

CITY OF WESTWEGO, LOUISIANA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2017

CITY OF WESTWEGO, LOUISIANA
 DECEMBER 31, 2017
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Westwego, Louisiana, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Westwego, Louisiana's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Westwego, Louisiana, as of December 31, 2017, 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, the budgetary comparison information, schedule of funding progress, net pension liability and employer contributions on pages 4-10 and 60-67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Westwego, Louisiana's basic financial statements. The combining and individual non-major fund financial statements, the Schedule of Compensation of Paid Elected Officials, and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, the Schedule of Compensation of Paid Elected Officials, and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, 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 our opinion, the combining and individual non-major fund financial statements, the Schedule of Compensation of Paid Elected Officials, and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, 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*, we have also issued our report dated June 29, 2018, on our consideration of the City of Westwego, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the City of Westwego, Louisiana's internal control over financial reporting and compliance.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
June 29, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

Our discussion and analysis of the City of Westwego's financial performance provides an overview of the financial activities as of and for the fiscal year ended December 31, 2017. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Government-wide Financial Statements) provide information about the activities as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in short term as well as what remains for future spending. Fund financial statements also report the operation in more detail than the government-wide statements by providing information about the most significant funds.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

Fund Financial Statements - continued

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

Governmental Funds

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

Proprietary Funds

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water and Sewerage departments. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewerage departments, which are considered to be major funds of the City. The basic proprietary fund financial statements can be found on pages 17-19.

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

FINANCIAL HIGHLIGHTS

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

- As of December 31, 2017 assets exceeded liabilities by \$40,310,931 (net position) for the fiscal year reported.

- Total net position is comprised of the following:
 - (1) Investment in capital assets of \$46,288,043 including the cost of land, buildings, office equipment, furniture, and fixtures, and automobiles, net of accumulated depreciation reduced by outstanding bonds or notes attributable to the acquisition, construction, or improvement of those assets.
 - (2) Unrestricted net position of \$(9,607,664).
 - (3) Restricted net position of \$3,630,552 representing the portion restricted for specific purposes.

- The governmental fund reported total ending fund balance of \$3,928,797, which was classified as \$170,426 nonspendable, \$1,006,729 restricted, \$1,432,908 committed for future spending, \$940,855 assigned, and \$377,879 unassigned. This compares to the prior year ending fund balance of \$3,882,106 showing an increase of \$46,691 during the current year.

- Total expenses for all governmental activities, not including transfers, was \$12,107,385 for the year, which was \$5,474,576 more than the program revenues for the activities - \$6,632,809.

The Statement of Net Position and the Statement of Activities report two types of activities - governmental and business type activities.

FINANCIAL ANALYSIS OF THE CITY OF WESTWEGO AS A WHOLE

The City's net position increased by \$3,753,631 as a result of this year's operations. Net position invested in capital assets absorbed most of the increase this year. The balance in net position represents the accumulated results of all past years' operations.

The City's total revenues for the year in governmental activities were \$14,456,443 (\$6,632,809 in charges for services and \$7,823,634 in general revenues). The total cost of all governmental activities, not including transfers, was \$12,107,385.

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

The following is the City's government wide financial information for the current and prior years in condensed form. Further details regarding these statements may be found on pages 11 and 12.

CITY OF WESTWEGO, LOUISIANA CONDENSED STATEMENT OF NET POSITION
DECEMBER 31, 2017 AND 2016

	<u>Governmental Activities 2017</u>	<u>Business-Type Activities 2017</u>	<u>Total 2017</u>	<u>Governmental Activities 2016</u>	<u>Business-Type Activities 2016</u>	<u>Total 2016</u>
Assets:						
Current and other assets	\$ 5,649,175	\$ 2,844,035	\$ 8,493,210	\$ 5,686,399	\$ 2,633,305	\$ 8,319,704
Capital assets, net	<u>32,290,923</u>	<u>16,249,055</u>	<u>48,539,978</u>	<u>30,506,387</u>	<u>14,531,096</u>	<u>45,037,483</u>
Total assets	<u>37,940,098</u>	<u>19,093,090</u>	<u>57,033,188</u>	<u>36,192,786</u>	<u>17,164,401</u>	<u>53,357,187</u>
Deferred outflows of resources	<u>1,912,804</u>	<u>388,009</u>	<u>2,300,813</u>	<u>2,998,650</u>	<u>470,113</u>	<u>3,468,763</u>
Liabilities:						
Current liabilities	1,707,798	1,990,170	3,697,968	1,790,193	1,988,302	3,778,495
Long term liabilities	<u>10,806,325</u>	<u>3,462,344</u>	<u>14,268,669</u>	<u>12,011,409</u>	<u>3,640,330</u>	<u>15,651,739</u>
Total liabilities	<u>12,514,123</u>	<u>5,452,514</u>	<u>17,966,637</u>	<u>13,801,602</u>	<u>5,628,632</u>	<u>19,430,234</u>
Deferred inflows of resources	<u>993,330</u>	<u>63,103</u>	<u>1,056,433</u>	<u>796,218</u>	<u>42,198</u>	<u>838,416</u>
Net Position:						
Invested in capital assets	32,290,923	13,997,120	46,288,043	30,506,387	12,134,161	42,640,548
Restricted	3,380,492	250,060	3,630,552	3,191,464	233,620	3,425,084
Unrestricted	<u>(9,325,966)</u>	<u>(281,698)</u>	<u>(9,607,664)</u>	<u>(9,104,235)</u>	<u>(404,097)</u>	<u>(9,508,332)</u>
Total net position	<u>\$26,345,449</u>	<u>\$13,965,482</u>	<u>\$40,310,931</u>	<u>\$24,593,616</u>	<u>\$11,963,684</u>	<u>\$36,557,300</u>

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

CITY OF WESTWEGO, LOUISIANA CONDENSED STATEMENT OF ACTIVITIES
AND CHANGES IN NET POSITION
DECEMBER 31, 2017 AND 2016

	<u>Governmental Activities 2017</u>	<u>Business-Type Activities 2017</u>	<u>Total 2017</u>	<u>Governmental Activities 2016</u>	<u>Business-Type Activities 2016</u>	<u>Total 2016</u>
Revenues:						
Program revenues						
Charges for services	\$ 3,029,345	\$ 1,947,359	\$ 4,976,704	\$ 3,149,165	\$ 1,979,035	\$ 5,128,200
Operating grants, contributions and transfers in	1,143,956	597,225	1,741,181	1,289,010	870,107	2,159,117
Capital grants and contributions	2,459,508	2,095,264	4,554,772	2,206,235	1,104,713	3,310,948
General revenues						
Property taxes	1,843,411	-0-	1,843,411	1,786,463	-0-	1,786,463
Franchise taxes	261,637	-0-	261,637	266,784	-0-	266,784
Sales taxes	2,408,480	-0-	2,408,480	2,265,627	-0-	2,265,627
Alcoholic beverage tax	12,249	-0-	12,249	12,994	-0-	12,994
Boarding fee	1,986,069	-0-	1,986,069	1,976,339	-0-	1,976,339
Occupational licenses	408,705	-0-	408,705	414,906	-0-	414,906
Investment earnings	2,540	1,018	3,558	3,554	794	4,348
Gain (loss) on sale of assets	(45,629)	-0-	(45,629)	68,849	(151,473)	(82,624)
Miscellaneous	946,172	-0-	946,172	1,535,467	-0-	1,535,467
Total revenues	<u>14,456,443</u>	<u>4,640,866</u>	<u>19,097,309</u>	<u>14,975,393</u>	<u>3,803,176</u>	<u>18,778,569</u>
Expenses and transfers out:						
General government	4,538,463	-0-	4,538,463	5,247,676	-0-	5,247,676
Public safety	5,999,618	-0-	5,999,618	6,193,996	-0-	6,193,996
Public works	365,895	-0-	365,895	375,826	-0-	375,826
Sanitation	628,969	-0-	628,969	620,505	-0-	620,505
Health	333,071	-0-	333,071	310,703	-0-	310,703
Recreation	241,369	-0-	241,369	272,697	-0-	272,697
Transfers out	597,225	-0-	597,225	870,107	0-	870,107
Water and sewerage	-0-	2,639,068	2,639,068	-0-	2,913,825	2,913,825
Total expenses and transfers out	<u>12,704,610</u>	<u>2,639,068</u>	<u>15,343,678</u>	<u>13,891,510</u>	<u>2,913,825</u>	<u>16,805,335</u>
Changes in net position	1,751,833	2,001,798	3,753,631	1,083,883	889,351	1,973,234
Net position – Beginning of Year	<u>24,593,616</u>	<u>11,963,684</u>	<u>36,557,300</u>	<u>23,509,733</u>	<u>11,074,333</u>	<u>34,584,066</u>
Net position – End of Year	<u>\$26,345,449</u>	<u>\$13,965,482</u>	<u>\$40,310,931</u>	<u>\$24,593,616</u>	<u>\$11,963,684</u>	<u>\$36,557,300</u>

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

FINANCIAL ANALYSIS OF THE CITY OF WESTWEGO'S FUNDS

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

As the City completed the year, its governmental fund reported a fund balance of \$3,928,797. This reflects an increase of \$46,691 from last year. This increase is the net result of decreases primarily the result of traffic fines of \$198,664 and increases primarily the result of a decrease in transfers to proprietary funds of approximately \$272,882.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund's December 31, 2017 fund balance was revised by \$1,051,437. Major budget amendments were approved as follows:

- (A) Budgeted revenues were decreased by \$6,573,482. This decrease was due primarily to a net decrease in grant revenue, of \$6,847,287 and traffic fines of \$271,791 and a net increase in intergovernmental, FEMA reimbursements and Parish sales tax of \$560,283.
- (B) Budgeted expenditures decreased \$7,624,919 mainly due to a decrease in capital expenditures of approximately \$7,523,071 and a decrease in transfers to other funds of \$173,554.

CAPITAL ASSETS

Capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2017 was \$32,290,923.

This year there were \$3,004,392 of additions and \$383,110 deletions to governmental activities' capital assets. More detailed information about the capital assets is presented in Note 3 to the financial statements.

DEBT

At year-end, the City of Westwego had \$92,668 of long-term compensated absences, \$1,595,698 of other post-employment benefits, \$10,478,368 of net pension liability and \$2,251,935 due to the Municipal Facilities Revolving Loan Fund.

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

The December 31, 2018 budget assumes there will be no significant changes in the City's operations and is based on the assumption that operating expenditures will be reduced through increased management efficiency.

Salaries are budgeted for the year ending December 31, 2018 at an increase of 2% over the year ending December 31, 2017 in anticipation of raises. The expense categories affected by payroll increases are increased accordingly. Health insurance expense is budgeted at 2017 levels for the year ending December 31, 2018 due to increased premiums being absorbed by employees. General Fund Capital expenditures are budgeted as \$8,053,507 for the year ending December 31, 2018 and grant revenue is budgeted as \$6,439,945 for the year ending December 31, 2018.

CONTACTING FINANCIAL MANAGEMENT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WESTWEGO, LOUISIANA
STATEMENT OF NET POSITION
December 31, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total (Memorandum Only)</u>
ASSETS			
Cash and cash equivalents	\$ 2,559,919	\$ 740,797	\$ 3,300,716
Prepaid insurance	170,426	-0-	170,426
Receivables, net	1,364,361	341,964	1,706,325
Due from other governments	1,480,369	257,232	1,737,601
Internal balances	74,100	1,098,340	1,172,440
Restricted cash and cash equivalents	-0-	405,702	405,702
Capital assets, net	<u>32,290,923</u>	<u>16,249,055</u>	<u>48,539,978</u>
Total assets	<u>37,940,098</u>	<u>19,093,090</u>	<u>57,033,188</u>
Deferred Outflows of Resources -			
Pension related	<u>1,912,804</u>	<u>388,009</u>	<u>2,300,813</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	1,271,470	359,414	1,630,884
Accounts payable-cash overdraft	-0-	92,853	92,853
Accrued liabilities	436,328	59,821	496,149
Internal balances	-0-	1,172,440	1,172,440
Utility deposits	-0-	155,642	155,642
Current portion of loan payable	-0-	150,000	150,000
Non-Current Liabilities:			
Long-term accrued liabilities	80,186	12,482	92,668
Other post-employment benefits	1,595,698	-0-	1,595,698
Net pension liability	9,130,441	1,347,927	10,478,368
Loans payable	<u>-0-</u>	<u>2,101,935</u>	<u>2,101,935</u>
Total liabilities	<u>12,514,123</u>	<u>5,452,514</u>	<u>17,966,637</u>
Deferred Inflows of Resources			
Pension related	980,750	63,103	1,043,853
Brake tags	<u>12,580</u>	<u>-0-</u>	<u>12,580</u>
Total Deferred Inflows of Resources	<u>993,330</u>	<u>63,103</u>	<u>1,056,433</u>
NET POSITION			
Invested in capital assets	32,290,923	13,997,120	46,288,043
Restricted	3,380,492	250,060	3,630,552
Unrestricted	<u>(9,325,966)</u>	<u>(281,698)</u>	<u>(9,607,664)</u>
Total net position	<u>\$ 26,345,449</u>	<u>\$ 13,965,482</u>	<u>\$ 40,310,931</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total (Memorandum Only)
Governmental Activities:							
General government	\$ 4,538,463	\$ 133,392	\$ 466,954	\$ 143,947	\$(3,794,170)	\$ -0-	\$(3,794,170)
Public safety	5,999,618	2,100,481	677,002	2,180,234	(1,041,901)	-0-	(1,041,901)
Public works	365,895	-0-	-0-	-0-	(365,895)	-0-	(365,895)
Sanitation	628,969	704,954	-0-	-0-	75,985	-0-	75,985
Health	333,071	90,518	-0-	51,663	(190,890)	-0-	(190,890)
Recreation	241,369	-0-	-0-	83,664	(157,705)	-0-	(157,705)
Total governmental activities	<u>12,107,385</u>	<u>3,029,345</u>	<u>1,143,956</u>	<u>2,459,508</u>	<u>(5,474,576)</u>	<u>-0-</u>	<u>(5,474,576)</u>
Business-Type Activities:							
Water	1,154,755	769,403	-0-	2,095,264	-0-	1,709,912	1,709,912
Sewerage	1,484,313	1,177,956	-0-	-0-	-0-	(306,357)	(306,357)
Total business-type activities	<u>2,639,068</u>	<u>1,947,359</u>	<u>-0-</u>	<u>2,095,264</u>	<u>-0-</u>	<u>1,403,555</u>	<u>1,403,555</u>
Total	<u>14,746,453</u>	<u>4,976,704</u>	<u>1,143,956</u>	<u>4,554,772</u>	<u>(5,474,576)</u>	<u>1,403,555</u>	<u>(4,071,021)</u>
General Revenues:							
Taxes:							
Property taxes					1,843,411	-0-	1,843,411
Franchise taxes					261,637	-0-	261,637
Sales taxes					2,408,480	-0-	2,408,480
Alcoholic beverage tax					12,249	-0-	12,249
Boarding fee					1,986,069	-0-	1,986,069
Occupational licenses					408,705	-0-	408,705
Investment earnings					2,540	1,018	3,558
Gain (Loss) on sale of assets					(45,629)	-0-	(45,629)
Miscellaneous					946,172	-0-	946,172
Transfers					(597,225)	597,225	-0-
Total general revenues and transfers					<u>\$ 7,226,409</u>	<u>\$ 598,243</u>	<u>\$ 7,824,652</u>
Changes in net position					1,751,833	2,001,798	3,753,631
Net position - Beginning of Year					24,593,616	11,963,684	36,557,300
Net position - End of the Year					<u>\$26,345,449</u>	<u>\$ 13,965,482</u>	<u>\$ 40,310,931</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF WESTWEGO, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2017

ASSETS

	<u>General Fund</u>
Cash and cash equivalents	\$ <u>2,559,919</u>
Prepaid insurance	<u>170,426</u>
Receivables, net:	
Property taxes	523,719
Other accounts	<u>840,642</u>
	<u>1,364,361</u>
Due from other governments:	
Parish of Jefferson	516,993
State of Louisiana	961,299
U. S. Government	<u>2,077</u>
	<u>1,480,369</u>
Due from/to other funds, net	<u>74,100</u>
Total assets	\$ <u>5,649,175</u>

LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 1,271,470
Accrued liabilities	<u>436,328</u>
Total liabilities	<u>1,707,798</u>
Deferred Inflows of Resources	<u>12,580</u>
Fund balance:	
Nonspendable (prepaid insurance)	170,426
Restricted for street lighting	6,044
Restricted for public safety	639,332
Restricted for future spending Sala Ave	225,000
Restricted for future spending City Hall	136,353
Committed for future spending emergencies	614,088
Committed for future spending police department	553,379
Committed for future spending Non-recurring expense	265,441
Assigned for Waterworks deficit	940,855
Unassigned	<u>377,879</u>
Total fund balance	<u>3,928,797</u>
Total liabilities, deferred inflows of resources and fund balance	\$ <u>5,649,175</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUND BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2017

Total fund balance of the governmental fund
at December 31, 2017 \$ 3,928,797

Amounts reported for governmental activities
in the Statement of Net Position are
different because:

The deferred outflows of contributions for
the City's employees' retirement systems
are not available resources and, therefore,
are not reported in the governmental funds. 1,912,804

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

Land and building	34,964,784	
Machinery and equipment	<u>10,106,007</u>	
	45,070,791	
Less accumulated depreciation	<u>(12,779,868)</u>	

Capital assets, net 32,290,923

Long-term liabilities are not due and
payable in the current period and, therefore,
are not reported in the governmental funds:

Pension liability	(9,130,441)	
Compensated absences payable	(80,186)	
Other post-employment benefits	<u>(1,595,698)</u>	(10,806,325)

The deferred inflows of contributions for
the City's employees' retirement systems
are not payable from current expendable
resources and, therefore, are not reported
in the governmental funds. (980,750)

Net position of governmental activities at
December 31, 2017 \$26,345,449

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE-GOVERNMENTAL FUND
Year Ended December 31, 2017

	<u>General Fund</u>
Revenues:	
Taxes	\$ 4,425,221
Licenses and permits	755,451
Intergovernmental	5,733,318
Charges for services	715,273
Fines	1,699,302
Miscellaneous	<u>1,004,933</u>
Total revenues	<u>14,333,498</u>
Expenditures:	
Current:	
General government	3,929,301
Public safety	5,363,791
Public works	260,212
Sanitation	628,969
Health	313,207
Recreation	189,710
Capital outlay	<u>3,004,392</u>
Total expenditures	<u>13,689,582</u>
Excess of revenues over expenditures	<u>643,916</u>
Other financing uses:	
Transfer to Proprietary Funds	<u>597,225</u>
Excess of revenues over expenditures and other financing uses	<u>46,691</u>
Fund balance - beginning of year	<u>3,882,106</u>
Fund balance - end of year	<u>\$ 3,928,797</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

Total net change in fund balance at December 31, 2017 per Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund	\$ 46,691
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Amounts reported in governmental activities
in the government-wide Statement of
Activities are different because:

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

Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 3,004,392	
Depreciation expense for the year ended December 31, 2017	(1,137,863)	
Disposition of assets, net	(81,993)	1,784,536

Some revenues are not considered measurable at
year end, they are not considered "available"
revenues in the governmental funds.

Non-employer pension contributions	204,938
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Some items reported in the statement of activities
do not require the use of current financial
resources and, therefore, are not reported
as expenditures in governmental funds. These
activities consist of:

Excess of long-term compensated absences earned over compensated absences used	(5,533)	
Pension expense	(306,228)	
Decrease in other post-employment benefits	27,429	(284,332)

Total change in net position of governmental activities	<u>\$ 1,751,833</u>
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The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 December 31, 2017

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)
	Water	Sewerage	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 272,074	\$ 468,723	\$ 740,797
Accounts receivable - customers	124,786	217,178	341,964
Due from other funds	-0-	1,098,340	1,098,340
Due from other governments	<u>257,232</u>	<u>-0-</u>	<u>257,232</u>
Total Current Assets	<u>654,092</u>	<u>1,784,241</u>	<u>2,438,333</u>
Restricted assets:			
Customers' deposits fund:			
Cash and cash equivalents	155,642	-0-	155,642
Sewer revenue bond fund:			
Cash and cash equivalents	<u>-0-</u>	<u>250,060</u>	<u>250,060</u>
Total Restricted Assets	<u>155,642</u>	<u>250,060</u>	<u>405,702</u>
Capital assets:			
Property, plant, and equipment, at cost less accumulated depreciation	<u>7,987,478</u>	<u>8,261,577</u>	<u>16,249,055</u>
Total Assets	<u>8,797,212</u>	<u>10,295,878</u>	<u>19,093,090</u>
Deferred Outflows of Resources - Pension related	<u>269,785</u>	<u>118,224</u>	<u>388,009</u>
LIABILITIES AND NET POSITION			
Current liabilities (payable from current assets):			
Accounts payable	315,269	44,145	359,414
Accounts payable-cash overdraft	92,853	-0-	92,853
Accrued liabilities	14,384	45,437	59,821
Due to other funds	1,172,440	-0-	1,172,440
Current portion of loan payable	-0-	150,000	150,000
Current liabilities (payable from restricted assets):			
Customers' deposits	<u>155,642</u>	<u>-0-</u>	<u>155,642</u>
Total Current Liabilities	<u>1,750,588</u>	<u>239,582</u>	<u>1,990,170</u>
Non-Current liabilities:			
Accrued liabilities	2,944	9,538	12,482
Net Pension liability	899,699	448,228	1,347,927
Loan payable	<u>-0-</u>	<u>2,101,935</u>	<u>2,101,935</u>
Total Non-Current Liabilities	<u>902,643</u>	<u>2,559,701</u>	<u>3,462,344</u>
Total Liabilities	<u>2,653,231</u>	<u>2,799,283</u>	<u>5,452,514</u>
Deferred Inflows of Resources - Pension related	<u>39,081</u>	<u>24,022</u>	<u>63,103</u>
022			
Net position:			
Invested in capital assets	7,987,478	6,009,642	13,997,120
Restricted capital projects	-0-	250,060	250,060
Unrestricted (deficit)	<u>(1,612,793)</u>	<u>1,331,095</u>	<u>(281,698)</u>
Total Net Position	<u>\$ 6,374,685</u>	<u>\$ 7,590,797</u>	<u>\$13,965,482</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 Year Ended December 31, 2017

	Business-Type Activities		Total (Memorandum Only)
	Enterprise Funds		
	Water	Sewerage	
Operating Revenues:			
Charges for services	\$ <u>769,403</u>	\$ <u>1,177,956</u>	\$ <u>1,947,359</u>
Operating Expenses:			
Salaries and wages	258,464	320,689	579,153
Security	-0-	21,960	21,960
Water purchased	308,348	-0-	308,348
Maintenance	74,465	125,398	199,863
Power	5,752	128,435	134,187
Chemicals	1,234	20,028	21,262
Medical insurance	26,664	47,001	73,665
General insurance	136,319	158,226	294,545
Truck expense	389	10,419	10,808
Office supplies and postage	11,396	12,111	23,507
Pension plan	116,587	108,287	224,874
Bad debts	2,183	8,419	10,602
Telephone	1,321	3,501	4,822
Tenure awards	675	3,350	4,025
Professional fees	58,899	58,899	117,798
Depreciation	106,519	346,149	452,668
Other	<u>45,540</u>	<u>58,556</u>	<u>104,096</u>
Total operating expenses	<u>1,154,755</u>	<u>1,431,428</u>	<u>2,586,183</u>
Net operating loss	<u>(385,352)</u>	<u>(253,472)</u>	<u>(638,824)</u>
Non-Operating Revenues/(Expenses)			
Interest income	474	544	1,018
Interfund transfer	389,311	207,914	597,225
Grant revenue	2,095,264	-0-	2,095,264
Loss on disposition of assets	-0-	-0-	-0-
Interest and administrative expense	<u>-0-</u>	<u>(52,885)</u>	<u>(52,885)</u>
Total non-operating revenues/(expenses)	<u>2,485,049</u>	<u>155,573</u>	<u>2,640,622</u>
Change in Net Position	2,099,697	(97,899)	2,001,798
Net Position-Beginning of Year	<u>4,274,988</u>	<u>7,688,696</u>	<u>11,963,684</u>
Net Position-End of Year	<u>\$ 6,374,685</u>	<u>\$ 7,590,797</u>	<u>\$13,965,482</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 Year Ended December 31, 2017

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)
	Water	Sewerage	
Cash flows from Operating Activities:			
Receipts from customers	\$ 751,022	\$ 1,158,145	\$ 1,909,167
Payments to suppliers	(720,261)	(712,846)	(1,433,107)
Payment to employees	(218,321)	(321,814)	(540,135)
Other receipts (payments)	<u>3,013</u>	<u>-0-</u>	<u>3,013</u>
Net cash provided (used) by operating activities	<u>(184,547)</u>	<u>123,485</u>	<u>(61,062)</u>
Cash Flows from Noncapital Financing Activities:			
Transfers from other funds	389,311	207,914	597,225
Decrease in due to other funds	(171,359)	-0-	(171,359)
Increase in due from other funds	<u>-0-</u>	<u>271,542</u>	<u>271,542</u>
Net cash provided by Noncapital financing activities	<u>217,952</u>	<u>479,456</u>	<u>697,408</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of property, plant, and equipment	(2,031,484)	(30,070)	(2,061,554)
Payments from capital debt	-0-	(145,000)	(145,000)
Grant revenue, insurance reimbursement, legal settlement	2,010,237	-0-	2,010,237
Interest and administrative expense paid on capital debt	<u>-0-</u>	<u>(53,128)</u>	<u>(53,128)</u>
Net cash (used) by capital and related financing activities	<u>(21,247)</u>	<u>(228,198)</u>	<u>(249,445)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>474</u>	<u>544</u>	<u>1,018</u>
Net cash provided by investing activities	<u>474</u>	<u>544</u>	<u>1,018</u>
Net increase in cash	12,632	375,287	387,919
Cash and Cash Equivalents:			
Beginning of year	415,084	343,496	758,580
End of year	<u>\$ 427,716</u>	<u>\$ 718,783</u>	<u>\$ 1,146,499</u>
Classification of Cash at End of Year:			
Current assets	\$ 272,074	\$ 468,723	\$ 740,797
Restricted assets	<u>155,642</u>	<u>250,060</u>	<u>405,702</u>
	<u>\$ 427,716</u>	<u>\$ 718,783</u>	<u>\$ 1,146,499</u>
Reconciliation of Operating Loss to Net Cash provided (used) by Operating Activities:			
Operating loss	\$ (385,352)	\$ (253,472)	\$ (638,824)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:			
Depreciation	106,519	346,149	452,668
Pension related	43,150	40,079	83,229
(Increase) in accounts receivable customers	(6,728)	(2,597)	(9,325)
Increase(decrease) in accounts payable	108,425	(8,899)	99,526
Increase (decrease) in accrued liabilities	(53,574)	2,225	(51,349)
Increase in customer deposits	<u>3,013</u>	<u>-0-</u>	<u>3,013</u>
Net cash provided (used) by operating activities	<u>\$ (184,547)</u>	<u>\$ 123,485</u>	<u>\$ (61,062)</u>

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
December 31, 2017

INTRODUCTION

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

Westwego Housing Authority
Westwego Volunteer Fire Company #1

B. Basis of Presentation

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

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

B. Basis of Presentation - continued

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements (FFS)

The City uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund might be considered major if it is the primary operating fund of the City or its total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds. At December 31, 2017, the City had only one governmental fund, its General Fund, and two proprietary funds, its Waterworks and Sewerage Enterprise Funds. The City's funds are described as follows:

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

B. Basis of Presentation - continued

Governmental Fund

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

Proprietary Funds - Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business-type activities are accounted for through proprietary funds. The measurement focus is on the determination of net income, financial position, and cash flows. Operating expenses include costs of services as well as materials, contracts, personnel, and dedication. The business-type activities and the proprietary fund financial statements follow guidance included in GASB Statement No. 62 - Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

C. Measurement Focus/Basis of Accounting

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

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

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

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

D. Budgets and Budgetary Accounting

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

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

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

C. Budgets and Budgetary Accounting - continued

3. Prior to December 31, the budget is legally enacted through passage of an ordinance. In the event the budget is not adopted by December 31, the temporary budget for the ensuing year is based on 50% of the expenditures of the prior year. The original budget for the year ended December 31, 2017 is as adopted on November 14, 2016 and the amended budget as adopted on December 13, 2017.
4. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. The adopted operating budget of expenditures operates as an appropriation and amounts are available for expenditure only to the extent included within the budget. At the end of the fiscal year, the unexpended balance of each appropriation reverts to the respective fund from which it was appropriated and is subject to future appropriation. Outstanding encumbrances which are not canceled are included as part of the next year's budget.
6. The adopted operating budget may be amended in an open meeting of the Mayor and City Council. The budget amendment cannot be adopted proposing expenditures which exceed the total of estimated funds available for the fiscal year.

E. Allowance for Uncollectible Receivables

An allowance for estimated uncollectible receivables was established in prior years based on historical collection experience and other relevant circumstances. At December 31, 2017, all receivables are considered collectible and, therefore, an allowance was not required.

F. Capital Assets

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

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

G. On-Behalf Payments

Supplemental pay which is paid directly to employees of the City of Westwego by the State of Louisiana, Department of Public Safety, are recognized as intergovernmental revenue and salaries expenditure in the year in which paid. For the year ended December 31, 2017, the amount recognized as revenue and expenditure was \$251,311.

H. Estimates

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

I. Fund Balance

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

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

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

I. Fund Balance - continued

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

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

J. Net Position

Net position comprises the various net earnings from revenues and expenses. Net position is classified in the following components:

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

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

K. Deferred Inflows and Outflows of Resources

The City reports deferred inflows of resources when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred inflows of resources also arise when resources are received by the City before it has a legal claim to them as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, deferred inflows of resources are removed and revenues are recognized.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

L. Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS), Municipal Police Employees Retirement System (MPERS), and Firefighters' Retirement System (FRS) and additions to/deductions from MERS, MPERS and FRS fiduciary net position have been determined on the same basis as they are reported by MERS, MPERS and FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(2) CASH AND CASH EQUIVALENTS

For financial reporting purposes and for the statement of cash flows, cash and cash equivalents includes petty cash and demand deposits.

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

The following is a summary of cash at December 31, 2017.

Petty cash and demand deposits:	
Unrestricted	\$ 3,300,716
Restricted	<u>405,702</u>
	\$ <u>3,706,418</u>

The bank balances at December 31, 2017 were \$3,646,410 which were fully covered by federal depository insurance or pledged securities. The pledged securities are held by the custodial bank in the name of the fiscal agent bank.

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. The City's bank balance of \$3,646,410 at December 31, 2017 were fully insured and collateralized with securities held in joint custody. The City has no formal policy regarding custodial credit risk.

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

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(3) CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2017.

	Balance 1/1/17	Additions	Deletions	Balance 12/31/17
Governmental Activities:				
Land	\$ 4,928,159	-0-	-0-	\$ 4,928,159
Improvements, and buildings	27,611,315	\$ 2,522,277	\$ 96,967	30,036,625
Machinery and equipment	9,910,035	482,115	286,143	10,106,007
Totals	<u>42,449,509</u>	<u>3,004,392</u>	<u>383,110</u>	<u>45,070,791</u>
Less accumulated depreciation:				
Land, improvements, and buildings	3,819,356	527,001	22,003	4,324,354
Machinery and equipment	<u>8,123,766</u>	<u>610,862</u>	<u>279,114</u>	<u>8,455,514</u>
Total accumulated depreciation	<u>11,943,122</u>	<u>1,137,863</u>	<u>301,117</u>	<u>12,779,868</u>
Capital assets, net	<u>\$30,506,387</u>	<u>\$ 1,866,529</u>	<u>\$ 81,993</u>	<u>\$32,290,923</u>
Business-Type Activities:				
Land	91,433	-0-	-0-	91,433
Building	76,714	-0-	-0-	76,714
Water purification plant	6,693,419	2,096,649	-0-	8,790,068
Sewerage treatment plant	9,538,830	7,635	-0-	9,546,465
Water and sewerage lines	7,133,823	-0-	-0-	7,133,823
Equipment	1,812,710	66,343	-0-	1,879,053
Totals	<u>25,346,929</u>	<u>2,170,627</u>	<u>-0-</u>	<u>27,517,556</u>
Less accumulated depreciation	<u>10,815,833</u>	<u>452,668</u>	<u>-0-</u>	<u>11,268,501</u>
Capital assets, net	<u>\$14,531,096</u>	<u>\$ 1,717,959</u>	<u>\$ -0-</u>	<u>\$16,249,055</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 382,024
Public safety	578,379
Public works	106,093
Sanitation	-0-
Health	19,606
Recreation	<u>51,761</u>
	<u>\$1,137,863</u>

Estimated lives used for depreciation purposes are as follows:

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

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(4) RETIREMENT PLANS

Substantially all employees of the City of Westwego are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters' Retirement System of Louisiana. These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

Municipal Employees Retirement System of Louisiana (MERS)

Plan Description - The Municipal Employees' Retirement System of Louisiana (the System) 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, 2017 there were 84 contributing municipalities in Plan A.

Eligibility Requirements - Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Benefits Provided - 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) or more years of creditable service with legal spouse at least last 12 months before death - 40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(4) RETIREMENT PLANS - continued

Eligibility for Retirement for Plan A 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 with an actuarially reduced early benefit.
5. Survivor's benefits require five or more years of creditable service with legal spouse at least last 12 months before death - 40% at age 60 or minimum of 20% immediately (actuarially calculated).

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

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 Plan A member 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.

Deferred Retirement Option Plan (DROP)

In lieu of terminating employment and accepting a service retirement allowance, any member 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.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(4) RETIREMENT PLANS - continued

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.

Disability Benefits

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service whichever is greater or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

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 Benefit

The plan provides 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 - According to state statute, contribution requirements for all employers are actuarially determined each year. For the System's year ending June 30, 2017, the actual employer contribution rate was 22.75% for Plan A.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(4) RETIREMENT PLANS - continued

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.

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

At December 31, 2017, the City reported a liability of \$4,380,478 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation date. The City's proportion of the Net Pension Liability was based on a projection of the City's projected contribution effort to the plan for the next fiscal year as compared to the total of all employers' projected contribution effort to the plan for the next fiscal year actuarially determined. At June 30, 2017, the City's proportion was 1.047104%, which was a decrease of 0.03867% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City Recognized pension expense of \$793,363 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$(435,240).

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 133,412
Changes of assumptions	73,246	-
Net difference between projected and actual earnings on pension plan investments	883,334	-
Changes in proportion and differences between City contributions and proportionate share of contributions	57,264	81,027
City contributions subsequent to the measurement date	217,662	-
Total	<u>\$ 1,231,506</u>	<u>\$ 214,439</u>

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(4) RETIREMENT PLANS- continued

Deferred outflows of resources of \$217,662 related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2018. 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 December 31	MERS
2018	\$ (258,693)
2019	(309,438)
2020	(191,658)
2021	(39,616)
	(799,405)

Actuarial Methods and Assumptions - A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	3 years
Investment Rate of Return	7.4% net of investment expense
Inflation Rate	2.775% per annum
Projected Salary Increases	5.0%
Annuitant and beneficiary mortality	For annuitant and beneficiary mortality tables used were; RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA.
Employee mortality	For employees, the RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females.
Disabled lives mortality	For disabled Annuitants, RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(4) RETIREMENT PLANS - continued

Discount Rate

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in the System's Target allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	50%	2.30%
Public fixed income	35%	1.60%
Alternatives	15%	.70%
Totals	100%	4.60%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.20%

The discount rate used to measure the total pension liability was 7.40% for the year ended June 30, 2017. 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, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. 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 effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2017 is 3 years for Plan A.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(4) RETIREMENT PLANS - continued

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the City calculated using the discount rate of 7.4%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage-point lower, (6.4%) or one percentage-point higher, (8.4%) than the current rate calculated at June 30, 2017:

	Changes in Discount Rate-Plan A		
	1% Decrease 6.4%	Current Discount Rate 7.4%	1% Increase 8.4%
City's proportionate share of the net pension liability	\$5,582,185	\$4,380,478	\$3,355,454

Pension Plan Fiduciary Net Position - The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809 or by calling (225)-925-4810. It can also be obtained at www.mersla.com.

Payables to the Pension Plan - As of December 31, 2017, the City reported a payable of \$47,288 for the outstanding contributions required as of this date.

Municipal Police Employees Retirement System (MPERS)

Plan Description - The Municipal Police Employees' Retirement System (MPERS) is a cost-sharing multiple-employer defined benefit 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.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(4) RETIREMENT PLANS - continued

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. 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

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.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(4) RETIREMENT PLANS - continued

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 statutes, 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.

Cost of Living Adjustments

The (MPERS) Board of Trustees is authorized to provide annual cost-of living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan (DROP)

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.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(4) RETIREMENT PLANS - continued

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

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 - Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended June 30, 2017, total contributions for the System due from employers and employees were 41.75%. 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 31.75% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 33.75% 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 34.25% and 7.5%, respectively.

Non-employer contributions

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 were recognized as revenue during the year ended June 30, 2017 and excluded from pension expense.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(4) RETIREMENT PLANS - continued

The City's contractually required composite contribution rate for the year ended December 31, 2017 was 31.75% of annual payroll, from January 1, 2017 to June 30, 2017 and 30.75% from July 1, 2017 to December 31, 2017, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability.

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

At December 31, 2017, the City reported a liability of \$4,957,894 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City's proportion of the Net Pension Liability was based on a projection of the City's projected contribution effort to the plan for the next fiscal year as compared to the total of all employers' projected contribution effort to the plan for the next fiscal year, actuarially determined. At June 30, 2017, the City's proportion was .567887%, which was a decrease of .066989% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City's recognized pension expense of \$537,702 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$(519,682).

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 32,464	\$ 38,107
Changes of assumptions	352,781	-
Net difference between projected and actual earnings on pension plan investments	217,038	-
Changes in proportion and differences between City contributions and proportionate share of contributions	(5,370)	557,862
City contributions subsequent to the measurement date	252,854	-
Total	<u>\$ 849,767</u>	<u>\$ 595,969</u>

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(4) RETIREMENT PLANS Continued

Deferred outflows of resources of \$252,854 related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2018. 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 December 31	MPERS
2018	\$ 67,303
2019	(135,367)
2020	(49,209)
2021	116,329
	\$ (944)

Actuarial Assumptions - A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	4 years
Investment Rate of Return	7.325% net of investment expense
Inflation Rate	2.70% per annum
Salary Increases, including	
Inflation and merit	

Years of Service	Salary Growth Rate
1-2	9.75%
3-23	4.75%
Over 23	4.25%

Mortality

RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.

RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.

RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(4) RETIREMENT PLANS - continued

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 values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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 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.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	53%	3.66%
Fixed income	21%	.52%
Alternative	20%	1.10%
Other	6%	.16%
Totals	<u>100%</u>	<u>5.44%</u>
Inflation		<u>2.75%</u>
Expected Nominal Return		<u>8.19%</u>

The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contributions 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.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(4) RETIREMENT PLANS - continued

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the City calculated using the discount rate of 7.325%, 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, (6.325%) or one percentage-point higher, (8.325%) than the current rate calculated at June 30, 2017:

	<u>1% Decrease 6.325%</u>	<u>Current Discount Rate 7.325%</u>	<u>1% Increase 8.325%</u>
City's proportionate share of the net pension liability	\$6,849,808	\$4,957,894	\$3,370,714

Pension Plan Fiduciary Net Position

The Police System issues an annual publicly available financial report that includes financial statements and required supplementary information for the Police System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-2550, or by calling (225)-929-7411. It can also be obtained at www.lampers.org.

Payables to the Pension Plan

As of December 31, 2017, the City reported a payable of \$53,136 for the outstanding contributions required as of this date.

Firefighters Retirement System (FRS)

Plan Description - The Firefighters' Retirement System (FRS) is a cost-sharing multiple-employer plan. Membership in the System is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Fire Fighters' 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 terms and any additional legal agreements to provide benefits that are in force at the measurement date.

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

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(4) RETIREMENT PLANS - continued

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.

Retirement Benefits - Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to three and one-third percent of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity. If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

If an active employee dies and is not eligible for retirement, his survivors shall be paid:

1. If the employee is not eligible to retire and dies in the line of duty, their spouse will receive monthly, an annual benefit equal to $\frac{2}{3}$ of the employee's average final compensation. If death is not in the line of duty, the spouse will receive monthly, an annual benefit equal to 3.0% of the member's average final compensation multiplied by his total years of service; however, the benefit shall not be less than 40.0%, or more than 60.0% of the employee's average final compensation.
2. Children of deceased employees will receive the greater of \$200 or 10.0% of the member's final average compensation per month until reaching the age of 18 or until the age of 22, if enrolled full time in an institution of higher education. The surviving totally physically handicapped or mentally retarded child of a deceased employee, regardless of age, shall receive the benefits as long as they are dependent on the surviving spouse.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(4) RETIREMENT PLANS - continued

3. If an employee, who is eligible to retire, dies before retiring, the designated beneficiary shall be paid under option 2, survivor benefit equal to member's benefit.

Disability Benefits - If an eligible member is officially certified as disabled by the State Medical Disability Board, he shall receive the greater retirement, if eligible for disability benefits as follows:

1. Any member totally disabled from injury received in the line of duty, shall be paid, on a monthly basis, an annual pension of 60.0% of the average final compensation being received at the time of the disability.
2. Any member of FRS who has become disabled or incapacitated because of continued illness or as a result of any injury received, even though not in the line of duty, and who has 5 years of creditable service, but is not eligible for retirement under the provisions of R. S. 11:2256 may apply for retirement under the provisions of R.S. 11:2258 and shall be retired on 75.0% of the retirement salary to which he would be entitled under R. S. 11:2256 if he were otherwise eligible there under or 25.0% of the member's average salary, whichever is greater.
3. Any retired member or DROP plan participant who becomes disabled for any reason provided for by law shall be permitted to apply for conversion of a service retirement to a service connected disability retirement under R.S. 11:2258(B) (1) (e).
4. Should a member who is on disability retirement die and leave a surviving spouse, the surviving spouse shall receive a benefit of \$200 per month. When the member takes disability retirement, he may, in addition, take an actuarially reduced benefit in which case the member's surviving spouse shall receive 50% of the disability benefit being paid immediately prior to the death of the disabled retiree. If the surviving spouse remarries prior to age 55, such benefits shall cease; however, the benefits shall resume upon subsequent divorce or death of the new spouse, and the approval of the board of trustees.

Deferred Retirement Option Plan (DROF) - 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 (DROF) for up to 36 months.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(4) RETIREMENT PLANS - continued

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 or 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 plan year ended June 30, 2017, employer and employee contributions for members above the poverty line were 25.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 27.25% and 8.0%, respectively.

Non-employer contributions - 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, 2017 and were excluded from pension expense.

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

At December 31, 2017, the City reported a liability of \$1,139,996 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City's proportion of the Net Pension Liability was based on a projection of the City's projected contribution effort to the plan for the next fiscal year as compared to the total of all employers' projected contribution effort to the plan for the next fiscal year, actuarially determined. At June 30, 2017, the City's proportion was .198888%, which was an increase of .003122% from its proportion measured as of June 30, 2016.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(4) RETIREMENT PLANS - continued

For the year ended December 31, 2017, the City's recognized pension expense of \$150,006 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$(113,454).

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 63,574
Changes of assumptions	47,681	272
Net difference between projected and actual earnings on pension plan investments	98,073	-
Changes in proportion and differences between City contributions and proportionate share of contributions	12,981	169,599
City contributions subsequent to the measurement date	60,805	-
Total	\$ 219,540	\$ 233,445

Deferred outflows of resources of \$60,805 related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2018. 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 December 31	FRS
2018	\$ 7,687
2019	(11,951)
2020	31,561
2021	46,788
2022	5,564
2023	(4,939)
	\$ 74,710

Actuarial Methods and Assumptions - A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2017 are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	2017 7 years
Investment Rate of Return	7.4% per annum
Inflation Rate	2.775% per annum
Salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Cost of living Adjustments	Only those previously granted

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(4) RETIREMENT PLANS - continued

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.

The best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
U.S. Equity	27%	6.15%
Non-U.S. Equity	20%	7.45%
Global Equity	10%	6.85%
Fixed income	23%	2.04%
Alternatives - Real Estate	6%	4.62%
Alternatives - Private Equity	4%	8.73%
Other - Global Tactical Asset Allocation	5%	4.40%
Other - Risk Parity	5%	4.79%
Totals	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.40%. 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 net pension liability of the City calculated using the discount rate of 7.4%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, (6.4%) or one percentage point higher, (8.4%) than the current rate calculated at June 30, 2017.

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Net pension liability \$	<u>1,638,130</u>	<u>1,139,996</u>	<u>721,243</u>

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(4) RETIREMENT PLANS - continued

Pension Plan Fiduciary Net Position

The Firefighter's System issues an annual publicly available financial report that includes financial statements and required supplementary information for the Firefighters' System. That report may be obtained by writing to the Firefighters' Retirement System, P. O. Box 94095, Capital Station, Baton Rouge, Louisiana 70804-9095, or by calling (225)-925-4060. It can also be obtained at www.ffret.com.

Payables to the Pension Plan

As of December 31, 2017, the City reported a payable of \$13,033 for the outstanding contributions required as of this date.

(5) PROPERTY TAXES

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

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

The number of mills levied in 2017 and the purposes for which levied are shown below:

	<u>Number of mills</u> <u>2017</u>	<u>Collection</u> <u>year in</u> <u>which</u> <u>dedicated</u> <u>tax expires</u>
General corporate purposes	3.37	
Dedicated to:		
Street lighting	2.50	2021
Park maintenance and lighting	2.50	2021
Fire protection and maintenance	4.19	2021
Police Department maintenance and operations	4.19	2021
Emergency medical service maintenance and operations	6.65	2018
Fire Department maintenance, operations and equipment	<u>5.87</u>	2024
Total	<u>29.27</u>	

For the year 2017, all property tax revenues were accounted for in the General Fund.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(6) LITIGATION AND CLAIMS

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

Claims and litigation costs of \$56,813, determined in accordance with FASB Statement 5, were incurred during the current year, all of which have been recorded as a current expenditure in the General Fund.

(7) SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains two Enterprise Funds which provide water and sewerage services. Segment information for the year ended December 31, 2017 follows:

	Waterworks Fund	Sewerage Fund	Total Enterprise Funds
Operating revenues	\$ <u>769,403</u>	\$ <u>1,177,956</u>	\$ <u>1,947,359</u>
Operating expenses			
Depreciation	106,519	346,149	452,668
Other expenses	<u>1,048,236</u>	<u>1,085,279</u>	<u>2,133,515</u>
Total operating expenses	<u>1,154,755</u>	<u>1,431,428</u>	<u>2,586,183</u>
Operating loss	(385,352)	(253,472)	(638,824)
Nonoperating revenues (expense)	<u>2,095,738</u>	<u>(52,341)</u>	<u>2,043,397</u>
Net income (loss)	1,710,386	(305,813)	1,404,573
Transfers	<u>389,311</u>	<u>207,914</u>	<u>597,225</u>
Change in net position	<u>2,099,697</u>	<u>(97,899)</u>	<u>2,001,798</u>
Beginning net position	<u>4,274,988</u>	<u>7,688,696</u>	<u>11,963,684</u>
Ending net position	\$ <u><u>6,374,685</u></u>	\$ <u><u>7,590,797</u></u>	\$ <u><u>13,965,482</u></u>

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(8) INTERFUND RECEIVABLE AND PAYABLE BALANCES

The individual fund interfund receivable and payable balances as of December 31, 2017 are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 74,100	\$ -0-
Enterprise Funds:		
Waterworks	-0-	1,172,440
Sewerage	<u>1,098,340</u>	<u>-0-</u>
	<u>\$ 1,172,440</u>	<u>\$ 1,172,440</u>

These balances were created for purposes of cash flows. Balances not expected to be repaid within one year are reflected on the Governmental Fund Balance Sheet as "Assigned for Waterworks Deficit". During the year 2017 the City's general fund recorded \$597,225 in transfers to the enterprise funds in order to subsidize operations.

(9) RELATED PARTY TRANSACTIONS

The land on which one of the fire stations of the Westwego Volunteer Fire Company is located is leased by the City to the Volunteer Fire Company for a period of ninety-nine years beginning September 13, 1954 at a rental of \$1.00 per year. The City also provides the Volunteer Fire Company the free use of several fire trucks and other vehicles and pays for certain expenditures of the Volunteer Fire Company. During 2017, the City incurred approximately \$3,250,700 of expenditures for salaries and related benefits, insurance, auto and truck expense, capital expenditures, and maintenance and operation of the Volunteer Fire Company.

(10) COMPENSATED ABSENCES

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

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

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

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(11) NON-CURRENT LIABILITIES - LOANS PAYABLE

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

As of December 31, 2017, the City has a balance of \$1,388,935 and that liability is reflected on the Statement of Net Position as current portion of loan payable - \$100,000 and Non-Current Liabilities: - loans payable \$1,288,935.

In December 2011, the City entered into a loan agreement with the Louisiana Department of Environmental Quality "DEQ" for a loan from the Clean Water State Revolving Loan Fund ("State Revolving Fund"). The purpose of this loan was to finance a portion of the cost of additions and improvements to the wastewater collection, treatment, and disposal system for the City. The City was authorized to incur debt by the issuance of Sales Tax Bonds, series 2011 in an amount not to exceed One Million One Hundred Fifty Thousand Dollars (\$1,150,000) which are issued under the provisions of (i) Section 2304 of Title 30 and (ii) Section 1430 of Title 39 of the LRS of 1950, as amended and other constitutional and statutory authority. These bonds are to be purchased by "DEQ" using available moneys in the State Revolving Fund. Payment began in 2012 and the last payment will be November 1, 2033. The bonds bear interest at a rate of .45% per annum, plus a 0.50% annual administration fee.

As of December 31, 2017, the City has a balance of \$863,000 and that liability is reflected on the Statement of Net Position as current portion of loan payable - \$50,000 and Non-Current Liabilities: - loans payable \$813,000.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(12) LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations transactions for the year ended December 31, 2017:

	<u>Balance</u> <u>1/01/17</u>	<u>Additions</u> <u>(Reductions)</u>	<u>Balance</u> <u>12/31/17</u>	<u>Due within</u> <u>one year</u>
State Revolving Fund-2007	\$1,483,935	\$ (95,000)	\$1,388,935	\$ 100,000
State Revolving Fund-2011	913,000	(50,000)	863,000	50,000
Compensated absences	95,341	(2,673)	92,668	-0-
Other post-employment Benefits	1,623,127	(27,429)	1,595,698	-0-
Net pension liability	<u>11,681,336</u>	<u>(1,202,968)</u>	<u>10,478,368</u>	<u>-0-</u>
Total	<u>\$15,796,739</u>	<u>\$ (1,378,070)</u>	<u>\$14,418,669</u>	<u>\$ 150,000</u>

The annual requirements to maturity for the State Revolving Loans as of December 31, 2017 are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest & Fees</u>
2018	\$ 150,000	\$ 49,172
2019	151,000	45,748
2020	156,000	42,313
2021	157,000	38,731
2022	162,000	35,139
2023-2033	<u>1,475,935</u>	<u>140,481</u>
	<u>\$2,251,935</u>	<u>\$ 351,584</u>

(13) HEALTH CARE AND LIFE INSURANCE BENEFITS

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

(14) OTHER POST-EMPLOYMENT BENEFITS

Plan Description - The City of Westwego's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement providing they have at least ten years of service with the City of Westwego at retirement and were hired prior to April 1, 2014.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(14) OTHER POST-EMPLOYMENT BENEFITS - continued

The employees are covered by one of three retirement systems: first, the Municipal Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: if hired before January 1, 2013, 25 years of service at any age; age 60 and 10 years of service; or 20 years early out-actuarially reduced; if hired date is January 1, 2013 or after, the provisions are as follows: 25 years of service at any age actuarially reduced; age 55 and 30 years of service; age 62 and 10 years of service, or, age 67 and 7 years of service; second, the Municipal Police Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: if hired before January 1, 2013, 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service; if hired date is January 1, 2013 or after, the provisions are as follows: 25 years of service at any age or 12 years of service age 55 for Hazardous Duty Plan and 30 years of service at any age; 25 years of service and age 55 or 10 years at age 60 for the Non Hazardous Duty Plan and, third, the Firefighters' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; age 50 and 20 years of service; or, age 55 and 12 years of service. Complete plan provisions are included in the official plan documents.

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

Fund Policy - Until 2009, the City of Westwego recognized the cost of providing post-employment medical benefits (the City of Westwego's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and, thus, financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the City's portion of health care funding cost for retired employees totaled \$110,117 and \$101,960, respectively.

Effective January 1, 2009, the City of Westwego implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution - The City of Westwego's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(14) OTHER POST-EMPLOYMENT BENEFITS - continued

	2017	2016
Normal Cost	\$ 42,605	\$ 40,966
30-year UAL amortization amount	69,024	66,369
Annual required contribution (ARC)	\$111,629	\$107,335

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

	2017	2016
Beginning Net OPEB Obligation	\$1,623,127	\$1,647,120
Annual required contribution	111,629	107,335
Interest on Net OPEB Obligation	64,925	65,885
ARC Adjustment	(93,866)	(95,253)
OPEB Cost	82,688	77,967
Contribution	-0-	-0-
Current year retiree premium	(110,117)	(101,960)
Change in Net OPEB Obligation	(27,429)	(23,993)
Ending Net OPEB Obligation	\$1,595,698	\$1,623,127

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

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation (Asset)
Medical	December 31, 2017	\$ 82,688	133.17%	\$1,595,698
Medical	December 31, 2016	\$ 77,967	130.77%	\$1,623,127
Medical	December 31, 2015	\$338,159	39.33%	\$1,647,120

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(14) OTHER POST-EMPLOYMENT BENEFITS - continued

Funded Status and Funding Progress - In 2017 and 2016, the City of Westwego made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the January 1, 2016 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year December 31, 2017 was \$1,241,290, which is defined as that portion, as determined by a particular actuarial cost method (the City of Westwego uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	<u>2017</u>	<u>2016</u>
Actuarial Accrued Liability (AAL)	\$1,241,290	\$1,193,548
Actuarial Value of Plan Assets (AVP)	0	0
Unfunded Act. Accrued Liability (UAAL)	\$1,241,290	\$1,193,548
Funded Ratio (AVP/AAL)	0.0%	0.0%
Covered Payroll (active plan members)	\$4,709,155	\$4,616,835
UAAL as a percentage of covered payroll	26.36%	25.85%

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

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

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2017

(14) OTHER POST-EMPLOYMENT BENEFITS - continued

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

Actuarial Value of Plan Assets - There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50, will be used.

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

Post-employment Benefit Plan Eligibility Requirements - Based on past experience and retirement patterns, it has been assumed that entitlement to employer-paid retiree medical benefits will commence five years after D.R.O.P. entry, as described above under "Plan Description", (three years in D.R.O.P., and two additional years). Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate) - GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

Health Care Cost Trend Rate - The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(14) OTHER POST-EMPLOYMENT BENEFITS - continued

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, was used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits - The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays 100% of the retiree portion of the coverage (not dependents) for employees retiring with at least 10 years of service with the City of Westwego. The rates provided for coverage prior to age 65 are blended. Since unblended rates are required by GASB 45, we have estimated the unblended pre-age 65 rates to be 130% of the blended rates. Effective April 1, 2014, the plan was amended to provide that retiree medical coverage ceases at age 65. Employees hired after March 31, 2014 do not receive retiree medical coverage.

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

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

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

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

OPEB Costs and Contributions

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
OPEB Cost	\$338,159	\$ 77,967	\$ 82,688
Contribution	0	0	0
Retiree premium	132,985	101,960	110,117
Total contribution and premium	<u>132,985</u>	<u>101,960</u>	<u>110,117</u>
 Changes in Net OPEB obligation	 <u>\$205,174</u>	 <u>\$(23,993)</u>	 <u>\$(27,429)</u>
 % of contribution to cost	 0.00%	 0.00%	 0.00%
% of contribution plus premium to cost	39.33%	130.77%	133.17%

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2017

(15) DEFERRED INFLOWS OF RESOURCES - BRAKE TAGS

Activity for deferred inflows of resources - brake tags during the year ended December 31, 2017 was as follows:

<u>Description</u>	<u>Balance January 1, 2017</u>	<u>Generated</u>	<u>Utilized</u>	<u>Balance December 31, 2017</u>
Governmental Activities:				
General Fund:				
Sale of 2017 Brake Tags	\$ <u>14,100</u>	\$ <u>12,580</u>	\$ <u>14,100</u>	\$ <u>12,580</u>

(16) SUBSEQUENT EVENTS

Management of the City of Westwego has evaluated subsequent events through June 29, 2018, the date which the financial statements 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 SUPPLEMENTARY INFORMATION

CITY OF WESTWEGO, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended December 31, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 4,275,315	\$ 4,413,845	\$ 4,425,221	\$ 11,376
Licenses and permits	770,145	746,353	755,451	9,098
Intergovernmental	12,217,139	5,848,590	5,733,318	(115,272)
Charges for services	746,162	716,172	715,273	(899)
Fines	1,942,363	1,670,572	1,699,302	28,730
Miscellaneous	949,211	931,321	1,004,933	73,612
Total revenues	20,900,335	14,326,853	14,333,498	6,645
Expenditures:				
General government	3,868,742	3,902,746	3,929,301	(26,555)
Public safety	5,286,514	5,368,843	5,363,791	5,052
Public works	287,952	245,508	260,212	(14,704)
Sanitation	617,394	629,393	628,969	424
Health	301,060	310,303	313,207	(2,904)
Recreation	208,778	185,353	189,710	(4,357)
Capital outlay	11,041,148	3,518,077	3,004,392	513,685
Total expenditures	21,611,588	14,160,223	13,689,582	470,641
Excess (deficiency) of revenues over expenditures	(711,253)	166,630	643,916	477,286
Other financing uses:				
Transfers to Proprietary Funds	770,779	597,225	597,225	-0-
Excess (deficiency) of revenues over expenditures and other financing uses	(1,482,032)	(430,595)	46,691	477,286
Fund balance at beginning of year	4,037,549	3,882,106	3,882,106	-0-
Fund balance at end of year	\$ 2,555,517	\$ 3,451,511	\$ 3,928,797	\$ 477,286

CITY OF WESTWEGO, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)
Year Ended December 31, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
General Government				
Personal services:				
City Council	\$ 88,496	\$ 89,257	\$ 89,617	\$ (360)
Accounting and auditing	120,000	120,000	122,800	(2,800)
City administrator	72,479	73,102	73,397	(295)
City superintendent	85,222	50,539	44,892	5,647
Legal	60,000	60,000	43,485	16,515
Magistrate	18,000	18,000	18,000	-0-
Field Supervisor	66,515	66,371	63,582	2,789
Office	294,561	304,087	313,788	(9,701)
Tourism	12,816	17,132	16,191	941
Museum	32,655	33,000	33,826	(826)
Farmers & Fisheries Market	31,052	30,838	33,202	(2,364)
Total	881,796	862,326	852,780	9,546
Other:				
Advertising	2,011	2,193	3,076	(883)
Automobile expense	76,950	71,979	56,288	15,691
Bad debts	40,269	58,969	59,538	(569)
Casualty insurance	784,075	681,437	716,244	(34,807)
Contribution to employees' pension plan	300,892	311,217	311,967	(750)
Hospitalization insurance for employees	829,823	775,423	762,410	13,013
Office supplies, expense and postage	107,851	185,889	179,926	5,963
Other	178,514	252,547	301,571	(49,024)
Tenure awards	19,200	19,800	18,525	1,275
Lawsuit - settlement and legal fees	50,000	50,000	13,328	36,672
Farmers and fisheries market	138,751	138,751	139,383	(632)
Sala Avenue project	20,370	21,487	20,653	834
Performing Arts Center operations	438,240	470,728	493,612	(22,884)
Total	2,986,946	3,040,420	3,076,521	(36,101)
Total general government	3,868,742	3,902,746	3,929,301	(26,555)

CITY OF WESTWEGO, LOUISIANA
GENERAL FUND

SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)- CONTINUED
Year Ended December 31, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Public Safety				
Personal services:				
Air condition and heating inspector	\$ 9,600	\$ 10,320	\$ 10,320	\$ -0-
Arson investigator	4,800	4,800	4,800	-0-
Building inspector	14,100	14,820	14,820	-0-
Electrical inspector	7,200	5,940	5,940	-0-
Fire chief	9,600	9,600	9,600	-0-
Firemen	564,438	594,828	595,806	(978)
Fire Dept. training officer	1,800	1,800	1,741	59
Plumbing inspector	7,200	7,920	7,920	-0-
Police chief's salary and expense	78,479	79,370	79,397	(27)
Policemen	2,213,492	2,227,689	2,210,162	17,527
Clerk of court office	78,522	81,041	79,861	1,180
Emergency medical technicians	520,379	560,273	578,781	(18,508)
Code enforcer	83,287	76,703	76,334	369
Civil service secretary	6,600	6,600	6,600	-0-
Zoning Board secretary	600	600	300	300
Total	3,600,097	3,682,304	3,682,382	(78)
Other:				
Auto and truck expenses, Fire Department	51,985	84,864	84,833	31
Auto expenses, Police Department	165,476	133,556	149,918	(16,362)
Fire Department maintenance and operation	133,038	164,456	155,243	9,213
Police Department maintenance and operation	316,619	281,065	279,171	1,894
Clerk of court office	29,467	33,372	38,349	(4,977)
Firefighters pension contributions	117,702	118,046	118,234	(188)
Police pension contributions	571,342	520,065	514,622	5,443
Police witness fees	420	200	300	(100)
Signs	1,088	8,052	6,329	1,723
Street and flood light electricity	141,710	130,101	127,597	2,504
Emergency medical service expense	92,287	147,432	140,226	7,206
Fire insurance rebate	51,680	55,809	55,809	-0-
Code enforcement	13,603	9,521	10,778	(1,257)
Zoning Board Advisory Board	-0-	-0-	-0-	-0-
Total	1,686,417	1,686,539	1,681,409	5,130
Total public safety	5,286,514	5,368,843	5,363,791	5,052

CITY OF WESTWEGO, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) - CONTINUED
Year Ended December 31, 2017

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<u>Public Works</u>				
Personal Services:				
Maintenance shop	\$ 26,618	\$ 9,909	\$ 9,503	\$ 406
Labor crews	132,490	163,934	163,327	607
Total	159,108	173,843	172,830	1,013
Other:				
Auto, truck, and equipment expenses	20,479	27,115	38,893	(11,778)
Materials, supplies, and pipe	12,348	3,461	3,265	196
Miscellaneous maintenance	96,017	41,089	45,224	(4,135)
Total	128,844	71,665	87,382	(15,717)
Total public works	287,952	245,508	260,212	(14,704)
<u>Sanitation</u>				
Other:				
Solid waste disposal expenses	617,394	629,393	628,969	424
<u>Health</u>				
Personal Services:				
Social services	105,063	105,965	104,405	1,560
Other:				
Social services	126,160	134,501	117,958	16,543
Other	69,837	69,837	90,844	(21,007)
Total	195,997	204,338	208,802	(4,464)
Total health	301,060	310,303	313,207	(2,904)

CITY OF WESTWEGO, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) - CONTINUED
Year Ended December 31, 2017

	Budget		Actual	Variance with Final Budget Positive(Negative)
	Original	Final		
<u>Recreation</u>				
Personal Services:				
Playground director	\$ 26,960	\$ 24,543	\$ 24,958	\$ (415)
Playground assistant directors	12,000	12,000	12,000	-0-
Playground upkeep	65,650	57,516	58,066	(550)
Total	104,610	94,059	95,024	(965)
Other:				
Park maintenance and lighting	86,076	77,933	84,364	(6,431)
Playground sports equipment	18,092	13,361	10,322	3,039
Total	104,168	91,294	94,686	(3,392)
Total recreation	208,778	185,353	189,710	(4,357)
Capital outlays	11,041,148	3,518,077	3,004,392	513,685
Total expenditures	21,611,588	14,160,223	13,689,582	470,641
<u>Other financing uses</u>				
Transfers to Proprietary Funds	770,779	597,225	597,225	-0-
Total expenditures and other financing uses	\$22,382,367	\$14,757,448	\$14,286,807	\$ 470,641

CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF FUNDING PROGRESS FOR
CITY OF WESTWEGO'S OPEB PLAN
December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll { (b-a/c) }
Medical December 31, 2017	\$ -	\$ 1,241,290	\$ 1,241,290	- %	\$ 4,709,155	26.36%
Medical December 31, 2016	\$ -	\$ 1,193,548	\$ 1,193,548	- %	\$ 4,616,835	25.85%
Medical December 31, 2015	\$ -	\$ 3,927,033	\$ 3,927,033	- %	\$ 4,239,028	92.64%

**CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF EMPLOYER'S PROPORTIONATE
SHARE OF NET PENSION LIABILITY
Year Ended December 31, 2017***

<u>Year Ended June 30,</u>	(a) Employer Proportion of the Net Pension Liability <u>(Asset)</u>	(b) Employer Proportionate Share of the Net Pension Liability <u>(Asset)</u>	(c) Employer's Covered Employee <u>Payroll</u>	(b÷c) Employer's Proportionate Share Of the Net Pension Liability (Asset) as a Percentage of its Covered Employee <u>Payroll</u>	(Per Report PFNP÷TPL) Plan Fiduciary Net Position As a Percentage Of the Total <u>Pension Liability</u>
<u>Municipal Employees' Retirement System</u>					
2017	1.047104%	\$ 4,380,478	\$ 1,901,613	230.4%	62.49%
2016	1.085774%	\$ 4,450,272	\$ 1,939,571	229.4%	62.11%
2015	1.025051%	\$ 3,661,643	\$ 1,749,513	209.3%	66.18%
<u>Municipal Police Employees' Retirement System</u>					
2017	.567887%	\$ 4,957,894	\$ 1,695,322	292.5%	70.08%
2016	.634876%	\$ 5,950,577	\$ 1,778,414	334.6%	66.04%
2015	.651511%	\$ 5,103,908	\$ 1,742,749	292.9%	70.73%
<u>Firefighters Retirement System</u>					
2017	.198888%	\$ 1,139,996	\$ 464,374	245.5%	73.55%
2016	.195766%	\$ 1,280,487	\$ 441,411	290.1%	68.16%
2015	.207802%	\$ 1,121,531	\$ 436,197	257.1%	72.45%

*The amounts presented have a measurement date of June 30, 2017.

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

CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
Year ended December 31, 2017

<u>Year Ended December 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered- Employee Payroll</u>	<u>Contributions as a Percentage of Covered- Employee Payroll</u>
<u>Municipal Employees' Retirement System</u>					
2017	\$ 435,348	\$ 435,348	-	\$ 1,836,303	23.71%
2016	\$ 405,462	\$ 405,462	-	\$ 1,909,467	21.23%
2015	\$ 355,863	\$ 355,863	-	\$ 1,801,836	19.75%
<u>Municipal Police Employees' Retirement System</u>					
2017	\$ 514,623	\$ 514,623	-	\$ 1,646,757	31.25%
2016	\$ 539,370	\$ 539,370	-	\$ 1,761,953	30.61%
2015	\$ 514,510	\$ 514,510	-	\$ 1,689,703	30.45%
<u>Firefighters Retirement System</u>					
2017	\$ 118,234	\$ 118,234	-	\$ 456,894	25.88%
2016	\$ 120,182	\$ 120,182	-	\$ 458,426	26.22%
2015	\$ 117,788	\$ 117,788	-	\$ 417,731	28.20%

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF WESTWEGO, LOUISIANA
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
 AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
 Year Ended December 31, 2017

Purpose	John I. Shaddinger, Jr. Mayor January 1, 2017 - June 30, 2017	Joe Peoples Mayor July 1, 2017 - December 31, 2017
Salary	\$ 36,321	\$ 37,048
Benefits-insurance	4,820	4,769
Benefits-retirement	8,263	9,169
Benefits-other (phone allowance)	454	619
Travel and dues	587	-0-
Special meals	-0-	179
Parking	-0-	2
	<u>\$ 50,445</u>	<u>\$ 51,786</u>

CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO MEMBERS
OF THE CITY COUNCIL
Year Ended December 31, 2017

<u>Councilmember</u>	<u>Salary</u>
Glenn Green	\$ 18,773
Johnny S. Nobles, Jr.	18,773
Norman J. Fonseca	9,741
Garrison J. Toups	9,214
Larry J. Warino, Sr.	9,214
Lisa H. Valence	10,096
Matthew J. Rivere	9,559
Johnnie Lynn Thibodeaux	<u>9,559</u>
	<u>\$ 94,929</u>

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

We 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 and each major fund of the City of Westwego, Louisiana (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2017-1.

City of Westwego, Louisiana's Response to Finding

City of Westwego, Louisiana's response to finding identified in our audit is described in the accompanying schedule of findings and responses. City of Westwego, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
June 29, 2018

**CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

We have audited the general purpose financial statements of the City of Westwego, Louisiana as of and for the year ended December 31, 2017, and have issued our report thereon dated June 29, 2018. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2017 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

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

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Federal Awards

The City of Westwego, Louisiana did not expend federal awards exceeding \$750,000 during the year ended December 31, 2017, and therefore is exempt from the audit requirements under the Single Audit and the Uniform Guidance.

Was a management letter issued? Yes No

Section II Financial Statement Findings

A – Issues of Noncompliance

2017-1 Public Bid Law R.S. 38:2211

Criteria - Public Bid Law is the set of laws that govern contracts for the purchase of materials and supplies by public entities that meet certain threshold requirements.

Condition - The City did not comply in one instance with the Public Bid Law which requires the procurement of materials and supplies if the cost is over the contract limit of \$30,000.

Cause - Due to a change in administration between the time the item was ordered and subsequently delivered the supporting documentation could not be located.

Effect - The City was in violation of the Public Bid Law.

Recommendation - We recommend a regular monitoring of expenditure procedures in place to determine they are functioning as designed.

Management's Response - Management will monitor all purchases subject to the bid law to ensure compliance and the supporting documentation.

B – Significant Deficiencies

NONE

C – Material Weakness

NONE

Section III Federal Award Findings and Questioned Costs

NONE

**CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Section I Internal Control and Compliance Material to the Financial Statements

NONE

Section II Internal Control and Compliance Material to Federal Awards

NONE

Section III Management Letter

NONE

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INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

Honorable Joe Peoples, Mayor and City Council Members of the City of Westwego, Louisiana and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the City of Westwego, Louisiana (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 2017. The entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Written policies and procedures were obtained and address the functions noted above.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures were obtained and address the functions noted above.

- c) **Disbursements**, including processing, reviewing, and approving

Written policies and procedures were obtained and address the functions noted above.

- d) **Receipts**, including receiving, recording, and preparing deposits

Written policies and procedures were obtained and address the functions noted above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Written policies and procedures were obtained and address the functions noted above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Written policies and procedures were obtained and address the functions noted above.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

Written policies and procedures were obtained and address the functions noted above.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Written policies and procedures were obtained and address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

Written policies and procedures were obtained and address the functions noted above.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Written policies and procedures were obtained and address the functions noted above.

Reviewed polices, no exceptions noted.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The council met with a quorum on a frequency in accordance with the Entity's by-laws.

No exceptions noted.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

No exceptions noted.

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

No exceptions noted.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

No exceptions noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

***Obtained a listing of client bank accounts from management and management's representation that the listing is complete.
No exceptions noted.***

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

***Obtained bank statements and reconciliations for all months in the fiscal period noting that reconciliations have been prepared for all months.
No exceptions noted.***

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

***Bank reconciliations obtained include evidence that a member of management had reviewed each bank reconciliation.
No exceptions noted.***

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

No exceptions noted.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

***Obtained a listing of the cash collection locations and management's representation that the listing is complete.
No exceptions noted.***

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:*

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

No exceptions noted.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

No exceptions noted.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

No exceptions noted.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Written policies and procedures were obtained and address the functions noted above.

No exceptions noted.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Obtained a listing of disbursements and management's representation that the listing is complete.

No exceptions noted.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

No exceptions noted.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No exceptions noted.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

No exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

No exceptions noted.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

No exceptions noted.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Listing of credit cards and the name of the person who maintained possession of the card and management's representation that the listing was complete was obtained.

No exceptions noted.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

No exceptions noted.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

There were no finance charges and/or late fees assessed.

No exceptions noted.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

No exceptions noted.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

No exceptions noted.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No exceptions noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Listing of travel and expense reimbursements by person and management's representation that the listing is complete was obtained.

No exceptions noted.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Policies were obtained.

No exceptions noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Expenses were paid in accordance with written policy.

No exceptions noted.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No exceptions noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

No exceptions noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Listing of all contracts in effect and management's representation that the listing is complete was obtained.

No exceptions noted.

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

No exceptions noted.

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

No exceptions noted.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No exceptions noted.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Minutes show board approval contracts and personal service arrangements.

No exceptions noted.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

Listing of employees with their related salaries and management's representation that the listing is complete was obtained.

No exceptions noted.

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

All selected employees had daily attendance and leave documented.

No exceptions noted.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

No exceptions noted.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

No exceptions noted.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No ethics violations were reported to the entity.

No exceptions noted.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

No exceptions noted.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

The Entity made the required debt service payments and maintained debt serves as required by the debt covenants.

No exceptions noted.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

No exceptions noted.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

***The Entity had no misappropriation of public funds or assets.
No exceptions noted.***

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

***The Entity has posted on its premises the notice required by R.S. 24:523.1
However, we did not see the notice posted on their website.***

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Management has responded, see attached.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Camnetar & Co.

Camnetar & Co., CPAs
a professional accounting corporation

Gretna, Louisiana
June 29, 2018



**JOE PEOPLES
MAYOR**

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June 29, 2018

Independent Accountant's Report on Applying Agreed-Upon Procedures
Management Response

Year Ended December 31, 2017

AUP 32 – Other

FINDING

The Entity has posted on its premises the notice required by R.S. 24:523.1. However, we did not see the notice posted on their website.

MANAGEMENT'S RESPONSE

The City will have the notice required by R.S. 24:523.1 posted on the website and will ensure that this will be maintained.

Joe Peoples
Mayor