CITY OF SULPHUR, LOUISIANA

Annual Financial Report
For Fiscal Year Ended
June 30, 2016

FAITH FAMILY COMMUNITY

CITY OF SULPHUR, LOUISIANA
ANNUAL FINANCIAL REPORT
Year Ended June 30, 2016

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CITY OF SULPHUR, LOUISIANA

June 30, 2016

MAYOR

The Honorable Christopher L. Duncan

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INDEPENDENT AUDITOR'S REPORT

Honorable Chris Duncan, Mayor
And City Council Members
City of Sulphur, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sulphur, Louisiana, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for the City's legally separate component units to be reported with the financial data of the City's primary government. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the government-wide financial statements has not been determined.

Adverse Opinion

In my opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of the City of Sulphur, Louisiana, as of June 30, 2016, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In my 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, each major fund, and the aggregate remaining fund information for the primary government of the City of Sulphur, Louisiana, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-12 and the required supplemental information on pages 65-68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

The combining nonmajor fund financial statements and the Schedule of Compensation, Reimbursements and Other Payments to Agency Head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining nonmajor fund financial statements and the Schedule of Compensation are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 27, 2016, on my consideration of the City of Sulphur, Louisiana's internal control over financial reporting and on my 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Sulphur, Louisiana's internal control over financial reporting and compliance.

Steven M. DeRouen & Associates

December 27, 2016
Lake Charles, Louisiana

CITY OF SULPHUR, LOUISIANA
MANAGEMENT DISCUSSION AND ANALYSIS

Within this section of the City of Sulphur, Louisiana's annual financial report, the City's management is pleased to provide this narrative discussion and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. The City's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The implementation of GASB Statement No. 68 resulted in the recognition of $22.9 million in net pension liabilities, $6.2 million in deferred outflows, and $1.1 million in deferred inflows.

- The assets and deferred outflows of resources of the City exceeded its liabilities by 75,214,652 (net position) for the fiscal year reported.

- Total revenues of $34,423,214 were less than total expenses of $30,138,401, resulting in a current year increase in net position of $4,284,813.

- Total sales taxes revenues for the current fiscal year were $17,944,451, an increase of $1,858,076 (11.6 percent) over the prior fiscal year.

- The City's governmental funds reported total ending fund balance of $16,748,173 this year of which $68,275 is non-spendable, $415,197 is restricted for debt service and law enforcement, $6,263,534 is assigned for capital projects and $10,001,167 is unassigned. This compares to the prior year fund balance of $15,133,101 reflecting an increase of $1,615,072 during the current fiscal year.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was $10,001,167 or 51% of total General Fund expenditures and 44.5% of total General Fund revenues.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City of Sulphur's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Comparative data is presented when available.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee leave).

Both government-wide financial statements distinguish governmental activities of the City that are principally supported by taxes and intergovernmental revenues from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, public safety and streets. The business-type activities of the City of Sulphur include the water and sewer systems.

The government-wide financial statements are presented on pages 15 through 16 of this report.

FUND FINANCIAL STATEMENTS. 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 of Sulphur, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Sulphur maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, public improvement capital project fund, and street improvement capital project fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules elsewhere in this report.

The basic governmental fund financial statements are presented on pages 18 through 21 of this report.

Proprietary funds. The City of Sulphur maintains two different types of 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 an enterprise fund to account for its water and sewer services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Sulphur uses an internal service fund to account for its workers' compensation program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

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 sewer services and the workers' compensation program. The City's water and sewer fund is considered to be a major fund.

The basic proprietary fund financial statements are presented on pages 22 through 25 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 26 through 63 of this report.

OTHER INFORMATION. In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the City's budget presentations, progression in funding other postemployment benefits (OPEB), and progress in funding its obligations to provide other postemployment benefits.

Required supplemental information can be found on pages 65 through 68 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Combining and individual fund statements for non-major funds can be found on pages 70 through 71 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the City of Sulphur's assets and deferred outflows of resources exceeded liabilities by $75,214,652. The City has implemented GASB 68 *Accounting and Financial Reporting for Pensions.*

City of Sulphur's Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
ASSETS						
Current and other assets	$22,542,467	$20,836,118	$ 8,142,811	$ 5,185,519	$30,685,278	$26,021,637
Capital assets	34,595,214	33,582,312	46,252,852	48,548,815	80,848,066	82,131,127
Total assets	57,137,681	54,418,430	54,395,663	53,734,334	111,533,344	108,152,764
DEFERRED OUTFLOWS	5,428,799	2,616,497	787,942	227,410	6,216,741	2,843,907
LIABILITIES						
Current liabilities	2,100,520	2,347,757	795,812	999,443	2,896,332	3,347,200
Long-term liabilities	33,974,858	27,982,496	4,595,256	5,626,883	38,570,114	33,609,379
Total liabilities	36,075,378	30,330,253	5,391,068	6,626,326	41,466,446	36,956,579
DEFERRED INFLOWS	944,969	2,781,885	124,018	328,368	1,068,987	3,110,253
NET POSITION						
Investment in capital assets, net of debt	36,265,277	35,058,249	46,252,852	46,788,783	82,518,129	81,847,032
Restricted	415,197	665,502	-	-	415,197	665,502
Unrestricted	(11,134,341)	(11,800,962)	3,415,667	218,267	(7,718,674)	(11,582,695)
Total net position	$25,546,133	$23,922,789	$49,668,519	$47,007,050	$75,214,652	$70,929,839

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt (still outstanding) that was used to acquire those assets. The resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Because of the impact of the implementation of GASB 68, the City reported a negative balance in the unrestrictive category of net assets for the government as a whole, as well as for its separate governmental activities. The City was able to report positive balances in all three categories of net assets for business-type activities.

City of Sulphur's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Programs:						
Fees, fines and charges for services	$ 2,883,537	$ 2,948,835	$ 7,072,488	$ 5,962,162	$ 9,956,025	$ 8,910,997
Operating grants	102,779	33,112	-	-	102,779	33,112
Capital grants	676,268	1,324,797	-	826,554	676,268	2,151,351
General:						
Sales taxes	15,152,939	15,028,073	2,791,512	1,058,302	17,944,451	16,086,375
Property taxes	2,207,503	1,874,720	-	-	2,207,503	1,874,720
Franchise taxes	1,328,163	1,436,676	-	-	1,328,163	1,436,676
Intergovernmental	1,408,287	1,161,548	-	-	1,408,287	1,161,548
Investment income	439,833	91,218	35,187	30,426	475,020	121,644
Other	323,477	223,763	1,241	-	324,718	223,763
Total revenue	24,522,786	24,122,742	9,900,428	7,877,444	34,423,214	32,000,186
Program expenses:						
General government	4,900,977	4,440,484	-	-	4,900,977	4,440,484
Public safety	12,532,109	12,152,284	-	-	12,532,109	12,152,284
Streets and parks	5,458,735	6,131,795	-	-	5,458,735	6,131,795
Interest on long-term debt	7,621	9,990	-	-	7,621	9,990
Water and sewer	-	-	7,238,959	7,489,288	7,238,959	7,489,288
Total expenses	22,899,442	22,734,553	7,238,959	7,489,288	30,138,401	30,223,841
Increase (decreases) in net assets before transfers	1,623,344	1,388,189	2,661,469	388,156	4,284,813	1,776,345
Transfers		(310,000)		310,000	-	-
Increase in net position	1,623,344	1,078,189	2,661,469	698,156	4,284,813	1,776,345
Beginning net position, as previously reported	23,922,789	39,080,368	47,007,050	48,388,083	70,929,839	87,468,451
Prior period adjustment, GASB 68	-	(16,235,768)	-	(2,079,189)	-	(18,314,957)
Beginning net position, as restated	23,922,789	22,844,600	47,007,050	46,308,894	70,929,839	69,153,494
Ending net position	$25,546,133	$23,922,789	$49,668,519	$47,007,050	$75,214,652	$70,929,839

GOVERNMENTAL ACTIVITIES. During the current fiscal year, net position for governmental activities increased $1,623,344 from the beginning balance for an ending balance of $25,546,133.

Revenues increased $400,044 (1.7%) from governmental activities for the current fiscal year. Sales taxes increased by $124,866 (0.8%) during the current fiscal year. The major sources of revenue for governmental activities are: sales tax 61.8 percent, other taxes such as property taxes and franchise taxes 20.2 percent, program revenues 14.9 percent, and investment earnings and other 3.1 percent.

Expenses from governmental activities increased $164,889 (0.7%) for the current fiscal year. Public safety comprises 54.7 percent of total governmental activity expenses. Street and parks accounted for 23.8 percent of governmental activity expenditures.

Program revenues covered 16.0 percent of governmental operating expenses in the current fiscal year. Taxes and other general revenues fund remaining 84.0 percent of the governmental activities. The table below presents total cost and net cost of each of the City's programs. The net cost reflects total cost less revenues generated by the activity.

	Total Cost of Services	Net Cost of Services
General government	$ 4,900,977	$ 3,771,470
Public safety:	12,532,109	12,104,357
Streets and parks	5,458,735	3,353,410
Interest on long-term debt	7,621	7,621
Total governmental activities	$ 22,899,442	$ 19,236,858

BUSINESS-TYPE ACTIVITIES. During the current fiscal year, net position for business-type activities increased $2,661,469 from the beginning balance for an ending balance of $49,668,519.

Operating revenues for water and sewer services increased $1,110,326 (18.6%) over the prior fiscal year. Sales taxes increased by $1,733,210 (163.8%) during the current fiscal year. Operating expenses decreased $23,705 (0.3%). This activity generated an operating loss of $109,159 for the current fiscal year, compared to an operating loss of $1,243,190 for the prior fiscal year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Sulphur uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Governmental funds reported combined ending fund balances of $16,748,173, an increase of $1,615,072 in comparison with the fund balance for the prior year. Approximately 59.7 percent of this total amount, $10,001,167, constitutes unassigned fund balance which is available for spending at the City's discretion. The City has non-spendable fund balances of $68,275. Restricted fund balances are $415,197. The City has assigned $6,263,534, which has been assigned by the City Council for capital projects.

The general fund is the primary operating fund of the City of Sulphur. The fund balance of the City's general fund increased $2,398,380 during the current fiscal year. At the end of the current fiscal year, unassigned fund balance of the general fund was $10,001,167. A comparison of both unassigned fund balance and total fund balance to total fund expenditures can be a useful measure of the general fund's liquidity. Unassigned fund balance represents 51.0 percent of total general fund expenditures.

Revenues on the general fund increased $2,198,415 (10.8%) over the prior year. Expenditures increased $849,147 (4.5%) over the prior year.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Unrestricted net position of the public utility fund (which accounts for water and sewer services) at the end of the year totaled $3,415,667.

The internal service fund (which accounts for the City's workers' compensation program) had unrestricted net assets of $1,360,119 at the end of the current fiscal year. This represents an increase of $199,284 over the previous fiscal year.

BUDGETARY HIGHLIGHTS

General Fund. The original 2016 budget adopted by the City totaled $20.4 million in expenditures. The budget was balanced with revenue estimates of $20.6 million. During the year, there was a need for significant amendments to the original estimated revenues and budgeted appropriations. Budget amendments were approved to increase revenues by $1,225,000 and decrease expenditures by $58,398.

Actual revenues exceeded budget by $670,499 (3.1%) and actual expenditures were less than budgeted by $743,438 (3.6%).

The General Fund is the only major fund requiring an annually adopted budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets (net of depreciation) for governmental and business-type activities as of June 30, 2016, was $34,595,216 and $46,252,852, respectively. The total decrease in the City's investment in capital assets (net of depreciation) for the current fiscal year was $1,283,059 (1.6%). This investment in capital assets includes land, buildings, machinery and equipment, and infrastructure.

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

- Continuing program of improving, rehabilitating, and expanding the City's infrastructure
- Continuing program of improving, rehabilitating, and expanding the City's water distribution system and wastewater collection and treatment system

City of Sulphur's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 3,076,025	$ 3,076,025	$ -	$ -	$ 3,076,025	$ 3,076,025
Construction in progress	3,279,204	1,153,557	115,998	37,779	3,395,202	1,191,336
Buildings	5,427,389	5,612,477	45,521,826	48,048,497	50,949,215	53,660,974
Furniture and quipment	1,187,644	1,094,592	116,941	131,330	1,304,585	1,225,922
Transportation equipment	2,268,960	2,161,543	498,087	331,209	2,767,047	2,492,752
Infrastructure	19,355,994	20,484,118	-	-	19,355,994	20,484,118
Total	$ 34,595,216	$ 33,582,312	$ 46,252,852	$ 48,548,815	$ 80,848,068	$ 82,131,127

Additional information on the City's capital assets can be found on pages 37 - 38 of this report. The following table provides a summary of capital asset activity.

Long-term Debt. At the end of the current fiscal year, the City of Sulphur had total long-term liabilities $38,570,114.

City of Sulphur's Changes in Outstanding Debt

	Beginning of Year	Additions	Reductions	End of Year	Amounts Due Within One Year
Governmental activities:					
Special assessments bonds	$ 217,603	$ -	$ 57,187	$ 160,416	$ 57,187
Compensated absences	999,246	1,074,538	745,463	$ 1,328,321	956,063
Net pension liabity	15,751,988	4,752,473	-	$ 20,504,461	-
Other post-employment benefit	11,013,659	1,428,604	460,603	11,981,660	429,381
	$ 27,982,496	$ 7,255,615	$ 1,263,253	$ 33,974,858	$ 1,442,631
Business-type activities:					
Capital leases	$ 405,032	$ -	$ 405,032	$ -	$ -
General obligation bonds	1,355,000	-	1,355,000	-	-
Compensated absences	186,810	117,731	65,282	$ 239,259	117,255
Net pension liabity	1,878,736	531,180	-	$ 2,409,916	-
Other post-employment benefit	1,801,305	212,334	67,558	1,946,081	67,558
	$ 5,626,883	$ 861,245	$ 1,892,872	$ 4,595,256	$ 184,813

Additional information concerning the City's long-term debt can be found on pages 38 and 40 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The primary revenue stream for the City of Sulphur is sales tax. The City adopted a 2017 sales tax budget of $17,700,000, an increase of $1,600,000 (9.9%) over the final 2016 sales tax budget. The City adopted a 2017 general fund budget with budget deficit of $496,000.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Sulphur's finances for all those with an interest in such. Questions concerning this report or requests for additional information should be addressed to the Director of Finance, Post Office Box 1309, Sulphur, Louisiana 70664-1309. Information about the component units and their separately issued financial statements can also be obtained from the Director of Finance.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SULPHUR, LOUISIANA

STATEMENT OF NET POSITION
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 9,079,538	$ 4,163,835	$ 13,243,373
Receivables (net of allowance for uncollectibles)	1,830,068	1,114,756	2,944,824
Intergovernmental	636,141	-	636,141
Inventories	45,103	53,482	98,585
Prepaid expenses	379,322	64,200	443,522
Restricted cash	-	544,538	544,538
Investments	8,300,000	2,202,000	10,502,000
Investment-joint venture	2,272,295	-	2,272,295
Capital assets:			
Land and construction in progress	6,355,229	115,998	6,471,227
Capital assets, net of accumulated depreciation	28,239,985	46,136,854	74,376,839
TOTAL ASSETS	57,137,681	54,395,663	111,533,344
DEFERRRED OUTFLOWS OF RESOURCES			
Resources related to pensions	5,428,799	787,942	6,216,741
	5,428,799	787,942	6,216,741
LIABILITIES			
Accounts and other accrued payables	2,096,851	246,317	2,343,168
Liabilities payable from restricted assets	-	544,538	544,538
Interest payable	3,669	4,957	8,626
Noncurrent liabilities:			
Due within one year	1,442,631	184,813	1,627,444
Due in more than one year	32,532,227	4,410,443	36,942,670
Total Liabilities	36,075,378	5,391,068	41,466,446
DEFERRRED INFLOWS OF RESOURCES			
Resources related to pensions	944,969	124,018	1,068,987
	944,969	124,018	1,068,987
NET POSITION			
Net investment in capital assets	36,265,277	46,252,852	82,518,129
Restricted for:			
Debt service reserve	89,778	-	89,778
Law enforcement	325,419	-	325,419
Unrestricted	(11,134,341)	3,415,667	(7,718,674)
Total net position	$ 25,546,133	$ 49,668,519	$ 75,214,652

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

CITY OF SULPHUR, LOUISIANA

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						-	
General government:							
General and administrative	$ 3,958,386	$ 1,080,749	$ -	$ -	$ (2,877,637)	$ -	$ (2,877,637)
Animal control	382,980	-	-	-	(382,980)	-	(382,980)
Code enforcement	192,907	48,758	-	-	(144,149)	-	(144,149)
Shop	366,704	-	-	-	(366,704)	-	(366,704)
Public safety:							
Police	5,562,418	324,973	102,779	-	(5,134,666)	-	(5,134,666)
Fire	6,434,974	-	-	-	(6,434,974)	-	(6,434,974)
Inspection	534,717	-	-	-	(534,717)	-	(534,717)
Streets and parks	5,458,735	1,429,057	-	676,268	(3,353,410)	-	(3,353,410)
Interest on long-term debt	7,621	-	-	-	(7,621)	-	(7,621)
Total governmental activities	22,899,442	2,883,537	102,779	676,268	(19,236,858)	-	(19,236,858)
Business-type activities:							
Water and sewer	7,238,959	7,072,488	-	-	-	(166,471)	(166,471)
Total activities	$ 30,138,401	$ 9,956,025	$ 102,779	$ 676,268	(19,236,858)	(166,471)	(19,403,329)
General revenues:							
Sales taxes					15,152,939	2,791,512	17,944,451
Property taxes					2,207,503	-	2,207,503
Franchise taxes					1,328,163	-	1,328,163
Intergovermental					1,408,287	-	1,408,287
Unrestricted investment earnings					91,752	35,187	126,939
Investment earnings - joint venture					348,081	-	348,081
Other					323,477	1,241	324,718
Transfers					-	-	-
Total general revenues and transfers					20,860,202	2,827,940	23,688,142
Change in net position					1,623,344	2,661,469	4,284,813
Net position-beginning					23,922,789	47,007,050	70,929,839
Net position-ending					$ 25,546,133	$ 49,668,519	$ 75,214,652

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

FUND FINANCIAL STATEMENTS

CITY OF SULPHUR, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2016

	General Fund	Public Improvement Capital Project Fund	Street Improvement Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 2,752,692	$ 2,539,072	$ 2,498,465	$ 448,540	$ 8,238,769
Receivables (net of allowances for uncollectibles)	1,791,557	185,402	79,623	81,795	2,138,377
Intergovernmental receivables	-	-	267,500	-	267,500
Inventories	45,102	-	-	-	45,102
Prepaid expenses	23,173	-	-	-	23,173
Investments	6,400,000	-	900,000	-	7,300,000
Investment - joint venture	441,816	-	-	-	441,816
Total Assets	$ 11,454,340	$ 2,724,474	$ 3,745,588	$ 530,335	$ 18,454,737
LIABILITIES					
Accounts payable	$ 745,815	$ 157,001	$ 49,527	$ 320	$ 952,663
Accrued liabilities	635,301	-	-	-	635,301
Total Liabilities	1,381,116	157,001	49,527	320	1,587,964
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - garbage fees	3,782	-	-	-	3,782
Unavailable revenue - special assessments		-	-	114,818	114,818
Total deferred inflows of resourcess	3,782	-	-	114,818	118,600
FUND BALANCES					
Nonspendable:					
Inventories and prepaids	68,275	-	-	-	68,275
Restricted:					
Debt service reserves	-	-	-	89,778	89,778
Law enforcement	-	-	-	325,419	325,419
Committed:					
Capital projects	-	-	-	-	-
Assigned:					
Capital projects	-	2,567,473	3,696,061	-	6,263,534
Unassigned	10,001,167	-	-	-	10,001,167
Total Fund Balances	10,069,442	2,567,473	3,696,061	415,197	16,748,173
Total liabilities, deferred inflows and fund balances	$ 11,454,340	$ 2,724,474	$ 3,745,588	$ 530,335	$ 18,454,737

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

CITY OF SULPHUR, LOUISIANA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2016

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

Total fund balances - total governmental funds	$ 16,748,173
Capital assets used in governmental activities to pay for current-period expenditures and, therefore, are not reported in the funds.	34,808,902
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,195,783
Internal service funds are used by management to charge the cost of insurance to individuals funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	1,360,119
Long-term liabilities, including bonds payable, special assessment debt, accrued interest payable, and compensated absences payable, are not due and payable in the current periods and, therefore, are not reported liabilities in the funds.	(1,492,406)
Other Postemployment Benefits (OPEB) obligations are not due and payable in the current period and, therefore, are not reported the funds.	(11,981,660)
Special Assessments are not considered available to liquidate liabilities of the current period and are, therefore , deferred in the funds. However, they are properly recognized as revenue in the entity-wide statements as soon as the related improvement has been completed.	137,759
Net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability (from pension schedule)	(20,504,461)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	
Deferred outflows of resource reated to pensions	5,428,799
Deferred inflows of resource related to pensions	(944,969)
Other	(209,906)
Net position of governmental activities	$ 25,546,133

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

CITY OF SULPHUR, LOUISIANA

STATEMENT OF REVENUES, EXPEDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS For The Year Ended June 30, 2016

	General Fund	Public Improvement Capital Project Fund	Street Improvement Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Sales taxes	$ 14,205,561	$ -	$ 947,378	$ -	$ 15,152,939
Ad valorem taxes	2,207,503	-	-	-	2,207,503
Franchise taxes	1,328,163	-	-	-	1,328,163
Other taxes	-	-	-	45,356	45,356
Licenses and permits	1,129,507	-	-	-	1,129,507
Intergovernmental	1,516,432	265,402	405,500	-	2,187,334
Charges for services	1,429,057	-	-	-	1,429,057
Fines and forfeitures	211,303	-	-	113,670	324,973
Investment earnings	254,436	10,983	23,462	3,369	292,250
Other	206,839	13,850	-	6,789	227,478
Total Revenues	22,488,801	290,235	1,376,340	169,184	24,324,560
EXPENDITURES					
Current:					
General government:					
General and administrative	3,278,794	-	-	-	3,278,794
Animal control	391,673	1,500	-	-	393,173
Code enforcement	192,215	-	-	-	192,215
Shop	358,658	-	-	-	358,658
Public safety:					
Police	5,410,238	-	-	360,150	5,770,388
Fire	6,031,615	-	-	-	6,031,615
Inspection	554,461	-	-	-	554,461
Streets and parks	3,410,267	-	478,588	-	3,888,855
Debt service:					
Principal retirement	-	-	-	51,718	51,718
Interest and fiscal charges	-	-	-	7,621	7,621
Capital outlay:					
Streets and parks	-	486,851	1,695,139	-	2,181,990
Total Expenditures	19,627,921	488,351	2,173,727	419,489	22,709,488
Excess (deficiency) of revenues over (under) expenditures	2,860,880	(198,116)	(797,387)	(250,305)	1,615,072
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(462,500)	75,000	387,500	-	-
Total other financing sources (uses)	(462,500)	75,000	387,500	-	-
Net change in fund balances	2,398,380	(123,116)	(409,887)	(250,305)	1,615,072
Fund balances-beginning	7,671,062	2,690,589	4,105,948	665,502	15,133,101
Fund balances-ending	$ 10,069,442	$ 2,567,473	$ 3,696,061	$ 415,197	$ 16,748,173

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

CITY OF SULPHUR, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	$ 1,615,072
Internal service funds are used by management to charge the cost of insurance to individual funds. The net expenses of the activities of internal service fund is reported within the governmental activities.	125,317
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital assets acquisitions exceed depreciation in the current period.	
Capital asset acquisitions	3,219,895
Depreciation expense	(2,236,980)
Net book value of capital assets retired during year	30,583
Governmental funds report bonded debt repayments as expenditures. However, this expenditure does not appear in the Statement of Activities since the payment is applied against the bonds payable on the Statement of Net Position.	57,187
The net effect of various other transactions that increase net position.	212,601
Governmental funds do not report net change in other postemployment benefits (OPEB) obligations. However, this expense does appear in the Statement of Activities since the payable is reported on the Statement of Net Position.	(968,001)
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
Pension contributions	2,216,788
Cost of benefits earned net of employee contributions (pension expense from the pension schedule)	(2,320,043)
Governmental funds do not report the net change in accrued compensated absences as expenditures. However, this expense does appear in the Statement of Activities since the payable is reported on the Statement of Net Position.	(329,075)
Changes in net position of governmental activities	$ 1,623,344

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

CITY OF SULPHUR, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2016

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Public Utility	Workers' Compensation
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 4,163,835	$ 840,769
Accounts receivable	891,888	-
Interest receivable	861	-
Sales tax receivable	222,007	-
Restricted cash and cash equivalents	544,538	-
Prepaid expenses	64,200	51,177
Inventories	53,482	-
Total Current Assets	5,940,811	891,946
Noncurrent Assets:		
Investments	2,202,000	1,000,000
Capital assets:		
Land and construction in progress	115,998	-
Capital assets, net of accumulated depreciation	46,136,854	-
Total Noncurrent Assets	48,454,852	1,000,000
Total Assets	54,395,663	1,891,946
DEFERRED OUTFLOWS OF RESOURCES		
Resources related to pensions	787,942	-
Total Deferred Outflow of Resources	787,942	-
LIABILITIES		
Current Liabilities:		
Accounts payable	166,096	7,524
Accrued salaries and benefits	80,221	-
Accrued compensated absences	117,255	-
Interest payable	4,957	-
Claims payable	-	524,303
Customer deposits payable	544,538	-
Other post-employment benefits	64,219	-
Total Current Liabilities	977,286	531,827
Noncurrent Liabilities:		
Accrued compensated absences, noncurrent	122,004	-
Other post-employment benefits, noncurrent	1,881,862	-
Net pension liability	2,409,916	-
Total Noncurrent Liabilities	4,413,782	-
Total Liabilities	5,391,068	531,827
DEFERRED INFLOWS OF RESOURCES		
Resources related to pensions	124,018	-
Total Deferred Outflow of Resources	124,018	-
NET POSITION		
Investment in capital assets, net of related debt	46,252,852	-
Unrestricted	3,415,667	1,360,119
Total Net Positioin	$ 49,668,519	$ 1,360,119

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

CITY OF SULPHUR, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For The Year Ended June 30, 2016

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Public Utility	**Workers' Compensation**
Operating revenues:		
Charges for services:		
Water sales	$ 2,615,027	$ -
Wastewater fees	4,261,964	-
Water and sewer taps fees	34,713	-
Workers' compensation fees	-	607,469
Miscellaneous	160,784	-
Total operating revenues	7,072,488	607,469
Operating exepenses:		
General and administrative	613,164	84,872
Water expenses	1,596,018	-
Wastewater expenses	2,312,962	-
Depreciation	2,659,503	-
Claims	-	242,620
Insurance	-	91,337
Total Operating Expenses	7,181,647	418,829
Operating income (loss)	(109,159)	188,640
Nonoperating revenues (expenses):		
Sales taxes	2,791,512	-
Investment earnings	35,187	10,644
Interest expense	(57,312)	-
Other	1,241	-
Total Non-Operating Revenues (Expenses)	2,770,628	10,644
Income (loss) before capital contributions and transfers	2,661,469	199,284
Change in net position	2,661,469	199,284
Net position-beginning	47,007,050	1,160,835
Net position-ending	$ 49,668,519	$ 1,360,119

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

CITY OF SULPHUR, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended June 30, 2016

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Water and Wastewater	Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 6,840,939	$ -
Receipts from interfund charges for risk management services	-	607,469
Payments to suppliers and service providers	(2,615,786)	(178,798)
Payment to employees for salaries and benefits	(2,486,397)	-
Payments made for claims	-	(316,587)
Net cash provided by (used for)operating activities	1,738,756	112,084
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
Cash received from sales taxes	2,655,990	-
Operating Grants	325,071	-
Other	1,241	-
Net cash (used for) noncapital and related financing activities	2,982,302	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers from other funds	-	-
Capital grants	-	-
Acquisitions and construction of capital assets	(38,002)	-
Principal paid on capital debt	(1,760,032)	-
Interest paid on capital debt	(57,312)	-
Net cash provided by (used for) capital and related financing activities	(1,855,346)	-
CASH FLOWS FORM INVESTING ACTIVITIES		
Proceeds from sales and maturity of investments	300,000	-
Interest on investments	35,187	10,644
Net cash provided by investing activities	335,187	10,644
Net increase (decrease) in cash and cash equivalents	3,200,899	122,728
Cash and cash equivalents, beginning of the year	1,507,474	718,041
Cash and cash equivalents, end of the year	4,708,373	840,769
Cash and cash equivalents at the end of the year consisted of:		
Unrestricted cash	4,163,835	$ 840,769
Restricted cash	544,538	-
	$ 4,708,373	$ 840,769

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

CITY OF SULPHUR, LOUISIANA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS
For The Year Ended June 30, 2016
(Continued)

	Business-Type Activities - Enterprise Fund	Governmental Activities - Internal Service Fund
	Water and Wastewater	Workers' Compensation
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating loss	$ (109,159)	$ 188,640
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	2,659,503	-
(Increase) decrease in receivables	(248,934)	-
(Increase) decrease in inventory	(445)	-
(Increase) decrease in prepaid items	3,534	(3,878)
Increase (decrease) in customer deposits	123,717	-
Increase (decrease) in accounts payable	4,171	(72,678)
Increase (decrease) in accrued liabilities	22,617	-
Increase (decrease) in compensated absences payable	51,973	-
Increase (decrease) in deferred inflows	(204,350)	
(Increase) decrease in deferred outflows	(560,532)	
Increase in other post-employment benefits	(3,339)	-
Total Adjustments	1,847,915	(76,556)
Net Cash Provided by (Used for) Operating Activities	$ 1,738,756	$ 112,084

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

1) Summary of Significant Accounting Policies

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on of the primary government and its component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely on a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally *separate component* units for which the primary government is financially accountable.

B. Reporting entity

The City of Sulphur (City) was incorporated under the provisions of the State of Louisiana LA R.S. 33:321-481. The City operates under a home rule charter, which is governed by an elected mayor and five-member governing council.

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

The accompanying financial statements include all funds, which are directly controlled by the City, and which constitute the primary government as defined for financial statement purposes. In accordance with generally accepted accounting principles, this report should also include component units, which are legally separate from the City but considered to be fiscally dependent on the primary government.

Component units. Component units are not discretely presented in this report. Further disclosures concerning such units are provided below.

The City Court of Sulphur and for Ward Four (Court) is dependent on the City for office space, court rooms and partially funding the Court Judge's salary. Additionally, the City's provides partial funding for court employees and other operating expenses. The Court was determined to be a component unit of the City, the primary reporting entity.

The Ward Four Marshal is dependent on the City for office space and partially funding the Marshal's salary. Additionally, the City's provides partial funding for the salary expenses and other operating expenses. The Ward Four Marshal was determined to be a component unit of the City, the primary reporting entity.

Only the primary government's financial information is included in these financial statements. Information on how to obtain component unit financial statements can be obtained by contacting the Director of Finance for the City of Sulphur, Louisiana.

C. Basis of presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of presentation - fund financial statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The g*eneral fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in other funds.

The p*ublic improvement capital project fund* accounts for the acquisition, construction, and improvements of major capital facilities.

The s*treet improvement capital project fund* accounts for capital improvements related to the opening, construction, paving, and improving of streets.

The City reports the following major enterprise fund:

The *public utility fund* accounts for activities of the water distribution system and wastewater collection and treatment.

Additionally, the City also reports the following fund types:

Internal service fund is used to account for the workers' compensation program provided to other departments of the City.

Debt service fund is used to account for the accumulation of resources and the payments made for principal, interest, and related cost on long-term debt obligations of governmental funds.

Drug seizure funds are special revenue funds, which account for the receipt and use of the proceeds. The City maintains a separate fund for each Federal and State program. The funds have been consolidated because they are similar in nature.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is available. All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

F. Budgetary information

Adoption Process

The City annually adopts and implements an operating and capital budget in accordance with requirements of state law for the General Fund and all Special Revenue Funds. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The Capital Projects Fund’s budget is a project-based capital budget. Policies and procedures with respect to budgetary control are as follows.

No later than sixty days prior to the beginning of each fiscal year, the Mayor submits a budget to the City Council. The Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated or the revenue estimates must be changed by an affirmative vote of a majority of the City Council. The budget presented is as amended by the City Council.

Basis of accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds and Capital Projects Funds. In accordance with accounting principles generally accepted in the United States of America, outstanding encumbrances at year end for which goods or services are received are reclassified to expenditures and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year end and are either canceled or included as reappropriations of fund balance for the subsequent year. Encumbrances at year end in funds that are budgeted on a project basis, including Enterprise Fund construction projects, are carried forward along with their related appropriations and are not subject to annual cancellation and re-appropriation.

Excess of Expenditures over Appropriations

The legal level of budgetary control for the General Fund is at the department level. Expenditures of various departments did exceed appropriated amounts. However, the expenditures of General Fund did not exceed the appropriated amount. A formal budget amendment is not required according to state law since the General Fund's total expenditures did not exceed appropriated expenditures by more than five percent.

G. Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

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

2. Investments

The City investments are limited to U.S. Treasury and government agency obligations as well as investments in the Louisiana Asset Management Pool, Inc. (LAMP) and the Certificate of Deposit Account Registry Service (CDARS). LAMP is a nonprofit corporation organized under the laws of the State of Louisiana which operates a local government investment pool. CDARS is an investment vehicle providing full FDIC insurance for the purchase of certificates of deposit.

Investments are reported at fair value except for LAMP investments which are stated at cost, which approximates market and is equal to the value of the pool shares. Fair value is determined by obtaining "quoted" year-end market prices.

3. Inventory and prepaid items

Inventory is valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

Certain contracts and insurance payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and the proprietary funds financial statements. The cost of prepaid items is recorded as expenditures/expenses when purchased in the governmental funds.

4. Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

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

Depreciation is provided over the estimated useful lives of assets using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Property and plant	15-50 years
Equipment	5-15 years
Transportation equipment	5-10 years
Infrastructure	25-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

5. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

The City utilizes the allowance method for proprietary funds to recognize doubtful accounts. Accounts receivable are stated at cost less an allowance for doubtful accounts. Accounts are considered delinquent when 30 days past due. The allowance account consists of an estimate of uncollectible specifically identified accounts and a general reserve. Management's evaluation of the adequacy of the allowance is based on a continuing review of all accounts and includes a consideration of past user history, any adverse situations that might affect the user's ability to repay, and current economic conditions. The need for an adjustment to the allowance is considered at year end.

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

***6.* Long-Term Debt**

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be paid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and special assessment payables.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has no items which qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

9. Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes the City classifies governmental fund balances as follows:

- Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or grantors, or amounts constrained due to constitutional provisions or enabling legislation.
- Committed - includes fund balance amounts that are constrained for specific purposes that are internal imposed by the City through formal action of the City and does not lapse at year-end.
- Assigned - Includes fund balance amounts that are intended to be used for a specific purpose that are considered to be neither restricted nor committed. Fund balance can be assigned by the City Council.
- Unassigned· includes fund balance amounts within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

H. Revenues and expenditures/expenses

1. Program revenues

Amounts reported as program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and, (2) grants and contributions (including special assessments) that are restricted to meet the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property taxes

Property taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Property taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year.

3. Compensated Absences

It is the City's policy to permit regular full-time and part-time employees to accumulate earned but unused vacation and sick leave benefits.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as result of an employee resignations and retirements.

Unused sick leave may be accumulated from year to year. However, unused sick leave is paid up to a maximum of 65 days upon retirement. Sick leave liability is reported at the estimated value in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured.

4. Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as non-operating revenues and expenses.

I. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect: (1) the reported amount of assets and liabilities, (2) disclosures such as contingencies, and (3) the reported amounts of revenues and expenditures or expenses included on the financial statements. Actual results could differ from those estimates.

2) Restricted Assets

Customer deposits of the public utility fund are legally restricted as to purpose. These assets have been classified as restricted assets on the Statement of Net Position since the use of these funds are limited. Restricted assets as of June 30, 2016, were $544,538.

3) Cash and Investments

As of June 30, 2016, the City had cash and cash equivalents (book balances) totaling $13,787,911 (net of outstanding checks and deposit in transit) of which $7,533,599 is in interest-bearing demand deposits, $6,212,396 is in noninterest-bearing demand deposits, $34,888 is deposited in LAMP, and cash on hand of $7,028.

As of June 30, 2016, the City had investments totaling $10,502,000 of which $8,000,000 is in certificates of deposit with maturities not exceeding two years and $2,500,000 consisting of callable investments of United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies. As of June 30, 2016, the weighted average maturity of the City's callable investment portfolio was 1.243 years.

Credit risk. Louisiana statutes allow the City to invest in United States Treasury obligations, obligations issued or guaranteed by the United States government or federal agencies, and mutual or trust funds registered with the Securities and Exchange Commission which have underlying investments consisting solely of and limited to the United States government or its agencies. The City does not have a deposit policy for custodial credit risk.

In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Interest Rate Risk. Interest rate risk is the risk that changes in the interest rate will adversely affect the fair value of the investment. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that, in the event of bank failure, the City's deposits may not be returned. The City does not have a deposit policy for custodial credit risk. As of June 30, 2016, the City had $14,742,343 in demand deposits (bank balances before outstanding checks or deposits in transit) and $8,000,000 in certificates of deposit. These deposits are secured from risk by $9,084,622 of federal deposit insurance and $16,593,559 collateralized with securities held by the pledging financial institution's trust department or agent, in the City's name.

Under Louisiana Revised Statutes 39:2955, the City may deposit funds in demand deposit accounts, interest bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana Law and National Banks having a principal offices in Louisiana. Under state law, these deposits (or the resulting bank balances) 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.

4) Property Taxes

For the year ended June 30, 2016, taxes of 15.52 mills were levied on property with net assessed valuations totaling $142,549,340 and were dedicated as follows:

General purposes	5.52 mills
Streets - maintenance	5.00 mills
Fire - maintenance	5.00 mills
Total taxes levied	$ 2,212,440

The City is permitted by ordinance to levy taxes up to 15.52 mills of assessed valuation for general governmental services. The general-purpose millage is perpetual, while the streets and fire maintenance mileages are for ten-year durations and expire December 31, 2024. Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

5) Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables as of June 30, 2016, for major governmental funds and the nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts:

Receivables	General	Capital Project	Capital Project	Govermental	Total
Sales taxes	$ 1,206,520	$ -	$ 79,623	$ -	$ 1,286,143
Charges for services	113,963	-	-	-	113,963
Franchise taxes	280,755	-	-	-	280,755
Special assessments	-	-	-	81,795	81,795
Interest	3,587	-	-	-	3,587
Other	190,171	185,402	-	-	375,573
Gross receivables	$ 1,794,996	$ 185,402	$ 79,623	$ 81,795	$ 2,141,816
Less: Allowance for uncollectables	(3,439)	-	-	-	(3,439)
Net receivable	$ 1,791,557	$ 185,402	$ 79,623	$ 81,795	$ 2,138,377

Revenues of the Public Utility, an enterprise fund, are reported net of uncollectible amounts. As of June 30, 2016, the total uncollectible amounts related to water sales and wastewater services amounted to $8,724.

6) Council Members Compensation

Each council member receives monthly compensation. The following is a list of council members and their compensation for the fiscal year ended June 30, 2016:

Dru Ellender	$ 4,200
Stuart Moss	$ 4,200
Randy Favre	$ 4,200
Veronica Allison	$ 4,200
Dennis Bergeron	$ 4,200

The compensation paid to the Mayor for the year end June 30, 2016, is as follows:

Chris Duncan $ 80,500

7) Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

	Beginning of Year	Additions	Deletions	Transfers	End of Year
Governmental activities:					
Capital assets not being depreciated:					
Land	$ 3,076,025	$ -	$ -	$ -	$ 3,076,025
Construction in progress	1,153,557	2,391,275	-	(265,628)	3,279,204
Total capital assets not being depreciated	4,229,582	2,391,275	-	(265,628)	6,355,229
Capital assets being depreciated:					
Buildings	8,246,714	-	-	-	8,246,714
Furniture and equipment	7,857,519	389,150	(51,412)	-	8,195,257
Transportation equipment	5,778,566	469,459	(86,261)	-	6,161,764
Infrastructure	60,400,566	265,628	-	-	60,666,194
Total capital assets being depreciated	82,283,365	1,124,237	(137,673)	-	83,269,929
Less accumulated depreciation for:					
Buildings	(2,634,237)	(185,088)	-	-	(2,819,325)
Furniture and equipment	(6,762,927)	(297,693)	53,005	-	(7,007,615)
Transportation equipment	(3,617,023)	(360,447)	84,666	-	(3,892,804)
Infrastructure	(39,916,448)	(1,393,752)	-	-	(41,310,200)
Total accumulated depreciated	(52,930,635)	(2,236,980)	137,671	-	(55,029,944)
Governmental activities capital assets, net:	$ 33,582,312	$ 1,278,532	$ (2)	$ (265,628)	$ 34,595,214

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

General and administrative	$ 307,448
Fire	150,576
Police	192,842
Streets and park	1,544,258
Inspection	3,224
Animal control	13,192
Code enforcement	44
Shop	25,396
Total	$ 2,236,980

	Beginning of Year	Additions	Deletions	Transfers	End of Year
Business type activities:					
Capital assets not being depreciated:					
Construction in progress	$ 37,779	$ 115,998	$ -	$ (37,779)	$ 115,998
Capital assets being depreciated:					
Buildings and plant	76,876,702	46,768	-	-	76,923,470
Furniture and equipment	778,735	8,862	-	-	787,597
Transportation equipment	635,487	229,691	(7,500)	-	857,678
Total capital assets being depreciated	78,290,924	285,321	(7,500)	-	78,568,745
Less accumulated depreciation for:					
Buildings and plant	(28,828,205)	(2,573,439)	-	-	(31,401,644)
Furniture and equipment	(647,405)	(23,251)	-	-	(670,656)
Transportation equipment	(304,278)	(62,813)	7,500	-	(359,591)
Total accumulated depreciated	(29,779,888)	(2,659,503)	7,500	-	(32,431,891)
Business type activities capital assets, net:	$ 48,548,815	$ (2,258,184)	$ -	$ (37,779)	$ 46,252,852

The city had total commitments for the following projects for the year ended June 30, 2016:

Project type:	Remaining Commitment
Streets, bridges and storm drainage	$ 8,573,270
Buildings and improvements	1,695,000
Fire equipment	215,349
Total	$ 10,483,619

8) Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2016:

	Beginning of Year	Additions	Reductions	End of Year	Amounts Due Within One Year
Governmental activities:					
Special assessments bonds	$ 217,603	$ -	$ 57,187	$ 160,416	$ 57,187
Compensated absences	999,246	1,074,538	745,463	$ 1,328,321	956,063
Net pension liabity	15,751,988	4,752,473	-	$ 20,504,461	-
Other post-employment benefit	11,013,659	1,428,604	460,603	11,981,660	429,381
	$ 27,982,496	$ 7,255,615	$ 1,263,253	$ 33,974,858	$ 1,442,631
Business-type activities:					
Capital leases	$ 405,032	$ -	$ 405,032	$ -	$ -
General obligation bonds	1,355,000	-	1,355,000	-	-
Compensated absences	186,810	117,731	65,282	$ 239,259	117,255
Net pension liabity	1,878,736	531,180	-	$ 2,409,916	-
Other post-employment benefit	1,801,305	212,334	67,558	1,946,081	67,558
	$ 5,626,883	$ 861,245	$ 1,892,872	$ 4,595,256	$ 184,813

CITY OF SULPHUR, LOUISIANA

NOTES TO FINANCIAL STATEMENT
June 30, 2016
(Continued)

The payments on the special assessment paving certificates are made by the debt service funds. Bonds payable at June 30, 2016 are comprised of the following individual issues:

Governmental Activities:	
Special assessment bonds:	
$54,693 paving project 2007 dated April 1, 2007, due in annual principal installments of $5,471 , plus interest, through April 1, 2017, interest at 5.75%	5,469
$259,683 paving project 2008 dated June 1, 2008, due in annual principal installments of $25,968, plus interest, through June 1, 2018, interest at 3.84%	51,936
$257,511 paving project 2009 dated November 1, 2009, due in annual principal installments of $25,750, plus interest, through November 1, 2019, interest at 3.80%	103,011
Total special assessment bonds	$ 160,416
Total bonds payable	$ 160,416

The annual requirements to amortize all bonds are as follows:

Year Ending June 30	Governmental Activities Principal	Interest
2017	57,187	6,223
2018	51,718	2,936
2019	25,750	1,958
2020	25,761	979
	-	-
	$ 160,416	$ 12,096

9) Dedication of Sales Tax Proceeds

One Percent Sales and Use Tax – Proceeds of the one percent (1%) sales and use tax levied and collected by the City. This tax was authorized in 1966 for a perpetual duration. The proceeds are dedicated to the following purposes:

Fifty Percent (50%), but not to exceed the total annual debt service on any and all bonds secured by pledge of Proceeds of this fund to the City, which proceeds shall be dedicated and used for any of the following capital improvements: opening, construction, paving and improving streets, sidewalks, roads and alleys, constructing bridges, purchasing or constructing water works, sewerage and sewerage disposal works, drains, drainage canals, pumping plants and waste disposal facilities, facilities for pollution control and abatement, water and waste water systems, halls, courthouses, auditoriums, jails, public parks and recreation facilities. Other public works and/or buildings, title to which said works, buildings and improvements shall be in the Public.

After payment of above costs:

1) Ten percent (10%), but not to exceed $150,000 annually, without subsequent approval of the Council of the City of Sulphur, Louisiana, to the Streets and Parks Department for any lawful purpose.

2) Ten percent (10%), but not to exceed $150,000 annually, without subsequent approval- of the Council of the City of Sulphur, Louisiana, to the Public Utilities Department for any lawful purpose.

3) Seven percent (7%), to the General Fund of the City of Sulphur, Louisiana for operating expenses of the City and for any other lawful purpose.
4) Ten percent (10%), but not to exceed $150,000 annually, without subsequent approval of the Council of the City of Sulphur, Louisiana to the general fund of the City of Sulphur, Louisiana, for salaries and salary increases to employees of the City of Sulphur, Louisiana, based on a merit and cost-of-living evaluation system.

5) Three percent (3%), but not to exceed $45,000 annually, without subsequent approval of the Council of the City of Sulphur, Louisiana, to the Fire Department for any lawful purpose.

6) Ten percent (10%), together with any excess portion of any of the foregoing allocations, to a reserve and match money fund, which fund shall be used first to satisfy any bond issue or bond indenture requirements, and after said bond indenture requirements have been satisfied, any excess funds to be used as matching money for any state and federal grant program or for any lawful corporate purpose at the discretion of the City of Sulphur, Louisiana.

Additional One Percent Sales and Use Tax - Proceeds of the one percent (1%) sales and use tax levied and collected by the City. This tax was original authorized in 1980, and has re-authorized for an additional 25 years from January 1, 2005. The proceeds may be used for virtually any capital or operating needs of the City.

Additional One-Half Percent Sales and Use Tax - Proceeds of the one-half of one percent (½%) sales and use tax levied and collected by the City. This tax was original authorized in 1991, and has re-authorized for an additional 10 years from April 1, 2011. The proceeds are dedicated for improving streets, sewerage disposal, water systems, and waste water systems.

10) Employee Retirement Systems

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

A. Municipal Employees' Retirement System (MERS)

Plan Description

The Municipal Employees' Retirement System of Louisiana is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana.

The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 2015, there were 85 contributing municipalities in Plan A and 69 in Plan B. The City is a participating member of Plan A.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits
Any member of Plan A who was hired before January 1, 2013, can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Eligibility for Retirement for Plan A and Plan B members hired on or after January 1, 2013, is as follows:

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more years of creditable service
4. Any age with twenty five (25) years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member

would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits
Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits
In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Cost of Living Increases
The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits
Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Contributions
Employer contributions are actuarially determined each year. For the year ending June 30, 2016, the actual employer and employee contribution rates for Plan A were 19.75% and 9.50%, respectively.

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

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

At June 30, 2016, the City reported a liability of $8,170,330 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts. At June 30, 2016 the City owed $48,756 to the MERS plan.

The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan. The employers' contribution effort was actuarially determined by the System's actuary.

For the year ended June 30, 2016, the City recognized pension expense of $993,665. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ 1,037,895	$ -
Net difference between projected and actual earnings on pension plan investments	-	337,819
Change in assumption	682,521	-
Change in proportion	193,900	82,639
City contributions made subsequent to measurement date	750,673	-
Total	$ 2,664,989	$ 420,458

The City's contributions during the year ended June 30, 2016, reported as deferred outflows, of $750,673 subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	571,889
2018	225,436
2019	361,589
2020	334,944
	1,493,858

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 are as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.50%, net of investment expense
Projected Salary Increases	5.50% (2.875% Inflation, 2.125% Merit)
Mortality Rates	RP-2000 Employee Table for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disabled Lives Mortality Tables for disabled annuitants
Expected Remaining Service Lives	3 years for Plan A and 4 years for Plan B
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present

The mortality rate assumption used was verified by combining data from this plan with three other statewide plans which have similar workforce composition in order to produce a credible experience. The aggregated data was collected over the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	50%	2.95%
Fixed Income	15%	0.89%
Alternative	35%	2.06%
Other	0%	0.00%
Totals	100%	5.90%
Inflation		2.40%
Expected Nominal Return		8.30%

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Systems actuary.

Sensitivity to Changes in Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2015.

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	Change in Discount Rate		
	1% Decrease 6.50%	Current 7.50%	1% Increase 8.50%
Net Pension Liability	$ 10,692,471	$ 8,170,330	$6,021,429

Retirement System Audit Report
The Municipal Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2015. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov.

B. Municipal Police Employees' Retirement System (MPERS)

Plan Description

The Municipal Police Employees' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013
A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third 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% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member’s average final compensation or $200.00 per month, whichever is greater.

Membership Commencing January 1, 2013
Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statues, the benefits range from twenty-five to fifty-five percent of the member’s average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or $200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

Contributions

Employer contributions are actuarially determined each year. For the year ended June 30, 2016, total contributions due for employers and employees were 41.5%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 31.5% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.5% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 34% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2016 and excluded from pension expense.

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

At June 30, 2016, the City reported a liability of $7,286,894 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts. At June 30, 2016 the City owed $33,164 to the MPERS plan.

The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan. The employers' contribution effort was actuarially determined by the System's actuary.

For the year ended June 30, 2016, the City recognized pension expense of $498,620. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ -	$ 138,384
Net difference between projected and actual earnings on pension plan investments	-	133,895
Change in assumption	635,833	1,050
Change in proportion	62,070	1,681
City contributions made subsequent to measurement date	785,446	-
Total	$ 1,483,349	$ 275,010

The City's contributions during the year ended June 30, 2016, reported as deferred outflows, of $785,446 subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	68,989
2018	72,594
2019	212,321
2020	68,989
	422,893

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 are as follows:

Valuation Date	June 30, 2015	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.5%, net of investment expense	
Salary increases, including inflation and merit	Years of Service	Salary Growth
	1	9.75%
	2	9.75%
	3 – 23	4.75%
	23 and over	4.25%
Expected Remaining Service Lives	4 years	

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Asset Class	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	52%	3.47%
Fixed Income	20%	0.46%
Alternative	23%	1.15%
Other	5%	0.20%
Totals	100%	5.28%
Inflation		3.00%
Expected Nominal Return		8.28%

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2015.

	Change	in Discount	Rate
	1% Decrease	Current	1% Increase
	6.50%	7.50%	8.50%
Net Pension Liability	$ 10,131,628	$ 7,286,894	$4,903,056

Retirement System Audit Report

Municipal Police Employees Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2015. Access to the audit report can be found on the System's website: www.lampers.org or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

C. Firefighters' Retirement System (FRS)

Plan Description

The Firefighters' Retirement System is the administrator of a cost-sharing multiple-employer plan. Membership in the System is a condition of employment for any full-time firefighters who earn more than $375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. The System provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit tern1s and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 4 34 of 1979 and amended by LRS 11 :2251- 11 :2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

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

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

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

Deferred Retirement Option Plan
After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program shall receive, at his option, a lump-sum payment from the account of an annuity based on the deferred retirement option plan account balance in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan

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

Contributions

Employer contributions are actuarially determined each year. For the year ended June 30, 2016, employer and employee contributions for members above the poverty line were 29.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 31.25% and 8.0%, respectively.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2015 and excluded from pension expense.

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

At June 30, 2016, the City reported a liability of $7,378,187 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer’s proportionate share of the pension amounts. At June 30, 2016 the City owed $31,408 to the FRS plan.

The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan. The employers' contribution effort was actuarially determined by the System's actuary.

For the year ended June 30, 2016, the City recognized pension expense of $959,011. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on pension plan investments	791,365	337,207
Change in assumption	92,474	3,115
Change in proportion	280,493	33,915
City contributions made subsequent to measurement date	894,294	-
Total	$ 2,058,626	$ 374,237

The City's contributions during the year ended June 30, 2016, reported as deferred outflows, of $894,294 subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	168,993
2018	168,993
2019	303,978
2020	148,131
	790,095

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 are as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.5%, per annum
Inflation Rate	2.875%, per annum
Salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Expected Remaining Service Lives	7 years
Cost of Living Adjustments	Only those previously granted

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Asset Class	Target Allocation	Long Term Expected Portfolio Real Rate of Return
Equity	24%	1.84%
Fixed Income	51%	6.50%
Alternative	15%	6.96%
Other	10%	4.36%
Totals	100%	5.24%
Inflation		3.00%
Expected Nominal Return		8.24%

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to Changes in Discount Rate

The following presents the Cityy's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2015.

	Change	in Discount	Rate
	1% Decrease	Current	1% Increase
	6.50%	7.50%	8.50%
Net Pension Liability	$ 10,466,685	$ 7,378,187	$4,781,981

Retirement System Audit Report

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2015. Access to the audit report can be found on the System's website: www.lafirefightersret.com or on the Office of Louisiana Legislative Auditor's official website: www.lla.state.la.us.

D. Louisiana State Employees' Retirement System (LASER)

Plan Description

The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of La. R.S. 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. The majority of our rank and file members may either retire with full benefits at any age upon completing 30 years of creditable service or at age 60 upon completing five to ten years of creditable service depending on their plan. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service.

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006 or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session, changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous duty members are eligible to retire with twelve years of creditable service at age 55, 25 years of creditable service at any age or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators. House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous duty plan.

A member leaving employment before attaining minimum retirement age, but after completing certain minimum service requirements, becomes eligible for a benefit provided the member lives to the minimum service retirement age, and does not withdraw their accumulated contributions. The minimum service requirement for benefits varies depending upon the member's employer and service classification but generally is ten years of service.

Deferred Benefits
The State Legislature authorized LASERS to establish a Deferred Retirement Option Plan (DROP). When a member enters DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period of up to three years. The election is irrevocable once participation begins. During DROP participation, accumulated retirement benefits that would have been paid to each retiree are separately tracked. For members who entered DROP prior to January 1, 2004, interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero) will be credited to the retiree after participation ends. At that time, the member must choose among available alternatives for the distribution of benefits that have accumulated in the DROP account. Members who enter DROP on or after January 1, 2004,

are required to participate in LASERS Self-Directed Plan (SDP) which is administered by a third-party provider. The SDP allows DROP participants to choose from a menu of investment options for the allocation of their DROP balances. Participants may diversify their investments by choosing from an approved list of mutual funds with different holdings, management styles, and risk factors.

Members eligible to retire and who do not choose to participate in DROP may elect to receive at the time of retirement an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. For members who selected the IBO option prior to January 1, 2004, such amount may be withdrawn or remain in the IBO account earning interest at a rate of one-half percent less than the System's realized return on its portfolio (not to be less than zero). Those members who select the IBO on or after January 1, 2004, are required to enter the SDP as described above.

Disability Benefits
All members with ten or more years of credited service who become disabled may receive a maximum disability retirement benefit equivalent to the regular retirement formula without reduction by reason of age.

Upon reaching age 60, the disability retiree may receive a regular retirement benefit by making application to the Board of Trustees.

For injuries sustained in the line of duty, hazardous duty personnel in the Hazardous Duty Services Plan will receive a disability benefit equal to 75% of final average compensation.

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

Permanent Benefit Increases/Cost-of-Living Adjustments
As fully described in Title 11 of the Louisiana Revised Statutes, the System allows for the payment of permanent benefit increases, also known as cost-of-living adjustments (COLAs), that are funded through investment earnings when recommended by the Board of Trustees and approved by the State Legislature.

Contributions
The employer contribution rate is established annually under La. R.S. 11:101-11:104 by the Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's Actuary. Employer contributions are actuarially determined each year. For the year ending June 30, 2016, the actual City's employer and employee contribution rates were 37% and 11.50%, respectively.

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

At June 30, 2016, the City reported a liability of $78,966 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the employer's projected contribution effort to the plan. The employers' contribution effort was actuarially determined by the System's actuary.

For the year ended June 30, 2016, the City recognized pension expense of $8,196. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Net difference between projected and actual earnings on pension plan investments	$ -	$ (71)
Change in assumption	-	-
Change in proportion	106	(647)
City contributions made subsequent to measurement date	9,671	-
Total	$ 9,777	$ (718)

The City's contributions during the year ended June 30, 2016, reported as deferred outflows, of $9,671 subsequent to the measurement date will be recognized as reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	1,186
2018	539
2019	592
2020	(1,493)
	824

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2015 are as follows:

Valuation Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	7.75%, net of investment expense
Projected Salary Increases	Salary increases were projected based on a 2009-2013 experience study of the System's members.
Mortality Rates	Non-disabled members - Mortality rates based on the RP- 2000 Combined Healthy Mortality Table with mortality improvement projected to 2015. Expected Remaining.
	Disabled members — Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Service Lives	3 years
Termination, Disability, and Retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments is 8.66% for 2015. Best estimates of geometric real rates of return for each major asset class allocation as of June 30, 2015 are summarized in the following table:

Asset Class	Long Term Expected Portfolio Real Rate of Return
Cash	0.24%
Domestic Equity	4.56%
International Equity	5.67%
Domestic Fixed Income	2.24%
International Fixed Income	3.64%
Alternative Investments	7.82%
Global Tactical Asset Allocation	3.70%
Total Fund	5.66%

Sensitivity to Changes in Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2015.

	Change	in Discount	Rate
	1% Decrease 6.75%	Current 7.75%	1% Increase 8.75%
Net Pension Liability	$ 219,604	$ 78,966	$ 135,239

Retirement System Audit Report

The Louisiana State Employees' Retirement System has issued stand-alone audit reports on their financial statements for the years ended June 30, 2015, and 2014. Access to the reports can be found on the Louisiana Legislative Auditor's website, www.Ua.Ia.gov and the System's website, http://www.Iasersonline.org/site.php.

11) Interfund transfers

The composition of interfund transfers for the year ended June 30, 2016 is as follows:

	Transfers In	Transfers Out
General		
Public Improvement	$ -	$ 75,000
Street Improvements	-	387,500
Public Utility	-	-
Total General	-	462,500
Street Improvement Capital Project		
General	387,500	-
Public Improvement	-	-
Total Street Improvement Capital Project	387,500	-
Public Improvements Capital Project		
General	75,000	-
Street Improvements	-	-
Total Public Improvements Capital Project	75,000	-
Grand totals	$ 462,500	$ 462,500

During the year, the City transferred funds from the general fund to the capital project funds for improving, rehabilitating, and expanding the City's infrastructure.

12) Contingencies and Commitments

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that the resolution of these matters will not have a material adverse effect on the financial condition of the City.

13) Risk Management Obligations

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The City established a limited risk management program for workers' compensation in fiscal year 1996. Premiums are paid into the internal service fund by the general and public utility funds and are available to pay claims, claim reserves, reinsurance premiums and administrative costs of the program. The surplus retained earnings resulting from charges for anticipated future catastrophic losses have been designated.

Liabilities related to workers' compensation claims are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of $500,000 for police officers and firefighters, and $400,000 for all other City employees. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering recent claims settlement trends including frequency and amount of pay-outs and other economic and social factors.

The liability (current) for claims and judgments is reported in the internal service fund because it is expected to be liquidated with expendable available financial resources. Changes in the balances of claims liabilities during the past year are as follows:

Unpaid claims, beginning of fiscal year	$	593,921
Incurred claims (including IBNRs)		280,703
Claim payments		(350,321)
Unpaid claims, end of fiscal year	$	524,303

14) Postemployment Health Care and Life Insurance Benefits

Plan Description - The City administers a single-employer defined benefit postemployment health care plan ("the Retiree Health Plan"). The plan provides medical and life insurance benefits to eligible retired employees and their beneficiaries through the City's group health insurance plan, which covers both active and retired members. Benefits are provided through Blue Cross/Blue Shield whose monthly premiums are paid by the City. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy - The contribution requirements of plan members and the City are established and may be amended by the City. The City pays the full cost of the benefits for retired plan members and a portion of the cost of the retirees' spouses and dependent children. For fiscal year 2016, the City contributed $493,598 to the plan.

Annual OPEB Cost and Net OPEB Obligation - For 2016, the City's annual other postemployment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual Required Contribution	$ 1,831,053
Interest on Net OPEB Obligation	448,524
Adjustment to Annual Required Contribution	(673,204)
Annual OPEB Cost (Expense)	1,606,373
Contributions Made	(493,598)
Increase in Net OPEB Obligation	1,112,775
Net OPEB Obligation – beginning of year	12,814,964
Net OPEB Obligation – end of year	$ 13,927,739

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016 and the three preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	1,606,372	30.7%	13,927,739
6/30/2015	1,626,547	29.3%	12,814,964
6/30/2014	2,139,709	19.9%	11,664,238
6/30/2013	2,170,316	19.6%	9,951,167

Funded Status and Funding Progress - As of June 30, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $20,985,523 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $9,120,000, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 230.1%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015, actuarial valuation, the unit credit actuarial cost method was used. Based on the City's short-term investment portfolio, a discount rate of 3.5% was used. Which is the same as the prior valuation. In addition, the actuarial assumptions included an annual medical healthcare cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5.0% after 13 years. The City's unfunded actuarial liability is being amortized as a level dollar on an open basis over 30 years.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial valuation of assets	Actuarial Accrued Liability Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2008	-	16,679,604	16,679,604	0.0%	9,671,106	172.5%
7/1/2010	-	25,903,348	25,903,348	0.0%	9,379,696	276.2%
7/1/2012	-	22,993,288	22,993,288	0.0%	9,026,000	254.7%
6/30/2015	-	20,985,523	20,985,523	0.0%	9,120,000	230.1%

15) Joint Venture

On February 1, 2000, the Calcasieu Parish Police Jury, the West Calcasieu Port, Harbor, and Terminal District and the Industrial Development Board of the City of Sulphur entered into an amended joint service agreement with the West Calcasieu Airport Managing Board as to the development and operations of the West Calcasieu Airport Managing Board (Airport). The City owns 49.16% of the Airport. Total assets of the Airport were $4,863,188 and $4,088,000, and total liabilities were $240,809 and $173,699 as of June 30, 2016 and 2015, respectively. The Net Position of the Board increased $239,542 for year ending June 30, 2016 and decreased $139,827 for the year ending June 30, 2015. The investment is accounted for using the equity method. Financial statements can be obtained by contacting the Director of Finance for the City of Sulphur, Louisiana.

16) Subsequent Events

The City evaluated its June 30, 2016 financial statements for subsequent events through the date of the financial were available to be issued. The City is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF SULPHUR, LOUISIANA

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For The Year Ended June 30, 2016

	Budget				Variance Favorable
	Original	Amendments	Final	Actual	(Unfavorable)
REVENUES					
Taxes:					
Sales	$ 12,730,000	$ 1,100,000	$ 13,830,000	$ 14,205,561	$ 375,561
Property	2,061,500	-	2,061,500	2,207,503	146,003
Franchise	1,520,000	-	1,520,000	1,328,163	(191,837)
Licenses and permits	1,029,000	-	1,029,000	1,129,507	100,507
Intergovernmental	1,402,000	125,000	1,527,000	1,516,432	(10,568)
Charges for services	1,491,000	-	1,491,000	1,429,057	(61,943)
Fines and forfeitures	175,500	-	175,500	211,303	35,803
Investment earnings	35,800	-	35,800	254,436	218,636
Other	150,500	-	150,500	208,837	58,337
Total Revenues	20,595,300	1,225,000	21,820,300	22,490,799	670,499
EXPENDITURES					
Current:					
General Government:					
General and administrative	3,574,788	(70,398)	3,504,390	3,278,794	225,596
Animal control	356,491	-	356,491	391,673	(35,182)
Code enforcement	151,007	-	151,007	192,215	(41,208)
Shop	372,341	-	372,341	358,658	13,683
Public safety:		-			
Police	5,770,933	-	5,770,933	5,410,238	360,695
Fire	5,632,035	12,000	5,644,035	6,031,615	(387,580)
Inspection	601,007	-	601,007	554,461	46,546
Streets and grounds	3,971,155	-	3,971,155	3,410,267	560,888
Total Expenditures	20,429,757	(58,398)	20,371,359	19,627,921	743,438
Excess (deficiency) of revenues over expenditures	165,543	1,283,398	1,448,941	2,862,878	1,413,937
OTHER FINANCING SOURCES (USES)					
Transfers in (out)	(462,500)	-	(462,500)	(462,500)	-
Total other financing sources (uses)	(462,500)	-	(462,500)	(462,500)	-
Net change in fund balance	(296,957)	1,283,398	986,441	2,400,378	1,413,937
Fund balance - beginning	7,669,063		7,669,063	7,669,063	
Fund balance, ending	$ 7,372,106		$ 8,655,504	$ 10,069,441	

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

CITY OF SULPHUR, LOUISIANA

OTHER POSTEMPLOYMENT BENEFITS (OPEB)
SCHEDULE OF FUNDING PROGRESS
For The Year Ended June 30, 2016

Actuarial Valuation Date	Actuarial valuation of assets	Actuarial Accrued Liability Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2008	-	16,679,604	16,679,604	0.0%	9,671,106	172.5%
7/1/2010	-	25,903,348	25,903,348	0.0%	9,379,696	276.2%
7/1/2012	-	22,993,288	22,993,288	0.0%	9,026,000	254.7%
6/30/2015	-	20,985,523	20,985,523	0.0%	9,120,000	230.1%

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

CITY OF SULPHUR, LOUISIANA

SCHEDULE OF EMPLOYER'S PROPORTONATE SHARE OF THE NET PENSION LIABILITY
For The Year Ended June 30, 2016

Fiscal Year	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability as a % of it's Covered Employee Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
MERS:					
2016	2.2872%	$ 8,170,330	$ 3,894,754	209.8%	66.2%
2015	2.1883%	$ 5,616,099	$ 3,903,741	143.9%	74.0%
2014	2.2683%	$ 7,030,292	$ 3,767,852	186.6%	68.0%
MPERS:					
2016	0.9302%	$ 7,286,894	$ 2,344,615	310.8%	70.7%
2015	0.9305%	$ 5,821,009	$ 2,484,769	234.3%	75.1%
2014	0.9149%	$ 7,308,743	$ 2,443,463	299.1%	66.7%
FRS:					
2016	1.3671%	$ 7,378,187	$ 2,861,741	257.8%	72.4%
2015	1.3750%	$ 6,118,831	$ 2,905,260	210.6%	76.0%
2014	1.2993%	$ 6,739,925	$ 2,599,211	259.3%	70.7%
LASER:					
2016	0.0026%	$ 78,966	$ 26,138	302.1%	62.7%
2015	0.0012%	$ 74,785	$ 23,305	320.9%	65.0%
2014	0.0012%	$ 88,071	$ 23,305	377.9%	58.6%

The schedule is intended to report information for 10 years. Additional years will be displayed as they become available. The amounts presented have a measurement date of the previous fiscal year.

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

CITY OF SULPHUR, LOUISIANA

SCHEDULE OF EMPLOYER'S PENSION CONRIBUTIONS
For The Year Ended June 30, 2016

Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
MERS:					
2016	$ 750,673	$ 750,673	$ -	$ 3,894,754	19.3%
2015	$ 770,989	$ 770,989	$ -	$ 3,903,741	19.8%
2014	$ 706,472	$ 706,472	$ -	$ 3,767,852	18.7%
2013	$ 625,350	$ 625,350	$ -	$ 3,678,530	17.0%
MPERS:					
2016	$ 785,446	$ 785,446	$ -	$ 2,344,615	33.5%
2015	$ 783,761	$ 783,761	$ -	$ 2,484,769	31.5%
2014	$ 766,630	$ 766,630	$ -	$ 2,473,001	31.0%
2013	$ 777,444	$ 777,444	$ -	$ 2,507,885	31.0%
FRS:					
2016	$ 894,294	$ 894,294	$ -	$ 2,861,741	31.2%
2015	$ 849,789	$ 849,789	$ -	$ 2,905,260	29.3%
2014	$ 734,277	$ 734,277	$ -	$ 2,599,211	28.2%
2013	$ 635,207	$ 635,207	$ -	$ 2,646,382	24.0%
LASER:					
2016	$ 9,671	$ 9,671	$ -	$ 26,138	37.0%
2015	$ 9,670	$ 9,670	$ -	$ 23,305	41.5%
2014	$ 8,460	$ 8,460	$ -	$ 23,305	36.3%
2013	$ 8,110	$ 8,110	$ -	$ 23,305	34.8%

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

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

OTHER SUPPLEMENTAL INFORMATION

CITY OF SULPHUR, LOUISIANA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Debt Service Funds	Drug Seizure Funds	Nonmajor Governmental Funds Total
ASSETS			
Cash and cash equivalents	$ 122,800	$ 325,740	$ 448,540
Receivables (net of allowance for uncollectibles)	81,795	-	81,795
Total assets	$ 204,595	$ 325,740	$ 530,335
LIABILITIES			
Accounts payable	$ 29,099	$ 321	$ 29,420
Total liabilities	29,099	321	29,420
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-special assessments	85,718	-	85,718
Total deferred inflow of resources	85,718	-	85,718
FUND BALANCES			
Restricted:			
Debt service reserves	89,778	-	89,778
Law enforcement	-	325,419	325,419
Total fund balance	89,778	325,419	415,197
Total liabilities, deferred inflows, and fund balances	$ 204,595	$ 325,740	$ 530,335

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

CITY OF SULPHUR, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For The Year Ended June 30, 2016

	Debt Service Funds	Drug Seizure Funds	Nonmajor Governmental Funds Total
REVENUES			
Fines and forfeitures	$ -	$ 113,670	$ 113,670
Assessment levies	45,356	-	45,356
Investment earnings	735	2,634	3,369
Interest on assessments	3,485	-	3,485
Other income	-	3,304	3,304
Total revenues	49,576	119,608	169,184
EXPENDITURES			
Police	-	360,150	360,150
Debt service:			
Principal retirement	51,718	-	51,718
Interest and fiscal charges	7,621	-	7,621
Total expenditures	59,339	360,150	419,489
Excess (deficiency) of revenues over expenditures	(9,763)	(240,542)	(250,305)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	-	-	-
Total other financing sources and (uses)	-	-	-
Net change in fund balances	(9,763)	(240,542)	(250,305)
Fund balances, beginning	99,541	565,961	665,502
Fund balances, ending	$ 89,778	$ 325,419	$ 415,197

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

COMPLIANCE AND INTERNAL CONTROL REPORTS

STEVEN M. DEROUEN & ASSOCIATES

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Member Louisiana Society of Certified Public Accountants

INDEPENDENT AUDITOR'S 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 Chris Duncan, Mayor
And City Council Members
City of Sulphur, Louisiana

I have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Sulphur, Louisiana, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Sulphur, Louisiana's basic financial statements, and have issued our report thereon dated December 27, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Sulphur, Louisiana's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Steven M. DeRouen & Associates

Lake Charles, Louisiana
December 27, 2016

CITY OF SULPHUR, LOUISIANA
Schedule of Findings and Questioned Cost
Year Ended June 30, 2016

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued			Unmodified on Primary Government
Internal control over financial reporting:			
Material weaknesses identified?	___ Yes	x No	
Significant deficiencies identified not considered to be material weaknesses?	___ Yes	x None reported	
Noncompliance material to financial statements noted?	___ Yes	x No	

CITY OF SULPHUR, LOUISIANA
Corrective Action Plan for Current Year Findings
Year Ended June 30, 2016

Internal Control:

None noted.

Compliance:

None noted.

CITY OF SULPHUR, LOUISIANA
Schedule of Prior Year Findings
Year Ended June 30, 2015

Section I – Internal Control and Compliance Material to the Financial Statements – none.

Section II – Internal Control and Compliance Material to Federal Awards- none reported.

Section III – Management Letter. The prior year report did not include a management letter.

CITY OF SULPHUR, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
For The Year Ended June 30, 2016

Agency Head: Christopher L. Duncan, Mayor

Purpose	Amount
Salary	80,500
Benefits-insurance (Health and Life)	5,503
Benefits-retirement	15,800
Benefits- Health Savings Account (H.S.A)	1,750
Benefits-Medicare	1,052
Benefits- Workers Comp	3,832
Registration fees	668
Conference travel	1,007
Special meals	-