipal Employees' Retirement System, and the Firefighters' Retirement System do not make separate measurement of assets and pension benefit obligations for individual employers. The pension benefit obligation and net assets available for benefits, valued at cost or amortized cost, for each of the three Systems as a whole, determined through actuarial valuation as of June 30, 2011, follows:

	<u>Municipal Police Employees' Retirement System</u>	<u>Municipal Employees' Retirement System</u>	<u>Firefighters' Retirement System</u>
Pension benefit obligation	<u>\$2,215,674,343</u>	<u>\$799,256,347</u>	<u>\$1,621,007,988</u>
Net assets available for benefits	<u>\$1,286,287,651</u>	<u>\$679,285,361</u>	<u>\$1,154,482,040</u>

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employees' retirement systems and employers.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 2011 annual financial reports.

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2011

(5) PROPERTY TAXES

The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Jefferson Parish.

The tax bills are mailed to the taxpayers in November and become an enforceable lien on the property at that time. Billed taxes become delinquent on December 31. Interest at the rate of 12% per annum is added to the uncollected balance from January 1 to the date of collection.

The number of mills levied in 2011 and the purposes for which levied are shown below:

	<u>Number of mills</u> <u>2011</u>	<u>Collection</u> <u>year in</u> <u>which</u> <u>dedicated</u> <u>tax expires</u>
General corporate purposes	3.55	
Dedicated to:		
Street lighting	2.56	2021
Park maintenance and lighting	2.56	2021
Fire protection and maintenance	4.28	2021
Police Department maintenance and operations	4.28	2021
Emergency medical service maintenance and operations	7.00	2019
Total	<u>24.23</u>	

For the year 2011, all property tax revenues were accounted for in the General Fund.

(6) LITIGATION AND CLAIMS

The City is a defendant in several lawsuits claiming damages of various amounts. In the estimation of the legal advisor of the City, the ultimate resolution of these suits would not materially affect the financial statements.

Claims and litigation costs of \$58,788, determined in accordance with FASB Statement 5, were incurred during the current year, all of which have been recorded as a current expenditure in the General Fund.

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2011

(7) SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains two Enterprise Funds which provide water and sewerage services. Segment information for the year ended December 31, 2011 follows:

	Waterworks Fund	Sewerage Fund	Total Enterprise Funds
Operating revenues	\$ <u>595,779</u>	\$ <u>969,795</u>	\$ <u>1,565,574</u>
Operating expenses			
Depreciation	97,258	328,260	425,518
Other expenses	<u>1,123,849</u>	<u>902,564</u>	<u>2,026,413</u>
Total operating expenses	<u>1,221,107</u>	<u>1,230,824</u>	<u>2,451,931</u>
Operating loss	(625,328)	(261,029)	(886,357)
Nonoperating revenues (expense)	<u>173</u>	<u>(58,495)</u>	<u>(58,322)</u>
Net loss	(625,155)	(319,524)	(944,679)
Transfers	644,997	406,642	1,051,639
Change in net assets	<u>19,842</u>	<u>87,118</u>	<u>106,960</u>
Beginning net assets	<u>2,194,131</u>	<u>8,003,728</u>	<u>10,197,859</u>
Ending net assets	\$ <u><u>2,213,973</u></u>	\$ <u><u>8,090,846</u></u>	\$ <u><u>10,304,819</u></u>

(8) INTERFUND RECEIVABLE AND PAYABLE BALANCES

The individual fund interfund receivable and payable balances as of December 31, 2011 are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 811,098	\$ -0-
Enterprise Funds:		
Waterworks	-0-	1,352,923
Sewerage	<u>541,825</u>	<u>-0-</u>
	\$ <u><u>1,352,923</u></u>	\$ <u><u>1,352,923</u></u>

These balances were created for purposes of cash flows. Balances not expected to be repaid within one year are reflected on the Governmental Fund Balance Sheet as "Assigned for Waterworks Deficit".

CITY OF WESTWEGO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

(9) RELATED PARTY TRANSACTIONS

The land on which one of the fire stations of the Westwego Volunteer Fire Company is located is leased by the City to the Volunteer Fire Company for a period of ninety-nine years beginning September 13, 1954 at a rental of \$1.00 per year. The City also provides the Volunteer Fire Company the free use of several fire trucks and other vehicles and pays for certain expenditures of the Volunteer Fire Company. During 2011, the City incurred approximately \$915,200 of expenditures for salaries and related benefits, insurance, auto and truck expense, capital expenditures, and maintenance and operation of the Volunteer Fire Company.

(10) COMPENSATED ABSENCES

Employees of the City of Westwego earn vacation leave at the rate of 5 to 15 days per year depending upon the length of service. An employee may accumulate up to twenty days vacation leave which can be carried over to successive years.

Employees of the City of Westwego earn sick leave at the rate of 5 to 20 days per year depending on the length of service. An employee may accumulate up to twenty-five days sick leave and may carry over sick leave into succeeding service years.

Sick leave benefits available to Police and Fire Department employees are in accordance with governing state statutes.

(11) NON-CURRENT LIABILITIES - LOANS PAYABLE

In December 2007, the City entered into a loan agreement with the Louisiana Department of Environmental Quality "DEQ" for a loan from the Municipal Facilities Revolving Loan Fund ("State Revolving Fund"). The purpose of this loan is to finance a portion of the cost of construction, acquisition, and improvements to the wastewater collection, treatment, and disposal system for the City. The City was authorized to incur debt by the issuance of Sewer Revenue Bonds, series 2007 in an amount not to exceed Two Million Five Hundred Thousand Dollars (\$2,500,000) which are issued under the authority of Sections 2078 through 2088, inclusive of Title 30 of the LRS of 1950 and other constitutional and statutory authority. These bonds are to be purchased by "DEQ" using available moneys in the State Revolving Fund. Payment began in 2008 and the last payment will be December 1, 2029. The bonds bear interest at a rate of 2.45% per annum, plus a 0.50% annual administration fee.

CITY OF WESTWEGO  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

(11) NON-CURRENT LIABILITIES - LOANS PAYABLE-continued

As of December 31, 2011, the City has a balance of \$1,913,935 and that liability is reflected on the Statement of Net Assets as current portion of loan payable - \$80,000 and Non-Current Liabilities: - loans payable \$1,833,935.

In December 2011, the City entered into a loan agreement with the Louisiana Department of Environmental Quality "DEQ" for a loan from the Clean Water State Revolving Loan Fund ("State Revolving Fund"). The purpose of this loan is to finance a portion of the cost of additions and improvements to the wastewater collection, treatment, and disposal system for the City. The City was authorized to incur debt by the issuance of Sales Tax Bonds, series 2011 in an amount not to exceed One Million One Hundred Fifty Thousand Dollars (\$1,150,000) which are issued under the provisions of (i) Section 2304 of Title 30 and (ii) Section 1430 of Title 39 of the LRS of 1950, as amended and other constitutional and statutory authority. These bonds are to be purchased by "DEQ" using available moneys in the State Revolving Fund. Payment will begin in 2012 and the last payment will be November 1, 2032. The bonds bear interest at a rate of .45% per annum, plus a 0.50% annual administration fee.

As of December 31, 2011, the City has drawn down \$84,695 and that liability is reflected on the Statement of Net Assets as Non-Current Liabilities: - loans payable.

(12) LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations transactions for the year ended December 31, 2011:

	Balance 1-01-11	Additions (Reductions)	Balance 12/31/11	Due within one year
State Revolving Fund-2007	\$1,993,935	\$ (80,000)	\$1,913,935	\$ 80,000
State Revolving Fund-2011	-0-	84,695	84,695	-0-
Compensated absences	69,108	1,612	70,720	-0-
Other post-employment Benefits	<u>545,536</u>	<u>243,799</u>	<u>789,335</u>	<u>-0-</u>
Total	<u>\$2,608,579</u>	<u>\$ 250,106</u>	<u>\$2,858,685</u>	<u>\$ 80,000</u>

CITY OF WESTWEGO  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2011

(12) LONG-TERM OBLIGATIONS - continued

The annual requirements to maturity for the State Revolving Loans as of December 31, 2011 are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest &amp; Fees</u>
2012	\$ 80,000	\$ 57,342
2013	137,000	54,657
2014	117,695	51,904
2015	90,000	49,086
2016	90,000	46,431
2017-2029	<u>1,483,935</u>	<u>324,387</u>
	<u>\$1,998,630</u>	<u>\$ 583,807</u>

(13) HEALTH CARE AND LIFE INSURANCE BENEFITS

In accordance with the Employee Handbook, the City of Westwego provides certain health care and life insurance benefits for its active and retired employees. The City recognizes the cost of providing these benefits (the City's portion of premiums) as an expenditure when the monthly premiums are due. Retirees are eligible for these benefits if they retire from the City of Westwego with at least ten years of service. The City pays more than 50% of the retiree's premium for these benefits.

(14) CONTINGENT LIABILITY

During the year 2008, The City of Westwego acquired land for the purpose of developing a park for the physically challenged. The cost of the land was \$2,505,597. The funding for this expenditure was provided by a Federal Grant in the amount of \$1,250,000 and a contribution in the amount of \$1,225,597. In order to receive the contribution, the City of Westwego agreed to allow the contributor the option of reacquiring the land if the contribution is not repaid. If the contributor elects to reacquire the land, the contributor will be responsible for releasing the City from any obligations related to the land including any obligations related to the Federal Grant.

CITY OF WESTWEGO  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

(15) OTHER POST-EMPLOYMENT BENEFITS

**Plan Description.** The City of Westwego's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement providing they have at least ten years of service with the City of Westwego at retirement.

The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Municipal Police Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; and, third, the Firefighters' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. Complete plan provisions are included in the official plan documents.

**Contribution Rates.** Employees do not contribute to their post-employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

**Fund Policy.** Until 2009, the City of Westwego recognized the cost of providing post-employment medical benefits (the City of Westwego's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and, thus, financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2011 and 2010, the City's portion of health care funding cost for retired employees totaled \$140,990 and \$170,954, respectively.

Effective with the Fiscal Year beginning January 1, 2009, the City of Westwego implemented Governmental Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

CITY OF WESTWEGO  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

(15) OTHER POST-EMPLOYMENT BENEFITS-continued

**Annual Required Contribution.** The City of Westwego's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<u>2011</u>	<u>2010</u>
Normal Cost	\$138,342	\$157,748
30-year UAL amortization amount	<u>256,174</u>	<u>297,096</u>
Annual required contribution (ARC)	<u>\$394,516</u>	<u>\$454,844</u>

**Net Post-employment Benefit Obligation (Asset).** The table below shows the City of Westwego's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31:

	<u>2011</u>	<u>2010</u>
Beginning Net OPEB Obligation	\$545,536	\$266,396
Annual required contribution	394,516	454,844
Interest on Net OPEB Obligation	21,821	10,656
ARC Adjustment	<u>(31,548)</u>	<u>(15,406)</u>
OPEB Cost	384,789	450,094
Contribution	-0-	-0-
Current year retiree premium	<u>(140,990)</u>	<u>(170,954)</u>
Change in Net OPEB Obligation	<u>243,799</u>	<u>279,140</u>
Ending Net OPEB Obligation	<u>\$789,335</u>	<u>\$545,536</u>

CITY OF WESTWEGO  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2011

(15) OTHER POST-EMPLOYMENT BENEFITS-continued

The following table shows the City of Westwego's annual post-employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last year and this year:

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	December 31, 2011	\$384,789	36.64%	\$789,335
Medical	December 31, 2010	\$450,094	37.98%	\$545,536
Medical	December 31, 2009	\$437,350	39.09%	\$266,396

**Funded Status and Funding Progress.** In the fiscal year ending December 31, 2011, the City of Westwego made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2011 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2011 was \$4,429,716, which is defined as that portion, as determined by a particular actuarial cost method (the City of Westwego uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	<u>2011</u>	<u>2010</u>
Actuarial Accrued Liability (AAL)	\$4,429,716	\$5,137,274
Actuarial Value of Plan Assets (AVP)	<u>0</u>	<u>0</u>
Unfunded Act. Accrued Liability (UAAL)	\$4,429,716	\$5,137,274
Funded Ratio (AVP/AAL)	0.0%	0.0%
Covered Payroll (active plan members)	\$4,212,018	\$4,496,976
UAAL as a percentage of covered payroll	105.17%	114.24%

CITY OF WESTWEGO  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

(15) OTHER POST-EMPLOYMENT BENEFITS-continued

**Actuarial Methods and Assumptions.** Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post-employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Westwego and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Westwego and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Westwego and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method.** The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

**Actuarial Value of Plan Assets.** There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45, will be used.

CITY OF WESTWEGO  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

(15) OTHER POST-EMPLOYMENT BENEFITS-continued

**Turnover Rate.** An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 12%. In addition, based on past experience it has been assumed that 20% of retirees decline coverage upon Medicare eligibility (at age 65).

**Post-employment Benefit Plan Eligibility Requirements.** Based on past experience and retirement patterns, it has been assumed that entitlement to employer-paid retiree medical benefits will commence five years after D.R.O.P. entry, (three years in D.R.O.P., and two additional years). Medical benefits are provided to employees upon actual retirement. The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service; second, the Municipal Police Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; and, third, the Firefighters' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. Entitlement to benefits continue through Medicare to death.

**Investment Return Assumption (Discount Rate).** GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

CITY OF WESTWEGO  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2011

(15) OTHER POST-EMPLOYMENT BENEFITS-continued

**Health Care Cost Trend Rate.** The expected rate of increase in medical cost is based on projections performed by the Office of the Actuary at the Centers for Medicare & Medicaid Services as published in National Health Care Expenditures Projections: 2003 to 2013, Table 3: National Health Expenditures, Aggregate and per Capita Amounts, Percent Distribution and Average Annual Percent Change by Source of Funds: Selected Calendar Years 1990-2013, released in January, 2004 by the Health Care Financing Administration ([www.cms.hhs.gov](http://www.cms.hhs.gov)). "State and Local" rates for 2008 through 2013 from this report were used, with rates beyond 2013 graduated down to an ultimate annual rate of 5.0% for 2016 and later.

**Mortality Rate.** The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

**Method of Determining Value of Benefits.** The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the retiree portion of the coverage (not dependents) for employees retiring with at least 10 years of service with the City of Westwego. The rates provided for coverage prior to age 65 are blended. Since unblended rates are required by GASB 45, we have estimated the unblended pre-age 65 rates to be 130% of the blended rates.

**Inflation Rate.** Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

**Projected Salary Increases.** This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

**Post-retirement Benefit Increases.** The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

CITY OF WESTWEGO  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED) ·  
 December 31, 2011

(15) OTHER POST-EMPLOYMENT BENEFITS-continued

**Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.**

	OPEB Costs and Contributions		
	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
OPEB Cost	\$437,350	\$450,094	\$384,789
Contribution	0	0	0
Retiree premium	<u>170,954</u>	<u>170,954</u>	<u>140,990</u>
Total contribution and premium	<u>170,954</u>	<u>170,954</u>	<u>140,990</u>
 Changes in Net OPEB obligation	 <u>\$266,396</u>	 <u>\$279,140</u>	 <u>\$243,799</u>
 % of contribution to cost	 0.00%	 0.00%	 0.00%
% of contribution plus premium to cost	39.09%	37.98%	36.64%

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WESTWEGO, LOUISIANA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL  
Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 3,329,099	\$ 3,517,868	\$ 3,480,449	\$ (37,419)
Licenses and permits	726,950	736,375	738,503	2,128
Intergovernmental	7,529,524	6,892,045	6,994,977	102,932
Charges for services	615,915	630,123	631,145	1,022
Fines	1,958,046	1,603,636	1,587,938	(15,698)
Miscellaneous	433,540	667,952	723,465	55,513
Total revenues	<u>14,593,074</u>	<u>14,047,999</u>	<u>14,156,477</u>	<u>108,478</u>
<b>Expenditures:</b>				
General government	3,086,306	3,284,425	3,113,864	170,561
Public safety	4,641,212	4,732,753	4,732,328	425
Public works	319,751	325,711	338,924	(13,213)
Sanitation	596,447	602,771	597,873	4,898
Health	247,553	264,022	270,876	(6,854)
Recreation	180,208	211,678	211,644	34
Capital outlay	6,082,150	4,284,489	4,160,861	123,628
Total expenditures	<u>15,153,627</u>	<u>13,705,849</u>	<u>13,426,370</u>	<u>279,479</u>
Excess (deficiency) of revenues over expenditures	<u>(560,553)</u>	<u>342,150</u>	<u>730,107</u>	<u>387,957</u>
<b>Other financing uses:</b>				
Transfers to Proprietary Funds	997,174	1,051,639	1,051,639	-0-
Debt service interest	7,500	-0-	-0-	-0-
Total other financing uses	<u>1,004,674</u>	<u>1,051,639</u>	<u>1,051,639</u>	<u>-0-</u>
Excess (deficiency) of revenues over expenditures and other financing uses	<u>(1,565,227)</u>	<u>(709,489)</u>	<u>(321,532)</u>	<u>387,957</u>
Fund balance at beginning of year	<u>3,410,678</u>	<u>3,609,588</u>	<u>3,609,588</u>	<u>-0-</u>
Fund balance at end of year	<u>\$ 1,845,451</u>	<u>\$ 2,900,099</u>	<u>\$ 3,288,056</u>	<u>\$ 387,957</u>

CITY OF WESTWEGO, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)  
Year Ended December 31, 2011

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<u>General Government</u>				
Personal services:				
City Council	\$ 78,702	\$ 79,547	\$ 79,607	\$ (60)
Accounting and auditing	70,922	107,027	98,216	8,811
City administrator	64,458	65,150	65,200	(50)
City superintendent	79,910	82,135	82,520	(385)
Legal	54,110	50,000	43,068	6,932
Magistrate	9,000	9,000	9,000	-0-
Field Supervisor	53,190	55,622	55,857	(235)
Office	317,272	328,890	331,555	(2,665)
Tourism	13,404	12,786	12,704	82
Museum	26,029	26,144	26,864	(720)
Total	766,997	816,301	804,591	11,710
Other:				
Advertising	2,788	3,913	3,514	399
Automobile expense	84,826	118,319	107,700	10,619
Bad debts	28,181	36,239	42,599	(6,360)
Casualty insurance	766,761	769,955	635,274	134,681
Contribution to employees' pension plan	168,392	189,157	189,545	(388)
Hospitalization insurance for employees	634,420	611,499	615,385	(3,886)
Office supplies, expense and postage	114,093	118,137	127,088	(8,951)
Other	213,532	222,829	222,806	23
Tenure awards	16,050	16,850	16,850	-0-
Lawsuit - settlement and legal fees	50,000	50,000	15,720	34,280
Farmers and fisheries market	103,347	182,323	186,712	(4,389)
Sala Avenue project	18,128	21,763	20,743	1,020
Performing Arts Center operations	118,791	127,140	125,337	1,803
Total	2,319,309	2,468,124	2,309,273	158,851
Total general government	3,086,306	3,284,425	3,113,864	170,561

CITY OF WESTWEGO, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)- CONTINUED  
Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive(Negative)
<u>Public Safety</u>				
Personal services:				
Air condition and heating inspector	\$ 9,600	\$ 9,600	\$ 9,600	\$ -0-
Arson investigator	4,800	4,800	4,800	-0-
Building inspector	12,000	12,000	12,000	-0-
Electrical inspector	-0-	-0-	-0-	-0-
Fire chief	9,600	9,600	9,600	-0-
Firemen	442,310	520,310	517,524	2,786
Fire Dept. training officer	1,800	900	1,275	(375)
Plumbing inspector	6,000	6,000	6,000	-0-
Police chief's salary and expense	70,008	71,150	71,200	(50)
Policemen	2,055,992	2,067,049	2,090,175	(23,126)
Emergency medical technicians	389,802	422,581	417,078	5,503
Code enforcer	70,404	70,876	72,783	(1,907)
Civil service secretary	6,600	6,600	6,600	-0-
Zoning Board secretary	-0-	225	150	75
Total	3,078,916	3,201,691	3,218,785	(17,094)
Other:				
Auto and truck expenses, Fire Department	56,314	61,512	53,346	8,166
Auto expenses, Police Department	205,792	223,267	222,357	910
Fire Department maintenance and operation	136,037	137,663	140,344	(2,681)
Police Department maintenance and operation	320,259	292,731	278,602	14,129
Firefighters pension contributions	118,787	96,248	96,317	(69)
Police pension contributions	472,788	462,614	462,902	(288)
Police witness fees	1,418	1,255	1,150	105
Signs	4,772	2,260	2,072	188
Street and flood light electricity	122,932	117,505	122,065	(4,560)
Emergency medical service expense	71,750	78,173	76,219	1,954
Fire insurance rebate	42,910	45,208	45,208	-0-
Code enforcement	8,537	12,176	12,511	(335)
Zoning Board Advisory Board	-0-	450	450	-0-
Total	1,562,296	1,531,062	1,513,543	17,519
Total public safety	4,641,212	4,732,753	4,732,328	425

CITY OF WESTWEGO, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) - CONTINUED  
Year Ended December 31, 2011

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive(Negative)
<u>Public Works</u>				
Personal Services:				
Maintenance shop	\$ 34,739	\$ 35,214	\$ 32,343	\$ 2,871
Labor crews	166,759	196,913	193,704	3,209
Total	201,498	232,127	226,047	6,080
Other:				
Auto, truck, and equipment expenses	33,224	41,328	42,380	(1,052)
Materials, supplies, and pipe	17,326	4,274	5,312	(1,038)
Miscellaneous maintenance	67,703	47,982	65,185	(17,203)
Total	118,253	93,584	112,877	(19,293)
Total public works	319,751	325,711	338,924	(13,213)
<u>Sanitation</u>				
Other:				
Solid waste disposal expenses	596,447	602,771	597,873	4,898
<u>Health</u>				
Personal Services:				
Social services	83,834	83,409	85,952	(2,543)
Other:				
Social services	91,942	115,728	120,039	(4,311)
Other	71,777	64,885	64,885	-0-
Total	163,719	180,613	184,924	(4,311)
Total health	247,553	264,022	270,876	(6,854)

CITY OF WESTWEGO, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) - CONTINUED  
Year Ended December 31, 2011

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Recreation</u>				
Personal Services:				
Playground director	\$ 24,480	\$ 24,770	\$ 24,717	\$ 53
Playground assistant directors	11,509	12,000	12,000	-0-
Playground upkeep	39,430	54,011	58,884	(4,873)
Total	75,419	90,781	95,601	(4,820)
Other:				
Park maintenance and lighting	79,789	84,695	83,131	1,564
Playground sports equipment	25,000	36,202	32,912	3,290
Total	104,789	120,897	116,043	4,854
Total recreation	180,208	211,678	211,644	34
Capital outlays	6,082,150	4,284,489	4,160,861	123,628
Total expenditures	15,153,627	13,705,849	13,426,370	279,479
<u>Other financing uses</u>				
Transfers to				
Proprietary Funds	997,174	1,051,639	1,051,639	-0-
Debt service interest	7,500	-0-	-0-	-0-
Total other financing uses	1,004,674	1,051,639	1,051,639	-0-
Total expenditures and other financing uses	\$16,158,301	\$14,757,488	\$14,478,009	\$ 279,479

OTHER SUPPLEMENTARY INFORMATION

CITY OF WESTWEGO, LOUISIANA  
SCHEDULE OF COMPENSATION PAID TO MEMBERS  
OF THE CITY COUNCIL  
Year Ended December 31, 2011

<u>Councilmember</u>	<u>Salary</u>
Glenn Green	15,732
Ted J. Munch	15,732
Ivy Rogers	15,732
Melvin J. Guidry	16,244
Larry J. Warino, Sr.	<u>16,167</u>
	\$ <u>79,607</u>

CITY OF WESTWEGO, LOUISIANA  
 SCHEDULE OF FUNDING PROGRESS FOR  
 CITY OF WESTWEGO'S OPEB PLAN  
 DECEMBER 31, 2011

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll {(b-a/c)}
Medical	December 31, 2011	\$ -	\$ 4,429,716	\$ 4,429,716	- %	\$ 4,212,018	105.17%
Medical	December 31, 2010	\$ -	\$ 5,137,274	\$ 5,137,274	- %	\$ 4,496,976	114.24%
Medical	December 31, 2009	\$ -	\$ 4,939,687	\$ 4,939,687	- %	\$ 4,714,327	104.78%

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

Honorable Mayor and Members of the City Council  
City of Westwego, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the City of Westwego, Louisiana (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basis financial statements and have issued our report thereon dated June 22, 2012. 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.

### Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

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

*Camnetar & Co.*

*Camnetar & Co., CPAs*  
a professional accounting corporation

Gretna, Louisiana  
June 22, 2012

**CITY OF WESTWEGO, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

We have audited the general purpose financial statements of the City of Westwego, Louisiana as of and for the year ended December 31, 2011, and have issued our report thereon dated June 22, 2012. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A133. Our audit of the financial statements as of December 31, 2011 resulted in an unqualified opinion.

**Section I Summary of Auditor's Reports**

**a. Report on Internal Control and Compliance Material to the Financial Statements.**

Internal Control

Material Weaknesses     Yes     No        Significant Deficiencies     Yes     No

Compliance

Compliance Material to Financial Statements     Yes     No

**b. Federal Awards**

NONE

**Section II Financial Statement Findings**

**A – Issues of Noncompliance**

NONE

**B – Significant Deficiencies**

NONE

**Section III Federal Award Findings and Questioned Costs**

NONE