

CITY OF WESTWEGO, LOUISIANA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2016

CITY OF WESTWEGO, LOUISIANA  
DECEMBER 31, 2016  
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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, 2016, 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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 other supplementary information on pages 68-69 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards 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, other

supplementary information and the schedule of expenditures of federal awards 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, 2017, 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, 2017

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

CITY OF WESTWEGO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016. 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, 2016

*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, 2016

**FINANCIAL HIGHLIGHTS**

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

- As of December 31, 2016 assets exceeded liabilities by \$36,557,300 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
  - (1) Investment in capital assets of \$42,640,548 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 \$(9,508,332).
  - (3) Restricted net position of \$3,425,084 representing the portion restricted for specific purposes.
- The governmental fund reported total ending fund balance of \$3,882,106, which was classified as \$185,509 nonspendable, \$868,715 restricted, \$1,331,617 committed for future spending, \$991,132 assigned, and \$505,133 unassigned. This compares to the prior year ending fund balance of \$4,802,276 showing a decrease of \$920,170 during the current year.
- Total expenses for all governmental activities, not including transfers, was \$13,021,403 for the year, which was \$6,376,993 more than the program revenues for the activities - \$6,644,410.

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 \$1,973,234 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 \$14,975,393 (\$6,644,410 in charges for services and \$8,330,983 in general revenues). The total cost of all governmental activities, not including transfers, was \$13,021,403.

CITY OF WESTWEGO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2016

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, 2016 AND 2015

	Governmental Activities <u>2016</u>	Business-Type Activities <u>2016</u>	Total <u>2016</u>	Governmental Activities <u>2015</u>	Business-Type Activities <u>2015</u>	Total <u>2015</u>
<b>Assets:</b>						
Current and other assets	\$ 5,686,399	\$ 2,633,305	\$ 8,319,704	\$ 6,082,615	\$ 2,801,442	\$ 8,884,057
Capital assets, net	<u>30,506,387</u>	<u>14,531,096</u>	<u>45,037,483</u>	<u>28,373,660</u>	<u>13,881,095</u>	<u>42,254,755</u>
<b>Total assets</b>	<b><u>36,192,786</u></b>	<b><u>17,164,401</u></b>	<b><u>53,357,187</u></b>	<b><u>34,456,275</u></b>	<b><u>16,682,537</u></b>	<b><u>51,138,812</u></b>
Deferred outflows of resources	<u>2,998,650</u>	<u>470,113</u>	<u>3,468,763</u>	<u>1,767,383</u>	<u>301,264</u>	<u>2,068,647</u>
<b>Liabilities:</b>						
Current liabilities	1,790,193	1,988,302	3,778,495	1,266,009	2,307,846	3,573,855
Long term liabilities	<u>12,011,409</u>	<u>3,640,330</u>	<u>15,651,739</u>	<u>10,489,636</u>	<u>3,533,841</u>	<u>14,023,477</u>
<b>Total liabilities</b>	<b><u>13,801,602</u></b>	<b><u>5,628,632</u></b>	<b><u>19,430,234</u></b>	<b><u>11,755,645</u></b>	<b><u>5,841,687</u></b>	<b><u>17,597,332</u></b>
Deferred inflows of resources	<u>796,218</u>	<u>42,198</u>	<u>838,416</u>	<u>958,280</u>	<u>67,781</u>	<u>1,026,061</u>
<b>Net Position:</b>						
Invested in capital assets	30,506,387	12,134,161	42,640,548	28,373,660	11,345,160	39,718,820
Restricted	3,191,464	233,620	3,425,084	4,078,077	246,532	4,324,609
Unrestricted	<u>(9,104,235)</u>	<u>(404,097)</u>	<u>(9,508,332)</u>	<u>(8,942,004)</u>	<u>(517,359)</u>	<u>(9,459,363)</u>
<b>Total net position</b>	<b><u>\$24,593,616</u></b>	<b><u>\$11,963,684</u></b>	<b><u>\$36,557,300</u></b>	<b><u>\$23,509,733</u></b>	<b><u>\$11,074,333</u></b>	<b><u>\$34,584,066</u></b>

GASB 68 was implemented in fiscal year ended December 31, 2015. Prior year amounts were not restated to reflect the changes due to this implementation.

**CITY OF WESTWEGO, LOUISIANA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**CITY OF WESTWEGO, LOUISIANA CONDENSED STATEMENT OF ACTIVITIES**  
**AND CHANGES IN NET POSITION**  
**DECEMBER 31, 2016 AND 2015**

	<u>Governmental Activities 2016</u>	<u>Business-Type Activities 2016</u>	<u>Total 2016</u>	<u>Governmental Activities 2015</u>	<u>Business-Type Activities 2015</u>	<u>Total 2015</u>
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 3,149,165	\$ 1,979,035	\$ 5,128,200	\$ 3,184,381	\$ 1,888,183	\$ 5,072,564
Operating grants, contributions and transfers in	1,289,010	870,107	2,159,117	1,256,056	905,885	2,161,941
Capital grants and contributions	2,206,235	1,104,713	3,310,948	1,851,134	1,081,722	2,932,856
General revenues						
Property taxes	1,786,463	-0-	1,786,463	1,830,091	-0-	1,830,091
Franchise taxes	266,784	-0-	266,784	272,575	-0-	272,575
Sales taxes	2,265,627	-0-	2,265,627	2,074,862	-0-	2,074,862
Alcoholic beverage tax	12,994	-0-	12,994	13,238	-0-	13,238
Boarding fee	1,976,339	-0-	1,976,339	2,028,111	-0-	2,028,111
Occupational licenses	414,906	-0-	414,906	431,591	-0-	431,591
Investment earnings	3,554	794	4,348	2,454	800	3,254
Gain (loss) on sale of assets	68,849	(151,473)	(82,624)	69,925	-0-	69,925
Miscellaneous	<u>1,535,467</u>	<u>-0-</u>	<u>1,535,467</u>	<u>1,797,879</u>	<u>-0-</u>	<u>1,797,879</u>
<b>Total revenues</b>	<b><u>14,975,393</u></b>	<b><u>3,803,176</u></b>	<b><u>18,778,569</u></b>	<b><u>14,812,297</u></b>	<b><u>3,876,590</u></b>	<b><u>18,688,887</u></b>
<b>Expenses and transfers out:</b>						
General government	5,247,676	-0-	5,247,676	4,330,628	-0-	4,330,628
Public safety	6,193,996	-0-	6,193,996	6,089,509	-0-	6,089,509
Public works	375,826	-0-	375,826	304,685	-0-	304,685
Sanitation	620,505	-0-	620,505	613,703	-0-	613,703
Health	310,703	-0-	310,703	263,550	-0-	263,550
Recreation	272,697	-0-	272,697	278,021	-0-	278,021
Transfers out	870,107	0-	870,107	905,885	0-	905,885
Water and sewerage	<u>-0-</u>	<u>2,913,825</u>	<u>2,913,825</u>	<u>-0-</u>	<u>2,965,033</u>	<u>2,965,033</u>
<b>Total expenses and transfers out</b>	<b><u>13,891,510</u></b>	<b><u>2,913,825</u></b>	<b><u>16,805,335</u></b>	<b><u>12,785,981</u></b>	<b><u>2,965,033</u></b>	<b><u>15,751,014</u></b>
Changes in net position	1,083,883	889,351	1,973,234	2,026,316	911,557	2,937,873
Net position – Beginning of Year	23,509,733	11,074,333	34,584,066	28,761,121	10,955,116	39,716,237
Prior period adjustment	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(7,277,704)</u>	<u>(792,340)</u>	<u>(8,070,044)</u>
<b>Net position – End of Year</b>	<b><u>\$24,593,616</u></b>	<b><u>\$11,963,684</u></b>	<b><u>\$36,557,300</u></b>	<b><u>\$23,509,733</u></b>	<b><u>\$11,074,333</u></b>	<b><u>\$34,584,066</u></b>

GASB 68 was implemented in fiscal year ended December 31, 2015. Prior year amounts were not restated to reflect the changes due to this implementation.

CITY OF WESTWEGO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2016

*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 \$3,882,106. This reflects a decrease of \$920,170 from last year. This decrease is the net result of decreases primarily the result of traffic fines and a net miscellaneous settlement of \$647,324 and increases primarily the result of increased public safety personal services of \$423,611.

*GENERAL FUND BUDGETARY HIGHLIGHTS*

The original budget for the General Fund's December 31, 2016 fund balance was revised by \$1,040,544. Major budget amendments were approved as follows:

- (A) Budgeted revenues were decreased by \$7,703,420. This decrease was due primarily to a net decrease in grant revenue, of \$8,723,153 and a net increase in insurance reimbursements, intergovernmental, FEMA reimbursements and miscellaneous of \$981,694.
- (B) Budgeted expenditures decreased \$8,743,964 mainly due to an increase in hurricane related repairs of approximately \$473,060; an increase in transfers to other funds of \$185,425 and a decrease in capital expenditures of approximately \$9,722,980.

*CAPITAL ASSETS*

Capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2016 was \$30,506,387.

This year there were \$3,253,467 of additions and \$466,441 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 \$95,341 of long-term compensated absences, \$1,623,127 of other post-employment benefits, \$11,681,336 of net pension liability and \$2,396,935 due to the Municipal Facilities Revolving Loan Fund.

CITY OF WESTWEGO, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2016

*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, 2017 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, 2017 at an increase of 2% over the year ending December 31, 2016 in anticipation of raises. The expense categories affected by payroll increases are increased accordingly. Health insurance expense is budgeted at 2016 levels for the year ending December 31, 2017 due to increased premiums being absorbed by employees. General Fund Capital expenditures are budgeted as \$11,041,148 for the year ending December 31, 2017 and grant revenue is budgeted as \$8,938,884 for the year ending December 31, 2017.

*CONTACTING FINANCIAL MANAGEMENT*

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CITY OF WESTWEGO, LOUISIANA  
STATEMENT OF NET POSITION  
December 31, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total (Memorandum Only)</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,570,874	\$ 372,331	\$ 2,943,205
Prepaid insurance	185,509	-0-	185,509
Receivables, net	1,378,496	332,639	1,711,135
Due from other governments	1,551,520	172,204	1,723,724
Internal balances	-0-	1,369,882	1,369,882
Restricted cash and cash equivalents	-0-	386,249	386,249
Capital assets, net	<u>30,506,387</u>	<u>14,531,096</u>	<u>45,037,483</u>
<b>Total assets</b>	<u><b>36,192,786</b></u>	<u><b>17,164,401</b></u>	<u><b>53,357,187</b></u>
<b>Deferred Outflows of Resources - Pension related</b>	<u><b>2,998,650</b></u>	<u><b>470,113</b></u>	<u><b>3,468,763</b></u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	1,307,955	243,910	1,551,865
Accrued liabilities	456,155	102,964	559,119
Internal balances	26,083	1,343,799	1,369,882
Utility deposits	-0-	152,629	152,629
Current portion of loan payable	-0-	145,000	145,000
<b>Non-Current Liabilities:</b>			
Long-term accrued liabilities	74,653	20,688	95,341
Other post-employment benefits	1,623,127	-0-	1,623,127
Net pension liability	10,313,629	1,367,707	11,681,336
Loans payable	<u>-0-</u>	<u>2,251,935</u>	<u>2,251,935</u>
<b>Total liabilities</b>	<u><b>13,801,602</b></u>	<u><b>5,628,632</b></u>	<u><b>19,430,234</b></u>
<b>Deferred Inflows of Resources</b>			
Pension related	782,118	42,198	824,316
Brake tags	<u>14,100</u>	<u>-0-</u>	<u>14,100</u>
<b>Total Deferred Inflows of Resources</b>	<u><b>796,218</b></u>	<u><b>42,198</b></u>	<u><b>838,416</b></u>
<b>NET POSITION</b>			
Invested in capital assets	30,506,387	12,134,161	42,640,548
Restricted	3,191,464	233,620	3,425,084
Unrestricted	<u>(9,104,235)</u>	<u>(404,097)</u>	<u>(9,508,332)</u>
<b>Total net position</b>	<u><b>\$ 24,593,616</b></u>	<u><b>\$ 11,963,684</b></u>	<u><b>\$ 36,557,300</b></u>

The accompanying notes are an integral part of this statement.



CITY OF WESTWEGO, LOUISIANA  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2016

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)
<b>Governmental Activities:</b>							
General government	\$ 5,247,676	\$ 142,642	\$ 600,613	\$ 1,944,145	\$(2,560,276)	\$ -0-	\$ (2,560,276)
Public safety	6,193,996	2,224,172	688,397	214,250	(3,067,177)	-0-	(3,067,177)
Public works	375,826	-0-	-0-	-0-	(375,826)	-0-	(375,826)
Sanitation	620,505	692,701	-0-	-0-	72,196	-0-	72,196
Health	310,703	89,650	-0-	-0-	(221,053)	-0-	(221,053)
Recreation	272,697	-0-	-0-	47,840	(224,857)	-0-	(224,857)
Total governmental activities	13,021,403	3,149,165	1,289,010	2,206,235	(6,376,993)	-0-	(6,376,993)
<b>Business-Type Activities:</b>							
Water	1,355,312	762,872	-0-	1,072,473	-0-	480,033	480,033
Sewerage	1,558,513	1,216,163	-0-	32,240	-0-	(310,110)	(310,110)
Total business-type activities	2,913,825	1,979,035	-0-	1,104,713	-0-	169,923	169,923
Total	15,935,228	5,128,200	1,289,010	3,310,948	(6,376,993)	169,923	(6,207,070)
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes					1,786,463	-0-	1,786,463
Franchise taxes					266,784	-0-	266,784
Sales taxes					2,265,627	-0-	2,265,627
Alcoholic beverage tax					12,994	-0-	12,994
Boarding fee					1,976,339	-0-	1,976,339
Occupational licenses					414,906	-0-	414,906
Investment earnings					3,554	794	4,348
Gain (Loss) on sale of assets					68,849	(151,473)	(82,624)
Miscellaneous					1,535,467	-0-	1,535,467
Transfers					(870,107)	870,107	-0-
Total general revenues and transfers					\$ 7,460,876	\$ 719,428	\$ 8,180,304
Changes in net position					1,083,883	889,351	1,973,234
Net position - Beginning of Year					23,509,733	11,074,333	34,584,066
Net position - End of the Year					\$24,593,616	\$ 11,963,684	\$ 36,557,300

The accompanying notes are an integral part of this statement.

**FUND FINANCIAL STATEMENTS**

CITY OF WESTWEGO, LOUISIANA  
BALANCE SHEET - GOVERNMENTAL FUND  
December 31, 2016

ASSETS

	<u>General Fund</u>
Cash and cash equivalents	\$ <u>2,570,874</u>
Prepaid insurance	<u>185,509</u>
Receivables, net:	
Property taxes	567,347
Other accounts	<u>811,149</u>
	<u>1,378,496</u>
Due from other governments:	
Parish of Jefferson	531,804
State of Louisiana	1,014,543
U. S. Government	<u>5,173</u>
	<u>1,551,520</u>
Total assets	\$ <u>5,686,399</u>

LIABILITIES, DEFERRED INFLOWS OF  
RESOURCES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 1,307,955
Accrued liabilities	456,155
Due from/to other funds, net	<u>26,083</u>
Total liabilities	<u>1,790,193</u>
Deferred Inflows of Resources	<u>14,100</u>
Fund balance:	
Nonspendable (prepaid insurance)	185,509
Restricted for street lighting	37,837
Restricted for public safety	509,803
Restricted for future spending Sala Ave	125,000
Restricted for future spending City Hall	196,075
Committed for future spending emergencies	614,088
Committed for future spending police department	441,378
Committed for future spending public works	276,151
Assigned for Waterworks deficit	991,132
Unassigned	<u>505,133</u>
Total fund balance	<u>3,882,106</u>
Total liabilities, deferred inflows of resources and fund balance	\$ <u>5,686,399</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, 2016

Total fund balance of the governmental fund  
at December 31, 2016 \$ 3,882,106

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. 2,998,650

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	32,539,474	
Machinery and equipment	<u>9,910,035</u>	
	42,449,509	
Less accumulated depreciation	<u>(11,943,122)</u>	
Capital assets, net		30,506,387

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

Pension liability	(10,313,629)	
Compensated absences payable	(74,653)	
Other post-employment benefits	<u>(1,623,127)</u>	(12,011,409)

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. (782,118)

Net position of governmental activities at  
December 31, 2016 \$24,593,616

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, 2016

	<u>General Fund</u>
Revenues:	
Taxes	\$ 4,231,166
Licenses and permits	784,201
Intergovernmental	5,621,487
Charges for services	714,955
Fines	1,897,965
Miscellaneous	<u>1,523,592</u>
Total revenues	<u>14,773,366</u>
Expenditures:	
Current:	
General government	4,783,132
Public safety	5,433,323
Public works	289,657
Sanitation	620,505
Health	293,030
Recreation	216,557
Capital outlay	<u>3,187,225</u>
Total expenditures	<u>14,823,429</u>
Deficiency of revenues over expenditures	(50,063)
Other financing uses:	
Transfer to Proprietary Funds	<u>870,107</u>
Deficiency of revenues over expenditures and other financing uses	<u>(920,170)</u>
Fund balance - beginning of year	<u>4,802,276</u>
Fund balance - end of year	<u>\$ 3,882,106</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, 2016

Total net change in fund balance at  
December 31, 2016 per Statement of  
Revenues, Expenditures, and Changes in  
Fund Balance of the Governmental Fund \$ (920,170)

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	\$ 3,187,225	
Depreciation expense for the year ended December 31, 2016	(1,044,766)	
Disposition of assets, net	<u>(9,731)</u>	2,132,728

Some revenues are not considered measurable at  
year end, they are not considered "available"  
revenues in the governmental funds.  
Non-employer pension contributions 211,758

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	(221)	
Pension expense	(364,205)	
Decrease in other post-employment benefits	<u>23,993</u>	<u>(340,433)</u>

Total change in net position of governmental  
activities \$ 1,083,883

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 December 31, 2016

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)
	Water	Sewerage	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 262,455	\$ 109,876	\$ 372,331
Accounts receivable - customers	118,058	214,581	332,639
Due from other funds	-0-	1,369,882	1,369,882
Due from other governments	172,204	-0-	172,204
Total Current Assets	<u>552,717</u>	<u>1,694,339</u>	<u>2,247,056</u>
Restricted assets:			
Customers' deposits fund:			
Cash and cash equivalents	152,629	-0-	152,629
Sewer revenue bond fund:			
Cash and cash equivalents	-0-	233,620	233,620
Total Restricted Assets	<u>152,629</u>	<u>233,620</u>	<u>386,249</u>
Capital assets:			
Property, plant, and equipment, at cost less accumulated depreciation	5,953,441	8,577,655	14,531,096
Total Assets	<u>6,658,787</u>	<u>10,505,614</u>	<u>17,164,401</u>
Deferred Outflows of Resources - Pension related	<u>312,352</u>	<u>157,761</u>	<u>470,113</u>
<b>LIABILITIES AND NET POSITION</b>			
Current liabilities (payable from current assets):			
Accounts payable	190,624	53,286	243,910
Accrued liabilities	58,914	44,050	102,964
Due to other funds	1,343,799	-0-	1,343,799
Current portion of loan payable	-0-	145,000	145,000
Current liabilities (payable from restricted assets):			
Customers' deposits	152,629	-0-	152,629
Total Current Liabilities	<u>1,745,966</u>	<u>242,336</u>	<u>1,988,302</u>
Non-Current liabilities:			
Accrued liabilities	11,988	8,700	20,688
Net Pension liability	909,954	457,753	1,367,707
Loan payable	-0-	2,251,935	2,251,935
Total Non-Current Liabilities	<u>921,942</u>	<u>2,718,388</u>	<u>3,640,330</u>
Total Liabilities	<u>2,667,908</u>	<u>2,960,724</u>	<u>5,628,632</u>
Deferred Inflows of Resources - Pension related	<u>28,243</u>	<u>13,955</u>	<u>42,198</u>
Net position:			
Invested in capital assets	5,953,441	6,180,720	12,134,161
Restricted capital projects	-0-	233,620	233,620
Unrestricted (deficit)	( 1,678,453)	1,274,356	(404,097)
Total Net Position	<u>\$ 4,274,988</u>	<u>\$ 7,688,696</u>	<u>\$11,963,684</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, 2016

	Business-Type Activities		Total (Memorandum Only)
	Enterprise Funds		
	Water	Sewerage	
Operating Revenues:			
Charges for services	\$ <u>762,872</u>	\$ <u>1,216,163</u>	\$ <u>1,979,035</u>
Operating Expenses:			
Salaries and wages	435,804	264,401	700,205
Security	-0-	43,678	43,678
Water purchased	306,070	-0-	306,070
Maintenance	70,540	264,233	334,773
Power	6,166	134,664	140,830
Chemicals	423	18,316	18,739
Medical insurance	41,124	46,968	88,092
General insurance	155,017	173,536	328,553
Truck expense	336	2,264	2,600
Office supplies and postage	14,248	12,171	26,419
Pension plan	134,152	68,743	202,895
Bad debts	1,881	6,826	8,707
Telephone	2,786	5,162	7,948
Tenure awards	3,050	2,400	5,450
Professional fees	63,838	63,838	127,676
Depreciation	108,953	349,944	458,897
Other	<u>10,924</u>	<u>46,135</u>	<u>57,059</u>
Total operating expenses	<u>1,355,312</u>	<u>1,503,279</u>	<u>2,858,591</u>
Net operating loss	<u>(592,440)</u>	<u>(287,116)</u>	<u>(879,556)</u>
Non-Operating Revenues/(Expenses):			
Interest income	309	485	794
Interfund transfer	579,303	290,804	870,107
Grant revenue	1,072,473	32,240	1,104,713
Loss on disposition of assets	-0-	(151,473)	(151,473)
Interest and administrative expense	<u>-0-</u>	<u>(55,234)</u>	<u>(55,234)</u>
Total non-operating revenues/(expenses)	<u>1,652,085</u>	<u>116,822</u>	<u>1,768,907</u>
Change in Net Position	1,059,645	(170,294)	889,351
Net Position-Beginning of Year	<u>3,215,343</u>	<u>7,858,990</u>	<u>11,074,333</u>
Net Position-End of Year	<u>\$ 4,274,988</u>	<u>\$ 7,688,696</u>	<u>\$11,963,684</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, 2016

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)
	Water	Sewerage	
<b>Cash flows from Operating Activities:</b>			
Receipts from customers	\$ 737,315	\$ 1,183,023	\$ 1,920,338
Payments to suppliers	(807,688)	(861,227)	(1,668,915)
Payment to employees	(425,782)	(260,366)	(686,148)
Other receipts (payments)	<u>4,565</u>	<u>-0-</u>	<u>4,565</u>
Net cash provided (used) by operating activities	<u>(491,590)</u>	<u>61,430</u>	<u>(430,160)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from other funds	579,303	290,804	870,107
Increase in due to other funds	192,628	-0-	192,628
Increase in due from other funds	<u>-0-</u>	<u>(273,745)</u>	<u>(273,745)</u>
Net cash provided by Noncapital financing activities	<u>771,931</u>	<u>17,059</u>	<u>788,990</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of property, plant, and equipment	(1,599,927)	(140,932)	(1,740,859)
Payments from capital debt	-0-	(139,000)	(139,000)
Grant revenue, insurance reimbursement, legal settlement	1,500,770	32,240	1,533,010
Interest and administrative expense paid on capital debt	<u>-0-</u>	<u>(55,602)</u>	<u>(55,602)</u>
Net cash (used) by capital and related financing activities	<u>(99,157)</u>	<u>(303,294)</u>	<u>(402,451)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	<u>309</u>	<u>485</u>	<u>794</u>
Net cash provided by investing activities	<u>309</u>	<u>485</u>	<u>794</u>
Net increase (decrease) in cash	181,493	(224,320)	(42,827)
<b>Cash and Cash Equivalents:</b>			
Beginning of year	233,591	567,816	801,407
End of year	<u>\$ 415,084</u>	<u>\$ 343,496</u>	<u>\$ 758,580</u>
<b>Classification of Cash at End of Year:</b>			
Current assets	\$ 262,455	\$ 109,876	\$ 372,331
Restricted assets	152,629	233,620	386,249
	<u>\$ 415,084</u>	<u>\$ 343,496</u>	<u>\$ 758,580</u>
<b>Reconciliation of Operating Loss to Net Cash provided (used) by Operating Activities:</b>			
Operating loss	\$ (592,440)	\$ (287,116)	\$ (879,556)
Adjustments to reconcile net operating loss to net cash provided (used) by operating activities:			
Depreciation	108,953	349,944	458,897
Pension related	35,888	18,389	54,277
(Increase) in accounts receivable customers	(9,958)	(19,284)	(29,242)
(Decrease) in accounts payable	(51,670)	(6,938)	(58,608)
Increase in accrued liabilities	13,072	6,435	19,507
Increase in customer deposits	<u>4,565</u>	<u>-0-</u>	<u>4,565</u>
Net cash provided (used) by operating activities	<u>\$ (491,590)</u>	<u>\$ 61,430</u>	<u>\$ (430,160)</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, 2016

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, 2016

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, 2016, 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, 2016

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, 2016

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, 2016

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, 2016 is as adopted on December 14, 2015 and the amended budget as adopted on November 14, 2016.
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, 2016, 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, 2016

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, 2016, the amount recognized as revenue and expenditure was \$285,967.

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, 2016

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, 2016

K. New GASB Statements

For the year ended December 31, 2016, the following GASB statements were effective, but did not impact the financial statements of the City: GASB Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

L. 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.

M. 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, 2016

(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, 2016.

Petty cash and demand deposits:	
Unrestricted	\$ 2,943,205
Restricted	<u>386,249</u>
	\$ <u>3,329,454</u>

The bank balances at December 31, 2016 were \$4,346,168 of which \$369,689 was covered by federal depository insurance, and \$3,976,479 was covered by collateral held by the Federal Reserve Bank in the City's name.

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. The City's bank balance of \$4,346,168 at December 31, 2016 is secured by pledged collateral held in joint custody. The City has no formal policy regarding custodial credit risk.

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

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2016

(3) CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2016.

	<u>Balance 1/1/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/16</u>
<b>Governmental Activities:</b>				
Land	\$ 4,928,159	-0-	-0-	\$ 4,928,159
Improvements, and buildings	25,028,559	\$ 2,595,430	\$ 12,674	27,611,315
Machinery and equipment	9,705,765	658,037	453,767	9,910,035
Totals	<u>39,662,483</u>	<u>3,253,467</u>	<u>466,441</u>	<u>42,449,509</u>
Less accumulated depreciation:				
Land, improvements, and buildings	3,349,362	473,162	3,168	3,819,356
Machinery and equipment	7,939,461	637,847	453,542	8,123,766
Total accumulated depreciation	<u>11,288,823</u>	<u>1,111,009</u>	<u>456,710</u>	<u>11,943,122</u>
Capital assets, net	<u>\$28,373,660</u>	<u>\$ 2,142,458</u>	<u>\$ 9,731</u>	<u>\$30,506,387</u>
<b>Business-Type Activities:</b>				
Land	91,433	-0-	-0-	91,433
Building	76,714	-0-	-0-	76,714
Water purification plant	5,644,114	1,049,305	-0-	6,693,419
Sewerage treatment plant	9,748,281	75,614	285,065	9,538,830
Water and sewerage lines	7,133,823	-0-	-0-	7,133,823
Equipment	2,023,832	135,452	346,574	1,812,710
Totals	<u>24,718,197</u>	<u>1,260,371</u>	<u>631,639</u>	<u>25,346,929</u>
Less accumulated depreciation	<u>10,837,102</u>	<u>458,897</u>	<u>480,166</u>	<u>10,815,833</u>
Capital assets, net	<u>\$13,881,095</u>	<u>\$ 801,474</u>	<u>\$ 151,473</u>	<u>\$14,531,096</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 327,211
Public safety	557,874
Public works	85,525
Sanitation	-0-
Health	17,876
Recreation	56,280
	<u>\$1,044,766</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, 2016

(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, 2016 there were 85 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, 2016

(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, 2016

(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, 2016, the actual employer contribution rate was 19.75% for Plan A.

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2016

(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, 2016, the City reported a liability of \$4,450,272 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 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, 2016, the City's proportion was 1.085774%, which was an increase of 0.06% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City Recognized pension expense of \$642,673 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$(404,777).

At December 31, 2016, 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	\$ -	\$ 140,676
Changes of assumptions	162,001	-
Net difference between projected and actual earnings on pension plan investments	1,016,324	-
Changes in proportion and differences between City contributions and proportionate share of contributions	127,955	-
City contributions subsequent to the measurement date	214,930	-
Total	<u>\$ 1,521,210</u>	<u>\$ 140,676</u>



CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2016

(4) RETIREMENT PLANS- continued

Deferred outflows of resources of \$214,930 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	MERS
2017	\$ (404,099)
2018	(274,534)
2019	(329,310)
2020	(157,661)
	(1,165,604)

Actuarial Methods and Assumptions - A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	3 years
Investment Rate of Return	7.5% net of investment expense
Inflation Rate	2.875% 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, 2016

(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, 2016 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	50%	2.62%
Public fixed income	35%	1.80%
Alternatives	15%	.80%
Totals	100%	5.20%
Inflation		2.5%
Expected Arithmetic Nominal Return		7.60%

The discount rate used to measure the total pension liability was 7.5% for the year ended June 30, 2016. 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 2016 is 3 years for Plan A.

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2016

(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 7.5%, 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, (6.5%) or one percentage-point higher, (8.5%) than the current rate calculated at June 30, 2016:

	Changes in Discount Rate-Plan A		
	1%	Current	1%
	Decrease	Discount	Increase
	6.5%	7.5%	8.5%
City's proportionate share of the net pension liability	\$5,657,126	\$4,450,272	\$3,420,458

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](http://www.mersla.com).

Payables to the Pension Plan - As of December 31, 2016, the City reported a payable of \$70,344 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, 2016

(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, 2016

(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, 2016

(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, 2016, total contributions for the System due from employers and employees were 39.5%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 29.5% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 31.5% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 32% 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, 2016 and excluded from pension expense.

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2016

(4) RETIREMENT PLANS - continued

The City's contractually required composite contribution rate for the year ended December 31, 2016 was 29.5 of annual payroll, from January 1, 2016 to June 30, 2016 and 31.75% from July 1, 2016 to December 31, 2016, 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, 2016, the City reported a liability of \$5,950,577 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 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, 2016, the City's proportion was .634876%, which was a decrease of .016635% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City's recognized pension expense of \$712,281 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$(544,341).

At December 31, 2016, 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	\$ -	\$ 94,659
Changes of assumptions	289,320	358
Net difference between projected and actual earnings on pension plan investments	915,636	-
Changes in proportion and differences between City contributions and proportionate share of contributions	88,280	318,626
City contributions subsequent to the measurement date	276,496	-
Total	<u>\$ 1,569,732</u>	<u>\$ 413,643</u>

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2016

(4) RETIREMENT PLANS Continued

Deferred outflows of resources of \$276,496 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	MPERS
2017	\$ (194,580)
2018	(119,874)
2019	(332,566)
2020	(232,573)
	\$ (879,593)

Actuarial Assumptions - A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	4 years
Investment Rate of Return	7.5% net of investment expense
Inflation Rate	2.875% 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, 2016

(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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	53%	3.69%
Fixed income	21%	.49%
Alternative	20%	1.11%
Other	6%	.21%
Totals	100%	5.50%
Inflation		2.75%
Expected Nominal Return		8.25%

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current 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, 2016

(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 7.5%, as well as what the Employer's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower, (6.5%) or one percentage-point higher, (8.5%) than the current rate calculated at June 30, 2016:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net pension liability	\$7,932,631	\$5,950,577	\$4,286,463

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](http://www.lampers.org).

Payables to the Pension Plan

As of December 31, 2016, the City reported a payable of \$85,368 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, 2016

(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 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, 2016

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

CITY OF WESTWEGO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2016

(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, 2016, employer and employee contributions for members above the poverty line were 27.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 29.25% 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, 2016 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, 2016, the City reported a liability of \$1,280,487 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 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, 2016, the City's proportion was .195766%, which was a decrease of .012036% from its proportion measured as of June 30, 2015.

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2016

(4) RETIREMENT PLANS - continued

For the year ended December 31, 2016, the City's recognized pension expense of \$153,728 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$(120,334).

At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 50,687
Changes of assumptions	11,035	357
Net difference between projected and actual earnings on pension plan investments	307,744	-
Changes in proportion and differences between City contributions and proportionate share of contributions	(784)	218,953
City contributions subsequent to the measurement date	59,826	-
Total	\$ 377,821	\$ 269,997

Deferred outflows of resources of \$59,826 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	FRS
2017	\$ (20,110)
2018	(20,110)
2019	(39,440)
2020	3,389
2021	17,803
2022	10,470
	\$ (47,998)

Actuarial Methods and Assumptions - A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	2016 7 years
Investment Rate of Return	7.5% per annum
Inflation Rate	2.875% per annum
Salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Cost of living Adjustments	Only those previously granted

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2016

(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, 2016 are summarized in the following table:

Asset Class	Long-Term Target Asset Allocation	Expected Portfolio Real Rate of Return
Fixed income	24%	.44%
Equity	58%	3.94%
Alternatives	8%	.53%
Other	10%	.43%
Totals	100%	5.34%
Inflation		3.00%
Expected Arithmetic Nominal Return		8.34%

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

Sensitivity to Changes in Discount Rate - The following presents the net pension liability of the City calculated using the discount rate of 7.5%, 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, (6.5%) or one percentage point higher, (8.5%) than the current rate calculated at June 30, 2016.

	1% Decrease 6.50%	Current Discount Rate 7.5%	1% Increase 8.50%
Net pension liability \$	\$ 1,744,560	\$ 1,280,487	\$ 890,210

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2016

(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](http://www.ffret.com).

Payables to the Pension Plan

As of December 31, 2016, the City reported a payable of \$21,150 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 2016 and the purposes for which levied are shown below:

	<u>Number of mills</u> 2016	<u>Collection</u> year in which dedicated tax expires
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	2019
Fire Department maintenance, operations and equipment	<u>5.87</u>	2024
Total	<u>29.27</u>	

For the year 2016, all property tax revenues were accounted for in the General Fund.



CITY OF WESTWEGO, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
December 31, 2016

(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 \$68,874, 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, 2016 follows:

	Waterworks Fund	Sewerage Fund	Total Enterprise Funds
Operating revenues	\$ <u>762,872</u>	\$ <u>1,216,163</u>	\$ <u>1,979,035</u>
Operating expenses			
Depreciation	108,953	349,944	458,897
Other expenses	<u>1,246,359</u>	<u>1,153,335</u>	<u>2,399,694</u>
Total operating expenses	<u>1,355,312</u>	<u>1,503,279</u>	<u>2,858,591</u>
Operating loss	(592,440)	(287,116)	(879,556)
Nonoperating revenues (expense)	<u>1,072,782</u>	<u>(173,982)</u>	<u>898,800</u>
Net income (loss)	480,342	(461,098)	19,244
Transfers	<u>579,303</u>	<u>290,804</u>	<u>870,107</u>
Change in net position	1,059,645	(170,294)	889,351
Beginning net position	<u>3,215,343</u>	<u>7,858,990</u>	<u>11,074,333</u>
Ending net position	\$ <u>4,274,988</u>	\$ <u>7,688,696</u>	\$ <u>11,963,684</u>

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2016

(8) INTERFUND RECEIVABLE AND PAYABLE BALANCES

The individual fund interfund receivable and payable balances as of December 31, 2016 are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ -0-	\$ 26,083
Enterprise Funds:		
Waterworks	-0-	1,343,799
Sewerage	<u>1,369,882</u>	<u>-0-</u>
	<u>\$ 1,369,882</u>	<u>\$ 1,369,882</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 2016 the City's general fund recorded \$870,107 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 2016, the City incurred approximately \$1,434,155 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, 2016

(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, 2016, the City has a balance of \$1,483,935 and that liability is reflected on the Statement of Net Position as current portion of loan payable - \$95,000 and Non-Current Liabilities: - loans payable \$1,388,935.

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, 2016, the City has a balance of \$913,000 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 \$863,000.

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2016

(12) LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations transactions for the year ended December 31, 2016:

	<u>Balance 1/01/16</u>	<u>Additions (Reductions)</u>	<u>Balance 12/31/16</u>	<u>Due within one year</u>
State Revolving Fund-2007	\$1,573,935	\$ (90,000)	\$1,483,935	\$ 95,000
State Revolving Fund-2011	962,000	(49,000)	913,000	50,000
Compensated absences	92,340	3,001	95,341	-0-
Other post-employment Benefits	1,647,120	(23,993)	1,623,127	-0-
Net pension liability	<u>9,887,082</u>	<u>1,794,254</u>	<u>11,681,336</u>	<u>-0-</u>
Total	<u>\$14,162,477</u>	<u>\$1,634,262</u>	<u>\$15,796,739</u>	<u>\$ 145,000</u>

The annual requirements to maturity for the State Revolving Loans as of December 31, 2016 are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest &amp; Fees</u>
2017	\$ 145,000	\$ 52,450
2018	150,000	49,172
2019	151,000	45,748
2020	156,000	42,313
2021	157,000	38,731
2022-2033	1,637,935	175,620
	<u>\$2,396,935</u>	<u>\$ 404,034</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, 2016

(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 2016 and 2015, the City's portion of health care funding cost for retired employees totaled \$101,960 and \$132,985, 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, 2016

(14) OTHER POST-EMPLOYMENT BENEFITS - continued

	<u>2016</u>	<u>2015</u>
Normal Cost	\$ 40,966	\$145,500
30-year UAL amortization amount	<u>66,369</u>	<u>218,369</u>
Annual required contribution (ARC)	<u>\$107,335</u>	<u>\$363,869</u>

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

	<u>2016</u>	<u>2015</u>
Beginning Net OPEB Obligation	<u>\$1,647,120</u>	<u>\$1,441,946</u>
Annual required contribution	107,335	363,869
Interest on Net OPEB Obligation	65,885	57,678
ARC Adjustment	<u>(95,253)</u>	<u>(83,388)</u>
OPEB Cost	77,967	338,159
Contribution	-0-	-0-
Current year retiree premium	<u>(101,960)</u>	<u>(132,985)</u>
Change in Net OPEB Obligation	<u>(23,993)</u>	<u>205,174</u>
Ending Net OPEB Obligation	<u>\$1,623,127</u>	<u>\$1,647,120</u>

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, 2016	\$ 77,967	130.77%	\$1,623,127
Medical	December 31, 2015	\$338,159	39.33%	\$1,647,120
Medical	December 31, 2014	\$327,813	37.56%	\$1,441,946

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2016

(14) OTHER POST-EMPLOYMENT BENEFITS - continued

Funded Status and Funding Progress - In 2016 and 2015, 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, 2016 was \$1,193,548, 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>2016</u>	<u>2015</u>
Actuarial Accrued Liability (AAL)	\$1,193,548	\$3,927,033
Actuarial Value of Plan Assets (AVP)	0	0
Unfunded Act. Accrued Liability (UAAL)	\$1,193,548	\$3,927,033
Funded Ratio (AVP/AAL)	0.0%	0.0%
Covered Payroll (active plan members)	\$4,616,835	\$4,239,028
UAAL as a percentage of covered payroll	25.85%	92.64%

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, 2016

(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, 2016

(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.

	<u>OPEB Costs and Contributions</u>		
	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
OPEB Cost	\$327,813	\$338,159	\$ 77,967
Contribution	0	0	0
Retiree premium	123,135	132,986	101,960
Total contribution and premium	<u>123,135</u>	<u>132,986</u>	<u>101,960</u>
 Changes in Net OPEB obligation	 <u>\$204,678</u>	 <u>\$205,173</u>	 <u>\$(23,993)</u>
 % of contribution to cost	 0.00%	 0.00%	 0.00%
% of contribution plus premium to cost	37.56%	39.33%	130.77%

CITY OF WESTWEGO, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 December 31, 2016

(15) DEFERRED INFLOWS OF RESOURCES - BRAKE TAGS

Activity for deferred inflows of resources - brake tags during the year ended December 31, 2016 was as follows:

<u>Description</u>	<u>Balance</u> <u>January 1, 2016</u>	<u>Generated</u>	<u>Utilized</u>	<u>Balance</u> <u>December 31, 2016</u>
Governmental Activities:				
General Fund:				
Sale of 2016 Brake Tags	\$ <u>14,330</u>	\$ <u>14,100</u>	\$ <u>14,330</u>	\$ <u>14,100</u>

(16) SUBSEQUENT EVENTS

Management of the City of Westwego has evaluated subsequent events through June 30, 2017, 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, 2016

	Budget		Actual	Variance with Final Budget Positive(Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 4,093,847	\$ 4,153,986	\$ 4,231,166	\$ 77,180
Licenses and permits	818,795	770,145	784,201	14,056
Intergovernmental	13,963,868	5,516,823	5,621,487	104,664
Charges for services	710,746	714,902	714,955	53
Fines	2,040,222	1,942,363	1,897,965	(44,398)
Miscellaneous	610,667	1,436,506	1,523,592	87,086
<b>Total revenues</b>	<b>22,238,145</b>	<b>14,534,725</b>	<b>14,773,366</b>	<b>238,641</b>
<b>Expenditures:</b>				
General government	4,214,964	4,819,168	4,783,132	36,036
Public safety	5,140,413	5,312,661	5,433,323	(120,662)
Public works	288,933	299,766	289,657	10,109
Sanitation	614,772	617,394	620,505	(3,111)
Health	254,485	282,520	293,030	(10,510)
Recreation	229,783	205,432	216,557	(11,125)
Capital outlay	12,615,384	2,892,404	3,187,225	(294,821)
<b>Total expenditures</b>	<b>23,358,734</b>	<b>14,429,345</b>	<b>14,823,429</b>	<b>(394,084)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,120,589)</b>	<b>105,380</b>	<b>(50,063)</b>	<b>(155,443)</b>
<b>Other financing uses:</b>				
Transfers to Proprietary Funds	684,682	870,107	870,107	-0-
<b>(Deficiency) of revenues over expenditures and other financing uses</b>	<b>(1,805,271)</b>	<b>(764,727)</b>	<b>(920,170)</b>	<b>(155,443)</b>
<b>Fund balance at beginning of year</b>	<b>4,400,560</b>	<b>4,802,276</b>	<b>4,802,276</b>	<b>-0-</b>
<b>Fund balance at end of year</b>	<b>\$ 2,595,289</b>	<b>\$ 4,037,549</b>	<b>\$ 3,882,106</b>	<b>\$ (155,443)</b>

CITY OF WESTWEGO, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)  
Year Ended December 31, 2016

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>General Government</b>				
Personal services:				
City Council	\$ 86,853	\$ 87,620	\$ 88,194	\$ (574)
Accounting and auditing	120,000	140,000	127,689	12,311
City administrator	71,134	71,761	72,232	(471)
City superintendent	81,781	84,379	89,253	(4,874)
Legal	50,000	60,000	43,792	16,208
Magistrate	8,999	15,370	15,577	(207)
Field Supervisor	65,910	65,857	66,583	(726)
Office	308,055	278,892	267,043	11,849
Tourism	12,110	12,689	13,582	(893)
Museum	32,393	32,332	32,767	(435)
Farmers & Fisheries Market	37,038	30,436	35,778	(5,342)
<b>Total</b>	<b>874,273</b>	<b>879,336</b>	<b>852,490</b>	<b>26,846</b>
<b>Other:</b>				
Advertising	4,792	2,011	2,066	(55)
Automobile expense	76,181	76,950	72,349	4,601
Bad debts	51,026	40,269	58,969	(18,700)
Casualty insurance	762,424	751,500	673,866	77,634
Contribution to employees' pension plan	280,669	278,175	277,592	583
Hospitalization insurance for employees	790,089	816,587	791,790	24,797
Office supplies, expense and postage	101,087	107,851	111,565	(3,714)
Other	806,646	1,296,688	1,314,420	(17,732)
Tenure awards	18,050	19,200	20,700	(1,500)
Lawsuit - settlement and legal fees	50,000	50,000	25,082	24,918
Farmers and fisheries market	140,697	138,751	154,956	(16,205)
Sala Avenue project	38,908	20,370	20,308	62
Performing Arts Center operations	220,122	341,480	406,979	(65,499)
<b>Total</b>	<b>3,340,691</b>	<b>3,939,832</b>	<b>3,930,642</b>	<b>9,190</b>
<b>Total general government</b>	<b>4,214,964</b>	<b>4,819,168</b>	<b>4,783,132</b>	<b>36,036</b>

CITY OF WESTWEGO, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)- CONTINUED  
Year Ended December 31, 2016

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Public Safety</b>				
Personal services:				
Air condition and heating inspector	\$ 9,600	\$ 9,600	\$ 9,600	\$ -0-
Arson investigator	4,800	4,800	4,800	-0-
Building inspector	14,100	14,100	14,100	-0-
Electrical inspector	-0-	3,600	3,600	-0-
Fire chief	10,473	9,600	9,600	-0-
Firemen	536,601	571,295	592,896	(21,601)
Fire Dept. training officer	1,800	1,800	1,825	(25)
Plumbing inspector	6,000	7,000	7,000	-0-
Police chief's salary and expense	77,134	77,761	78,232	(471)
Policemen	2,204,827	2,193,537	2,298,412	(104,875)
Clerk of court office	71,361	77,745	79,779	(2,034)
Emergency medical technicians	446,592	515,227	530,748	(15,521)
Code enforcer	83,121	82,462	81,369	1,093
Civil service secretary	6,601	6,600	6,625	(25)
Zoning Board secretary	1,200	600	400	200
<b>Total</b>	<b>3,474,210</b>	<b>3,575,727</b>	<b>3,718,986</b>	<b>(143,259)</b>
<b>Other:</b>				
Auto and truck expenses, Fire Department	51,985	107,800	107,709	91
Auto expenses, Police Department	170,580	191,987	187,766	4,221
Fire Department maintenance and operation	135,949	133,038	127,859	5,179
Police Department maintenance and operation	318,347	316,616	321,468	(4,852)
Clerk of court office	36,396	29,467	28,194	1,273
Firefighters pension contributions	118,784	117,135	120,182	(3,047)
Police pension contributions	527,446	540,103	539,371	732
Police witness fees	491	420	350	70
Signs	3,647	1,088	907	181
Street and flood light electricity	139,627	141,710	125,903	15,807
Emergency medical service expense	89,357	92,287	89,737	2,550
Fire insurance rebate	58,395	51,680	51,680	-0-
Code enforcement	14,499	13,603	13,211	392
Zoning Board Advisory Board	700	-0-	-0-	-0-
<b>Total</b>	<b>1,666,203</b>	<b>1,736,934</b>	<b>1,714,337</b>	<b>22,597</b>
<b>Total public safety</b>	<b>5,140,413</b>	<b>5,312,661</b>	<b>5,433,323</b>	<b>(120,662)</b>

CITY OF WESTWEGO, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) - CONTINUED  
Year Ended December 31, 2016

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<u>Public Works</u>				
Personal Services:				
Maintenance shop	\$ 32,678	\$ 26,354	\$ 24,780	\$ 1,574
Labor crews	197,074	131,179	133,367	(2,188)
Total	229,752	157,533	158,147	(614)
Other:				
Auto, truck, and equipment expenses	20,479	33,869	29,894	3,975
Materials, supplies, and pipe	6,639	12,348	15,076	(2,728)
Miscellaneous maintenance	32,063	96,016	86,540	9,476
Total	59,181	142,233	131,510	10,723
Total public works	288,933	299,766	289,657	10,109
<u>Sanitation</u>				
Other:				
Solid waste disposal expenses	614,772	617,394	620,505	(3,111)
<u>Health</u>				
Personal Services:				
Social services	99,405	104,022	108,392	(4,370)
Other:				
Social services	84,880	108,661	114,801	(6,140)
Other	70,200	69,837	69,837	-0-
Total	155,080	178,498	184,638	(6,140)
Total health	254,485	282,520	293,030	(10,510)

CITY OF WESTWEGO, LOUISIANA  
GENERAL FUND  
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) - CONTINUED  
Year Ended December 31, 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Recreation</u>				
Personal Services:				
Playground director	\$ 26,129	\$ 26,424	\$ 27,312	\$ (888)
Playground assistant directors	12,000	12,000	12,000	-0-
Playground upkeep	64,285	62,840	63,971	(1,131)
Total	102,414	101,264	103,283	(2,019)
<u>Other:</u>				
Park maintenance and lighting	87,795	86,076	96,494	(10,418)
Playground sports equipment	39,574	18,092	16,780	1,312
Total	127,369	104,168	113,274	(9,106)
Total recreation	229,783	205,432	216,557	(11,125)
Capital outlays	12,615,384	2,892,404	3,187,225	(294,821)
Total expenditures	23,358,734	14,429,345	14,823,429	(394,084)
<u>Other financing uses</u>				
Transfers to Proprietary Funds	684,682	870,107	870,107	-0-
Total expenditures and other financing uses	\$24,043,416	\$15,299,452	\$15,693,536	\$(394,084)



CITY OF WESTWEGO, LOUISIANA  
SCHEDULE OF FUNDING PROGRESS FOR  
CITY OF WESTWEGO'S OPEB PLAN  
December 31, 2016

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, 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%
Medical December 31, 2014	\$ -	\$ 3,775,993	\$ 3,775,993	- %	\$ 4,390,350	86.01%

CITY OF WESTWEGO, LOUISIANA  
 SCHEDULE OF EMPLOYER'S PROPORTIONATE  
 SHARE OF NET PENSION LIABILITY  
 Year Ended December 31, 2016\*

Year Ended June 30,	(a) Employer Proportion of the Net Pension Liability (Asset)	(b) Employer Proportionate Share of the Net Pension Liability (Asset)	(c) Employer's Covered Employee Payroll	(b÷c) Employer's Proportionate Share Of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	(Per Report PFNP÷TPL) Plan Fiduciary Net Position As a Percentage Of the Total Pension Liability
<u>Municipal Employees' Retirement System</u>					
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>					
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>					
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, 2016.

*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, 2016

<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>					
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>					
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>					
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, 2016

Agency Head Name: Johnny I. Shaddinger, Jr.

Purpose

	<u>Amount</u>
Salary	\$ 72,131
Benefits-insurance	9,477
Benefits-retirement	15,296
Benefits-other (phone allowance)	900
Travel and dues	912
Registration fees	535
Conference travel	234
	<u>\$ 99,485</u>

CITY OF WESTWEGO, LOUISIANA  
SCHEDULE OF COMPENSATION PAID TO MEMBERS  
OF THE CITY COUNCIL  
Year Ended December 31, 2016

<u>Councilmember</u>	<u>Salary</u>
Glenn Green	\$ 18,773
Johnny S. Nobles, Jr.	18,257
Norman J. Fonseca	18,783
Garrison J. Toups	18,257
Larry J. Warino, Sr.	<u>18,257</u>
	<u>\$ 92,327</u>

# Camnetar & Co., CPAs

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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, 2016, 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, 2017.

### **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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

Under 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, 2017



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

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Westwego, Louisiana's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

## **Report on Internal Control over Compliance**

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

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

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

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

Under 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, 2017

CITY OF WESTWEGO, LOUISIANA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended December 31, 2016

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
Passed through Louisiana Commission on Law Enforcement:			
Victim Assistance Program	16.575	2015-VA- 01/02/03/04-2869	\$ 25,360
Criminal Patrols	16.738	2015-DJ-01-2983	<u>17,000</u>
			<u>42,360</u>
Passed through Louisiana Highway Safety Commission:			
Police Traffic Services	20.600 & 20.608	2016-30-52	19,044
Police Traffic Services	20.600 & 20.608	2017-30-59	<u>3,548</u>
			<u>22,592</u>
Passed through Louisiana Office of Community Development Disaster Recovery Unit/Jefferson Parish Community Development			
CDBG - Gustav/Ike Recovery	14.228	B-08-DI-22-0001	<u>913,492</u>
United State Department of Justice Task Force			
	16.738		<u>18,190</u>
Department of Homeland Security Disaster Grants Public Assistance			
Hurricane Katrina	97.036	FEMA-1603-DR-LA	1,903,414
Hurricane Isaac	97.036	FEMA-4080-DR-LA	<u>187,500</u>
			<u>2,090,914</u>
Total expenditures of federal awards			<u>\$3,087,548</u>

**CITY OF WESWEGO, LOUISIANA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2016**

**NOTE A - FISCAL PERIOD AUDITED**

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2016. Federal financial assistance received during the year did meet the criteria set forth in the Single Audit Act and the Uniform Guidance. Grant terms are indicated in the Schedule of Expenditures of Federal Awards.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the City has met the qualifications for the respective grants. Costs incurred in programs partially funded by federal grants are applied against federal grant funds to the extent of revenue available when they properly apply to the grant.

**CITY OF WESTWEGO, LOUISIANA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

We have audited the general purpose financial statements of the City of Westwego, Louisiana as of and for the year ended December 31, 2016, and have issued our report thereon dated June 29, 2017. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of the Uniform Guidance. Our audit of the financial statements as of December 31, 2016 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**

Internal Control

Material Weaknesses  Yes  No      Significant Deficiencies  Yes  No

Type of Opinion On Compliance      Unqualified       Qualified   
For Major Programs                      Disclaimer       Adverse

Are their findings required to be reported in accordance with Uniform Guidance?  
 Yes  No

Was a management letter issued?  Yes  No

**c. Identification of Major Programs:**

- Disaster Grant – Public Assistance Hurricane Katrina CFDA 97.036
- Development Disaster Recovery Grant – CDBG Gustav/Ike Recovery CFDA 14.228

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

Is the auditee a "low-risk" auditee?  Yes  No

**Section II Financial Statement Findings**

**A – Issues of Noncompliance**

NONE

**B – Significant Deficiencies**

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, 2016**

**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