

CITY OF WESTWEGO, LOUISIANA

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2020

CITY OF WESTWEGO, LOUISIANA
 DECEMBER 31, 2020
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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, 2020, 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, 2020, 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 Changes in Total OPEB Liability and Related Ratios, Schedule of Employer's Proportionate Share of Net Pension Liability, and Schedule of the City's Pension contributions, and on pages 4-10 and 59-66 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 Justice System Funding Schedule-Collecting/Disbursing Entity, the Justice System Funding Schedule-Receiving Entity, the Schedule of Compensation of Paid Elected Officials, and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The Schedule of Expenitures of Federal Awards, the Justice System Funding Schedule-Collecting/Disbusing Entity, the Justice System Funding Schedule-Receiving Entity, the Schedule of Compensation of Paid Elected Officials, and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenitures of Federal Awards, the Justice System Funding Schedule-Collecting/Disbusing Entity, the Justice System Funding Schedule-Receiving Entity, the Schedule of Compensation of Paid Elected Officials and the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2021, 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, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. 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, 2020

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, 2020

FINANCIAL HIGHLIGHTS

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

- As of December 31, 2020 assets exceeded liabilities by \$49,152,607 (net position) for the fiscal year reported.
- Total net position is comprised of the following:
 - (1) Investment in capital assets of \$54,115,014 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 \$(8,492,529).
 - (3) Restricted net position of \$3,530,122 representing the portion restricted for specific purposes.
- The governmental fund reported total ending fund balance of \$5,336,942, which was classified as \$529,894 nonspendable, \$638,732 restricted, \$2,241,616 committed for future spending, and \$1,926,700 unassigned. This compares to the prior year ending fund balance of \$5,514,040 showing a decrease of \$177,098 during the current year.
- Total expenses for all governmental activities was \$13,191,924 for the year, which was \$5,847,317 more than the program revenues for the activities - \$7,344,607.

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

FINANCIAL ANALYSIS OF THE CITY OF WESTWEGO AS A WHOLE

The City's net position increased by \$3,372,066 from December 31, 2019 to December 31, 2020 as a result of this year's operations.

The City's total revenues for the year in governmental activities were \$16,363,074 (\$7,344,607 in charges for services and \$9,018,467 in general revenues). The total cost of all governmental activities was \$13,191,924.

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020 AND 2019

	<u>Governmental Activities 2020</u>	<u>Business-Type Activities 2020</u>	<u>Total 2020</u>	<u>Governmental Activities 2019</u>	<u>Business-Type Activities 2019</u>	<u>Total 2019</u>
Assets:						
Current and other assets	\$ 6,685,118	\$ 3,378,563	\$10,063,681	\$ 6,886,986	\$ 4,323,998	\$ 11,210,984
Capital assets, net	<u>39,035,342</u>	<u>18,058,641</u>	<u>57,093,983</u>	<u>35,524,602</u>	<u>16,617,084</u>	<u>52,141,686</u>
Total assets	<u>45,720,460</u>	<u>21,437,204</u>	<u>67,157,664</u>	<u>42,411,588</u>	<u>20,941,082</u>	<u>63,352,670</u>
Deferred outflows of resources	<u>4,241,109</u>	<u>274,806</u>	<u>4,515,915</u>	<u>2,305,869</u>	<u>269,069</u>	<u>2,574,938</u>
Liabilities:						
Current liabilities	1,348,176	1,819,818	3,167,994	1,372,946	2,408,329	3,781,275
Long term liabilities	<u>14,461,804</u>	<u>4,016,547</u>	<u>18,478,351</u>	<u>12,223,492</u>	<u>3,073,984</u>	<u>15,297,476</u>
Total liabilities	<u>15,809,980</u>	<u>5,836,365</u>	<u>21,646,345</u>	<u>13,596,438</u>	<u>5,482,313</u>	<u>19,078,751</u>
Deferred inflows of resources	<u>845,832</u>	<u>28,795</u>	<u>874,627</u>	<u>986,412</u>	<u>81,904</u>	<u>1,068,316</u>
Net Position:						
Invested in capital assets	39,035,342	15,079,672	54,115,014	35,524,602	14,553,383	50,077,985
Restricted	3,240,041	290,081	3,530,122	3,315,337	342,450	3,657,787
Unrestricted	<u>(8,969,626)</u>	<u>477,097</u>	<u>(8,492,529)</u>	<u>(8,705,332)</u>	<u>750,101</u>	<u>(7,955,231)</u>
Total net position	<u>\$33,305,757</u>	<u>\$15,846,850</u>	<u>\$49,152,607</u>	<u>\$30,134,607</u>	<u>\$15,645,934</u>	<u>\$45,780,541</u>

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

CITY OF WESTWEGO, LOUISIANA CONDENSED STATEMENT OF ACTIVITIES
AND CHANGES IN NET POSITION
DECEMBER 31, 2020 AND 2019

	<u>Governmental Activities 2020</u>	<u>Business-Type Activities 2020</u>	<u>Total 2020</u>	<u>Governmental Activities 2019</u>	<u>Business-Type Activities 2019</u>	<u>Total 2019</u>
Revenues:						
Program revenues						
Charges for services	\$ 2,851,778	\$ 2,627,014	\$ 5,478,792	\$ 3,293,176	\$ 2,620,394	\$ 5,913,570
Operating grants, contributions and transfers in	1,125,837	-0-	1,125,837	1,236,348	67,247	1,303,595
Capital grants and contributions	3,366,992	293,381	3,660,373	1,345,537	490,228	1,835,765
General revenues						
Property taxes	2,495,564	-0-	2,495,564	1,864,431	-0-	1,864,431
Franchise taxes	246,740	-0-	246,740	251,115	-0-	251,115
Sales taxes	3,204,659	-0-	3,204,659	2,741,050	-0-	2,741,050
Alcoholic beverage tax	11,913	-0-	11,913	11,444	-0-	11,444
Boarding fee	1,451,327	-0-	1,451,327	1,975,760	-0-	1,975,760
Occupational licenses	419,090	-0-	419,090	421,532	-0-	421,532
Investment earnings	2,259	2,270	4,529	3,633	3,606	7,239
Gain (loss) on sale of assets	70,192	-0-	70,192	62,803	-0-	62,803
Miscellaneous	<u>1,116,723</u>	<u>-0-</u>	<u>1,116,723</u>	<u>1,396,051</u>	<u>-0-</u>	<u>1,396,051</u>
Total revenues	<u>16,363,074</u>	<u>2,922,665</u>	<u>19,285,739</u>	<u>14,602,880</u>	<u>3,181,475</u>	<u>17,784,355</u>
Expenses and transfers out:						
General government	4,675,169	-0-	4,675,169	4,483,412	-0-	4,483,412
Public safety	6,970,823	-0-	6,970,823	6,415,670	-0-	6,415,670
Public works	307,655	-0-	307,655	397,203	-0-	397,203
Sanitation	670,834	-0-	670,834	656,058	-0-	656,058
Health	271,646	-0-	271,646	294,217	-0-	294,217
Recreation	295,797	-0-	295,797	275,069	-0-	275,069
Transfers out	-0-	-0-	-0-	67,247	0-	67,247
Water and sewerage	<u>-0-</u>	<u>2,721,749</u>	<u>2,721,749</u>	<u>-0-</u>	<u>2,329,935</u>	<u>2,329,935</u>
Total expenses and transfers out	<u>13,191,924</u>	<u>2,721,749</u>	<u>15,913,673</u>	<u>12,588,876</u>	<u>2,329,935</u>	<u>14,918,811</u>
Changes in net position	3,171,150	200,916	3,372,066	2,014,004	851,540	2,865,544
Net position - Beginning of Year	<u>30,134,607</u>	<u>15,645,934</u>	<u>45,780,541</u>	<u>28,120,603</u>	<u>14,794,394</u>	<u>42,914,997</u>
Net position - End of Year	<u>\$33,305,757</u>	<u>\$15,846,850</u>	<u>\$49,152,607</u>	<u>\$30,134,607</u>	<u>\$15,645,934</u>	<u>\$45,780,541</u>

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

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 \$5,336,942. This reflects a decrease of \$177,098 from last year. This decrease is the net result of decreases primarily the result of decreased fines, intergovernmental revenue, net of expenditures, and boarding fees of \$1,169,826 and increases primarily the result of increased sales tax revenue of approximately \$583,409, and grant revenue related to the COVID-19 pandemic of \$38,562.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund's December 31, 2020 fund balance was revised by \$1,772,950. Major budget amendments were approved as follows:

Budgeted revenues were decreased by \$6,819,718. This decrease was due primarily to a net decrease in grant revenue, traffic fines and boarding fees of \$7,870,953 and a net increase in property taxes, sales tax, sale of city property and miscellaneous income of \$1,164,333.

Budgeted expenditures decreased \$8,592,668 mainly due to a decrease in capital expenditures and public safety and public work salaries of approximately \$8,554,575.

CAPITAL ASSETS

Capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2020 was \$39,035,342.

This year there were \$4,819,094 of additions and \$233,479 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 \$112,593 of long-term compensated absences, \$4,617,876 of other post-employment benefits, \$10,983,913 of net pension liability and \$2,978,969 due to the Municipal Facilities Revolving Loan Fund.

CITY OF WESTWEGO, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2021 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, 2021 at an increase of 2% over the year ending December 31, 2020 in anticipation of raises. The expense categories affected by payroll increases are increased accordingly. Casualty insurance expense is budgeted to increase 5% over 2020 levels and health insurance expense is budgeted to increase 10% over 2020 levels. General Fund Capital expenditures are budgeted as \$9,925,917 for the year ending December 31, 2021 and grant revenue is budgeted as \$7,696,724 for the year ending December 31, 2021.

CONTACTING FINANCIAL MANAGEMENT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF WESTWEGO, LOUISIANA
STATEMENT OF NET POSITION
December 31, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total (Memorandum Only)</u>
ASSETS			
Cash and cash equivalents	\$ 3,328,628	\$ 1,771,237	\$ 5,099,865
Prepaid insurance	170,201	-0-	170,201
Receivables, net	1,634,446	419,913	2,054,359
Due from other governments	1,302,207	20,527	1,322,734
Internal balances	249,636	736,752	986,388
Restricted cash and cash equivalents	-0-	430,134	430,134
Capital assets, net	<u>39,035,342</u>	<u>18,058,641</u>	<u>57,093,983</u>
Total assets	<u>45,720,460</u>	<u>21,437,204</u>	<u>67,157,664</u>
Deferred Outflows of Resources - Pension and OPEB	<u>4,241,109</u>	<u>274,806</u>	<u>4,515,915</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	762,128	395,727	1,157,855
Accrued liabilities	586,048	51,930	637,978
Internal balances	-0-	986,388	986,388
Utility deposits	-0-	170,773	170,773
Current portion of loan payable	-0-	215,000	215,000
Non-Current Liabilities:			
Long-term accrued liabilities	106,281	6,312	112,593
Other post-employment benefits	4,617,876	-0-	4,617,876
Net pension liability	9,737,647	1,246,266	10,983,913
Loans payable	<u>-0-</u>	<u>2,763,969</u>	<u>2,763,969</u>
Total liabilities	<u>15,809,980</u>	<u>5,836,365</u>	<u>21,646,345</u>
Deferred Inflows of Resources Pension and OPEB	<u>845,832</u>	<u>28,795</u>	<u>874,627</u>
NET POSITION			
Invested in capital assets	39,035,342	15,079,672	54,115,014
Restricted	3,240,041	290,081	3,530,122
Unrestricted	<u>(8,969,626)</u>	<u>477,097</u>	<u>(8,492,529)</u>
Total net position	\$ <u>33,305,757</u>	\$ <u>15,846,850</u>	\$ <u>49,152,607</u>

The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total (Memorandum Only)
Governmental Activities:							
General government	\$ 4,675,169	\$ 69,825	\$ 360,442	\$ 944,939	\$(3,299,963)	\$ -0-	\$(3,299,963)
Public safety	6,970,823	2,002,664	760,395	1,479,431	(2,728,333)	-0-	(2,728,333)
Public works	307,655	-0-	-0-	397,648	89,993	-0-	89,993
Sanitation	670,834	681,173	-0-	-0-	10,339	-0-	10,339
Health	271,646	98,116	5,000	-0-	(168,530)	-0-	(168,530)
Recreation	295,797	-0-	-0-	544,974	249,177	-0-	249,177
Total governmental activities	13,191,924	2,851,778	1,125,837	3,366,992	(5,847,317)	-0-	(5,847,317)
Business-Type Activities:							
Water	1,361,149	1,350,351	-0-	70,527	-0-	59,729	59,729
Sewerage	1,360,600	1,276,663	-0-	222,854	-0-	138,917	138,917
Total business-type activities	2,721,749	2,627,014	-0-	293,381	-0-	198,646	198,646
Total	15,913,673	5,478,792	1,125,837	3,660,373	(5,847,317)	198,646	(5,648,671)
General Revenues:							
Taxes:							
Property taxes					2,495,564	-0-	2,495,564
Franchise taxes					246,740	-0-	246,740
Sales taxes					3,204,659	-0-	3,204,659
Alcoholic beverage tax					11,913	-0-	11,913
Boarding fee					1,451,327	-0-	1,451,327
Occupational licenses					419,090	-0-	419,090
Investment earnings					2,259	2,270	4,529
Gain (Loss) on sale of assets					70,192	-0-	70,192
Miscellaneous					1,116,723	-0-	1,116,723
Total general revenues and transfers					\$ 9,018,467	\$ 2,270	\$ 9,020,737
Changes in net position					3,171,150	200,916	3,372,066
Net position - Beginning of Year					30,134,607	15,645,934	45,780,541
Net position - End of the Year					\$33,305,757	\$ 15,846,850	\$ 49,152,607

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS

CITY OF WESTWEGO, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUND
December 31, 2020

ASSETS

	<u>General Fund</u>
Cash and cash equivalents	\$ <u>3,328,628</u>
Prepaid insurance	<u>170,201</u>
Receivables, net:	
Property taxes	674,772
Other accounts	<u>959,674</u>
	<u>1,634,446</u>
Due from other governments:	
Parish of Jefferson	631,969
State of Louisiana	666,476
U. S. Government	<u>3,762</u>
	<u>1,302,207</u>
Due from/to other funds, net	<u>249,636</u>
Total assets	\$ <u>6,685,118</u>

LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 762,128
Accrued liabilities	<u>586,048</u>
Total liabilities	<u>1,348,176</u>
Fund balance:	
Nonspendable	529,894
Restricted for public safety	567,674
Restricted for future spending	
Sala Ave/Various City Projects	71,058
Committed for future spending emergencies	1,000,000
Committed for future spending police department	661,200
Committed for future spending Non-recurring expense	580,416
Unassigned	<u>1,926,700</u>
Total fund balance	<u>5,336,942</u>
Total liabilities, deferred inflows of resources and fund balance	\$ <u>6,685,118</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, 2020

Total fund balance of the governmental fund
 at December 31, 2020 \$ 5,336,942

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
 and changes to the OPEB are not available
 resources and, therefore, are not reported
 in the governmental funds. 4,241,109

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	43,553,318	
Machinery and equipment	<u>10,354,513</u>	
	53,907,831	
Less accumulated depreciation	<u>(14,872,489)</u>	
Capital assets, net		39,035,342

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

Pension liability	(9,737,647)	
Compensated absences payable	(106,281)	
Other post-employment benefits	<u>(4,617,876)</u>	(14,461,804)

The deferred inflows of contributions for
 the City's employees' retirement systems
 and changes to the OPEB are not payable
 from current expendable resources and,
 therefore, are not reported in the
 governmental funds. (845,832)

Net position of governmental activities at
 December 31, 2020 \$33,305,757

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, 2020

	<u>General Fund</u>
Revenues:	
Taxes	\$ 5,866,788
Licenses and permits	775,721
Intergovernmental	6,005,344
Charges for services	737,593
Fines	1,638,317
Miscellaneous	<u>1,135,205</u>
Total revenues	<u>16,158,968</u>
Expenditures:	
Current:	
General government	4,060,814
Public safety	6,181,825
Public works	180,911
Sanitation	670,834
Health	240,807
Recreation	181,781
Capital outlay	<u>4,819,094</u>
Total expenditures	<u>16,336,066</u>
Deficiency of revenues over expenditures	<u>(177,098)</u>
Fund balance - beginning of year	<u>5,514,040</u>
Fund balance - end of year	<u>\$ 5,336,942</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, 2020

Total net change in fund balance at
 December 31, 2020 per Statement of
 Revenues, Expenditures, and Changes in
 Fund Balance of the Governmental Fund \$ (177,098)

Amounts reported in governmental activities
 in the government-wide Statement of
 Activities are different because:

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

Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$ 4,819,094	
Depreciation expense for the year ended December 31, 2020	(1,272,362)	
Disposition of assets, net	<u>(35,992)</u>	3,510,740

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

Non-employer pension contributions	240,098
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Some items reported in the statement of activities
 do not require the use of current financial
 resources and, therefore, are not reported
 as expenditures in governmental funds. These
 activities consist of:

Excess of long-term compensated absences earned over compensated absences used	(9,276)	
Pension expense	(174,471)	
Increase in other post-employment benefits	<u>(218,843)</u>	<u>(402,590)</u>

Total change in net position of governmental activities	<u>\$ 3,171,150</u>
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The accompanying notes are an integral part of this statement.

CITY OF WESTWEGO, LOUISIANA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 December 31, 2020

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)
	Water	Sewerage	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 467,718	\$ 1,303,519	\$ 1,771,237
Accounts receivable - customers	207,632	212,281	419,913
Due from other funds	-0-	736,752	736,752
Due from other governments	20,527	-0-	20,527
Total Current Assets	<u>695,877</u>	<u>2,252,552</u>	<u>2,948,429</u>
Restricted assets:			
Customers' deposits fund:			
Cash and cash equivalents	170,773	-0-	170,773
Sewer revenue bond fund:			
Cash and cash equivalents	-0-	259,361	259,361
Total Restricted Assets	<u>170,773</u>	<u>259,361</u>	<u>430,134</u>
Capital assets:			
Property, plant, and equipment, at cost less accumulated depreciation	8,556,312	9,502,329	18,058,641
Total Assets	<u>9,422,962</u>	<u>12,014,242</u>	<u>21,437,204</u>
Deferred Outflows of Resources -			
Pension related	223,716	51,090	274,806
LIABILITIES AND NET POSITION			
Current liabilities (payable from current assets):			
Accounts payable	59,755	335,972	395,727
Accrued liabilities	9,427	42,503	51,930
Due to other funds	986,388	-0-	986,388
Current portion of loan payable	-0-	215,000	215,000
Current liabilities (payable from restricted assets):			
Customers' deposits	170,773	-0-	170,773
Total Current Liabilities	<u>1,226,343</u>	<u>593,475</u>	<u>1,819,818</u>
Non-Current liabilities:			
Accrued liabilities	1,057	5,255	6,312
Net Pension liability	859,914	386,352	1,246,266
Loan payable	-0-	2,763,969	2,763,969
Total Non-Current Liabilities	<u>860,971</u>	<u>3,155,576</u>	<u>4,016,547</u>
Total Liabilities	<u>2,087,314</u>	<u>3,749,051</u>	<u>5,836,365</u>
Deferred Inflows of Resources -			
Pension related	22,999	5,796	28,795
Net position:			
Invested in capital assets	8,556,312	6,523,360	15,079,672
Restricted	30,720	259,361	290,081
Unrestricted (deficit)	(1,050,667)	1,527,764	477,097
Total Net Position	<u>\$ 7,536,365</u>	<u>\$ 8,310,485</u>	<u>\$15,846,850</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, 2020

	Business-Type Activities		Total (Memorandum Only)
	Enterprise Funds		
	Water	Sewerage	
Operating Revenues:			
Charges for services	\$ <u>1,350,351</u>	\$ <u>1,276,663</u>	\$ <u>2,627,014</u>
Operating Expenses:			
Salaries and wages	182,827	266,541	449,368
Water purchased	505,496	-0-	505,496
Maintenance	178,063	210,261	388,324
Power	3,945	106,135	110,080
Chemicals	-0-	19,232	19,232
Medical insurance	47,410	55,443	102,853
General insurance	124,173	130,354	254,527
Truck expense	3,487	970	4,457
Office supplies and postage	20,244	21,584	41,828
Pension plan	42,493	59,043	101,536
Bad debts	1,130	1,619	2,749
Telephone	1,865	-0-	1,865
Tenure awards	425	2,775	3,200
Professional fees	65,451	65,451	130,902
Depreciation	121,134	325,487	446,621
Other	<u>63,006</u>	<u>47,816</u>	<u>110,822</u>
Total operating expenses	<u>1,361,149</u>	<u>1,312,711</u>	<u>2,673,860</u>
Net operating loss	<u>(10,798)</u>	<u>(36,048)</u>	<u>(46,846)</u>
Non-Operating Revenues/(Expenses)			
Interest income	1,100	1,170	2,270
Grant revenue	70,527	222,854	293,381
Interest and administrative expense	<u>-0-</u>	<u>(47,889)</u>	<u>(47,889)</u>
Total non-operating revenues/(expenses)	<u>71,627</u>	<u>176,135</u>	<u>247,762</u>
Change in Net Position	60,829	140,087	200,916
Net Position-Beginning of Year	<u>7,475,536</u>	<u>8,170,398</u>	<u>15,645,934</u>
Net Position-End of Year	<u>\$ 7,536,365</u>	<u>\$ 8,310,485</u>	<u>\$15,846,850</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, 2020

	Business-Type Activities Enterprise Funds		Total (Memorandum Only)
	Water	Sewerage	
Cash flows from Operating Activities:			
Receipts from customers	\$1,350,546	\$ 1,273,534	\$ 2,624,080
Payments to suppliers	(1,090,003)	(709,486)	(1,799,489)
Payment to employees	(184,422)	(266,877)	(451,299)
Other receipts (payments)	<u>7,452</u>	<u>-0-</u>	<u>7,452</u>
Net cash provided by operating activities	<u>83,573</u>	<u>297,171</u>	<u>380,744</u>
Cash Flows from Noncapital Financing Activities:			
Decrease in due to other funds	(778,960)	-0-	(778,960)
Decrease in due from other funds	-0-	<u>62,244</u>	<u>62,244</u>
Net cash provided (used) by Noncapital financing activities	<u>(778,960)</u>	<u>62,244</u>	<u>(716,716)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of property, plant, and equipment	(219,538)	(1,478,437)	(1,697,975)
Net, proceeds payments from capital debt	-0-	915,268	915,268
Grant revenue	50,000	222,854	272,854
Receipts from other governments	-0-	200,000	200,000
Interest and administrative expense paid on capital debt	-0-	<u>(46,532)</u>	<u>(46,532)</u>
Net cash (used) by capital and related financing activities	<u>(169,538)</u>	<u>(186,847)</u>	<u>(356,385)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>1,100</u>	<u>1,170</u>	<u>2,270</u>
Net cash provided by investing activities	<u>1,100</u>	<u>1,170</u>	<u>2,270</u>
Net increase (decrease) in cash	(863,825)	173,738	(690,087)
Cash and Cash Equivalents:			
Beginning of year	1,502,316	1,389,142	2,891,458
End of year	<u>\$ 638,491</u>	<u>\$ 1,562,880</u>	<u>\$ 2,201,371</u>
Classification of Cash at End of Year:			
Current assets	\$ 467,718	\$ 1,303,519	\$ 1,771,237
Restricted assets	170,773	259,361	430,134
	<u>\$ 638,491</u>	<u>\$ 1,562,880</u>	<u>\$ 2,201,371</u>
Reconciliation of Operating Income to Net Cash provided by Operating Activities:			
Operating loss	\$ (10,798)	\$ (36,048)	\$ (46,846)
Adjustments to reconcile net operating loss to net cash provided by operating activities:			
Depreciation	121,134	325,487	446,621
Pension related	(11,700)	(16,257)	(27,957)
Decrease in accounts receivable customers	7,107	6,524	13,631
Increase(decrease) in accounts payable	(28,452)	15,026	(13,426)
Increase (decrease) in accrued liabilities	(1,170)	2,439	1,269
Increase in customer deposits	<u>7,452</u>	<u>-0-</u>	<u>7,452</u>
Net cash provided by operating activities	<u>\$ 83,573</u>	<u>\$ 297,171</u>	<u>\$ 380,744</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, 2020

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, 2020

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 service, program, or department and are, therefore, clearly identifiable to a particular function. There are no indirect expenses allocated in the Statement of Activities. 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, 2020, 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, 2020

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 depreciation. 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, 2020

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. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. 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, 2020

D. Budgets and Budgetary Accounting - continued

3. Prior to December 31, the budget is legally enacted through passage of an ordinance. In the event the budget is not adopted by December 31, the temporary budget for the ensuing year is based on 50% of the expenditures of the prior year. The original budget for the year ended December 31, 2020 is as adopted on December 26, 2019 and the amended budget as adopted on December 14, 2020.
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, 2020, 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, 2020

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, 2020, the amount recognized as revenue and expenditure was \$268,052.

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, 2020

I. Fund Balance - continued

- d. Assigned - amounts that are constrained by the City Council Members' intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the City Council.
- 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, 2020

K. Deferred Inflows and Outflows of Resources

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

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

L. Pension Liability

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

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

(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, 2020.

Petty cash and demand deposits:	
Unrestricted	\$ 5,099,865
Restricted	<u>430,134</u>
	\$ <u>5,529,999</u>

The bank balances at December 31, 2020 were \$5,629,163 which were fully covered by federal depository insurance or pledged securities. The pledged securities are held by the custodial bank in the name of the fiscal agent bank.

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its deposit or collateral securities that are in the possession of an outside party. The City's bank balance of \$5,629,163 at December 31, 2020 were fully insured and collateralized with securities held in joint custody. The City has no formal policy regarding custodial credit risk.

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

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(3) CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended December 31, 2020.

	Balance 1/1/20	Additions	Deletions	Balance 12/31/20
Governmental Activities:				
Land	\$ 4,928,159	-0-	35,992	\$ 4,892,167
Improvements and buildings	34,351,649	\$ 4,317,589	\$ 8,087	38,661,151
Machinery and equipment	10,042,408	501,505	189,400	10,354,513
Totals	<u>49,322,216</u>	<u>4,819,094</u>	<u>233,479</u>	<u>53,907,831</u>
Less accumulated depreciation:				
Land, improvements, and buildings	5,462,590	708,827	8,087	6,163,330
Machinery and equipment	8,335,024	563,535	189,400	8,709,159
Total accumulated depreciation	<u>13,797,614</u>	<u>1,272,362</u>	<u>197,487</u>	<u>14,872,489</u>
Capital assets, net	<u>\$35,524,602</u>	<u>\$ 3,546,732</u>	<u>\$ 35,992</u>	<u>\$39,035,342</u>
Business-Type Activities:				
Land	91,433	-0-	-0-	91,433
Building	119,685	-0-	-0-	119,685
Water purification plant	9,227,650	-0-	-0-	9,227,650
Sewerage treatment plant	10,079,327	1,665,577	-0-	11,744,904
Water and sewerage lines	7,133,823	43,326	-0-	7,177,149
Equipment	2,124,300	179,275	-0-	2,303,575
Totals	<u>28,776,218</u>	<u>1,888,178</u>	<u>-0-</u>	<u>30,664,396</u>
Less accumulated depreciation	<u>12,159,134</u>	<u>446,621</u>	<u>-0-</u>	<u>12,605,755</u>
Capital assets, net	<u>\$16,617,084</u>	<u>\$ 1,441,557</u>	<u>\$ -0-</u>	<u>\$18,058,641</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 444,400
Public safety	555,197
Public works	126,741
Sanitation	-0-
Health	31,495
Recreation	114,529
	<u>\$1,272,362</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, 2020

(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 which is administered by a Board of Trustees. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana, and is provided for by R.S. 11:1731.

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, 2020 there were 88 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 a 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 20 years of creditable service, exclusive of military service and unused annual and sick leave with an actuarially reduced early benefit.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

(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, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

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 final compensation multiplied by his years of creditable service. Final 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 normal 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, 2020

(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 compensation or three percent of his final compensation multiplied by his years of creditable service whichever is greater or an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

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, 2020, the actual employer contribution rate was 27.75% for Plan A.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(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 additional 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, 2020, the City reported a liability of \$3,908,500 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 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, 2020, the City's proportion was .904032%, which was an increase of .0015% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$455,140. At December 31, 2020, 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	\$ 1,812	\$ 22,157
Changes of assumptions	65,754	-
Net difference between projected and actual earnings on pension plan investments	390,029	-
Changes in proportion and differences between City contributions and proportionate share of contributions	(2,007)	58,527
City contributions subsequent to the measurement date	268,520	-
Total	<u>\$ 724,108</u>	<u>\$ 80,684</u>

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(4) RETIREMENT PLANS- continued

Deferred outflows of resources of \$268,520 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, 2021. 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
2021	\$ (103,820)
2022	(125,290)
2023	(88,623)
2024	(57,171)
	(374,904)

Actuarial Methods and Assumptions - A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	3 years
Investment Rate of Return	6.95% net of pension plan investment expense, including inflation
Inflation Rate	2.5%
Projected Salary Increases, including inflation and merit increases:	
1 to 4 years of service	6.4%
More than 4 years of service	4.5%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the System's target allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	53%	2.33%
Public fixed income	38%	1.67%
Alternatives	9%	.40%
Totals	100%	4.40%
Inflation		2.60%
Expected Arithmetic Nominal Return		7.00%

The discount rate used to measure the total pension liability was 6.95% for the year ended June 30, 2020. 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.

Changes in Net 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.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(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 6.95%, 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, (5.95%) or one percentage-point higher, (7.95%) than the current rate calculated at June 30, 2020 (assuming all other assumptions remain unchanged):

	Changes in Discount Rate-Plan A		
	1%	Current	1%
	Decrease 5.95%	Discount Rate 6.95%	Increase 7.95%
City's proportionate share of the net pension liability	\$5,084,530	\$3,908,500	\$2,914,117

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 can be found on the system's website, www.mersla.com, or on the Louisiana Legislative Auditors website, www.lla.la.gov.

Payables to the Pension Plan - As of December 31, 2020, the City reported a payable of \$56,116 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, 2020

(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 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.

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 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 (generally) 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, 2020

(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 three percent in any given year. The Board is authorized to provide an additional two percent 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 fiscal 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.

A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

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, 2020

(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, 2020, total contributions due from employers and employees were as follows:

	<u>Contribution Rates</u>		
	<u>Employee</u>	<u>Employer</u>	<u>Total</u>
Member hired prior to 1/1/2013	10.00%	32.50%	42.50%
Hazardous Duty Members hired after 1/1/2013	10.00%	32.50%	42.50%
Non Hazardous Duty Members hired after 1/1/2013	8.00%	32.50%	40.50%
Members whose earnable compensation is less than the poverty guidelines	7.50%	34.25%	41.75%

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, 2020 and excluded from pension expense.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(4) RETIREMENT PLANS - continued

The City's contractually required composite contribution rate for the year ended December 31, 2020 was 32.50 of annual payroll, from January 1, 2020 to June 30, 2020 and 33.75% from July 1, 2020 to December 31, 2020.

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

At December 31, 2020, the City reported a liability of \$5,548,060 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 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, 2020, the City's proportion was .600288%, which was an increase of .046% from its proportion measured as of June 30, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$832,558. At December 31, 2020, 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	\$ -0-	\$ 218,534
Changes of assumptions	131,835	136,918
Net difference between projected and actual earnings on pension plan investments	665,601	-
Changes in proportion and differences between City contributions and proportionate share of contributions	307,878	100,928
City contributions subsequent to the measurement date	345,104	-
Total	<u>\$ 1,450,418</u>	<u>\$ 456,380</u>

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(4) RETIREMENT PLANS Continued

Deferred outflows of resources of \$345,104 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, 2021. 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
2021	\$ (88,995)
2022	(213,733)
2023	(219,804)
2024	(126,402)
	\$ (648,934)

Actuarial Assumptions - A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining	
Service Lives	4 years
Investment Rate of Return	6.95% net of investment expense
Inflation Rate	2.50% per annum
Salary Increases, including	
Inflation and merit	

Years of Service	Salary Growth Rate
1-2	12.30%
Above 2	4.70%

Mortality

For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.

For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(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, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The best estimates of the arithmetic rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	48.50%	3.08%
Fixed income	33.50%	.54%
Alternative	18.00%	1.02%
Other	0.00%	0.00%
Totals	100.00%	4.64%
Inflation		2.55%
Expected Arithmetic Return		7.19%

The discount rate used to measure the total pension liability was 6.950%. 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, 2020

(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 6.95%, 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, (5.95%) or one percentage-point higher, (7.95%) than the current rate calculated at June 30, 2020:

	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
City's proportionate share of the net pension liability	\$7,794,433	\$5,548,060	\$3,670,185

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 can be found on the System's website, www.lampers.org, or on the Louisiana Legislative Auditor's website, www.la.la.gov.

Payables to the Pension Plan

As of December 31, 2020, the City reported a payable of \$71,627 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 defined benefit pension plan.

The System provides retirement, disability and death 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, 2020

(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. Members in the System consist of full-time firefighters, eligible employees of the retirement system, or any person in a position as defined in the municipal fire and police civil service system that earns at least \$375 per month, excluding state supplemental pay, and is employed by a fire department of any municipality, parish, or fire district of the state of Louisiana, except for Orleans Parish and the City of Baton Rouge.

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 completing 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the retirees' lives in the form of a monthly annuity. A member may elect an unreduced benefit or any of seven options at retirement.

See R.S. 11:2256(A) for additional details on retirement benefits.

Death Benefits

Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) & (C).

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

(4) RETIREMENT PLANS - continued

Disability Benefits

A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

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

Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are 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 withdrawals may be made from the DROP 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.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

(4) RETIREMENT PLANS - continued

Cost of Living Adjustments (COLAs)

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the Board of Trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member or retiree plus the number of years since retirement or since death of the member or retiree to the system's fiscal year end preceding the payment of the benefit increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of-living adjustment.

Contributions - Employer contributions are actuarially determined each year. For the plan year ended June 30, 2020, employer and employee contributions for members above the poverty line were 27.75% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 29.75% and 8.0%, respectively.

Non-employer contributions - The System also receives insurance premium assessments from the State of Louisiana. The assessment is considered support from a non-employer 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, 2020 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, 2020, the City reported a liability of \$1,527,353 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 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, 2020, the City's proportion was .220348%, which was an increase of .000999% from its proportion measured as of June 30, 2019.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(4) RETIREMENT PLANS - continued

For the year ended December 31, 2020, the City recognized pension expense of \$232,022. At June 30, 2020, 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	\$ -	\$ 97,720
Changes of assumptions	147,647	-
Net difference between projected and actual earnings on pension plan investments	168,201	-
Changes in proportion and differences between City contributions and proportionate share of contributions	86,225	21,537
City contributions subsequent to the measurement date	93,159	-
Total	\$ 495,232	\$ 119,257

Deferred outflows of resources of \$93,159 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, 2021. 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
2021	\$ (34,757)
2022	(79,947)
2023	(84,640)
2024	(57,312)
2025	(21,600)
2026	(4,560)
	\$ (282,816)

Actuarial Methods and Assumptions - A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Expected Remaining Service Lives	7 years, closed period
Investment Rate of Return	7.00% per annum (net of investment expenses, including inflation)
Inflation Rate	2.50% per annum
Salary increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases (in 2019, salary increases ranged from 14.75% in the first two years of service to 4.50% with 25 or more years of service)
Cost of living Adjustments	Only those previously granted

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(4) RETIREMENT PLANS - continued

The mortality rate assumptions were updated in fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2020 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2020. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2020.

Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	26.00%	5.72%
Non-U.S. Equity	12.00%	6.24%
Global Equity	10.00%	6.23%
Emerging Market Equity	6.00%	8.61%
U.S. Core Fixed Income	26.00%	1.00%
Emerging Market Debt	5.00%	3.40%
Global Tactical Asset Allocation	0.00%	4.22%
Risk Parity	0.00%	4.22%
Real Estate	6.00%	4.20%
Private Equity	9.00%	10.29%
Totals	100.00%	

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(4) RETIREMENT PLANS - continued

The discount rate used to measure the total pension liability was 7.00%. 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 and non-employer contributing entities will be made at the actuarially determined rates approved by the Board of Trustees and by the PRSAC taking into consideration the recommendation of the System's actuary. Based on these 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 7.00%, 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, (6.00%) or one percentage point higher, (8.00%) than the current rate calculated at June 30, 2020.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net pension liability \$	\$ <u>2,206,246</u>	\$ <u>1,527,353</u>	\$ <u>960,677</u>

Pension Plan Fiduciary Net Position

The Firefighters' System issues an annual publicly available financial report that includes financial statements and required supplementary information for the Firefighters' System. That report can be found on the System's website, www.ffret.com or on the Louisiana Legislative Auditor's website, www.lla.la.gov.

Payables to the Pension Plan

As of December 31, 2020, the City reported a payable of \$17,718 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.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(5) PROPERTY TAXES - continued

The number of mills levied in 2020 and the purposes for which levied are shown below:

	Number of mills 2020	Collection year in which dedicated tax expires
General corporate purposes	3.37	
Dedicated to:		
Street lighting and street maintenance	2.50	2021
Park maintenance and lighting	2.50	2021
Fire protection, maintenance and operations	4.19	2021
Police Department maintenance and operations	4.19	2021
Emergency medical service maintenance and operations	7.00	2028
Fire Department maintenance, operations and equipment	5.87	2024
Police Department salaries and benefits	6.50	2029
Total	36.12	

For the year 2020, all property tax revenues were accounted for in the General Fund.

(6) LITIGATION AND CLAIMS

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

Claims and litigation costs of \$192,247, determined in accordance with FASB Statement 5, were incurred during the current year, all of which have been recorded as a current expenditure in the General Fund.

CITY OF WESTEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(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, 2020 follows:

	Waterworks Fund	Sewerage Fund	Total Enterprise Funds
Operating revenues	\$ <u>1,350,351</u>	\$ <u>1,276,663</u>	\$ <u>2,627,014</u>
Operating expenses			
Depreciation	121,134	325,487	446,621
Other expenses	<u>1,240,015</u>	<u>987,224</u>	<u>2,227,239</u>
Total operating expenses	<u>1,361,149</u>	<u>1,312,711</u>	<u>2,673,860</u>
Operating loss	(10,798)	(36,048)	(46,846)
Nonoperating revenues (expenses)	<u>71,627</u>	<u>176,135</u>	<u>247,762</u>
Change in net position	60,829	140,087	200,916
Beginning net position	<u>7,475,536</u>	<u>8,170,398</u>	<u>15,645,934</u>
Ending net position	\$ <u>7,536,365</u>	\$ <u>8,310,485</u>	\$ <u>15,846,850</u>

(8) INTERFUND RECEIVABLE AND PAYABLE BALANCES

The individual fund interfund receivable and payable balances as of December 31, 2020 are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 249,636	\$ -0-
Enterprise Funds:		
Waterworks	-0-	986,388
Sewerage	<u>736,752</u>	<u>-0-</u>
	\$ <u>986,388</u>	\$ <u>986,388</u>

These balances were created for purposes of cash flows. Balances not expected to be repaid within one year are recorded on the Governmental Fund Balance Sheet in Nonspendable Fund Balance.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

(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 2020, the City incurred approximately \$2,048,500 of expenditures for salaries and related benefits, insurance, auto and truck expense, capital expenditures, and maintenance and operation of the Volunteer Fire Company.

(10) COMPENSATED ABSENCES

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

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

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

(11) NON-CURRENT LIABILITIES - LOANS PAYABLE

In December 2007, the City entered into a loan agreement with the Louisiana Department of Environmental Quality "DEQ" for a loan from the Municipal Facilities Revolving Loan Fund ("State Revolving Fund"). The purpose of this loan 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.

CITY OF WESTWEGO, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2020

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

As of December 31, 2020, the City has a balance of \$1,083,935 and that liability is reflected on the Statement of Net Position as current portion of loan payable - \$105,000 and Non-Current Liabilities: - loans payable \$978,935.

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, 2020, the City has a balance of \$711,000 and that liability is reflected on the Statement of Net Position as current portion of loan payable - \$52,000 and Non-Current Liabilities: - loans payable \$659,000.

In October 2018, 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 costs of constructing and acquiring improvements, extensions and replacements to the City's sewerage system. The City was authorized to incur debt by the issuance of Sales Tax Bonds, series 2018 in an amount not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) 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 2018 and the last payment will be November 1, 2039. The bonds bear interest at a rate of .45% per annum, plus a 0.50% annual administration fee.

As of December 31, 2020, the City has a balance of \$1,184,034 and that liability is reflected on the Statement of Net Position as current portion of loan payable - \$58,000 and Non-Current Liabilities: - loans payable \$1,126,034.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(12) LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations transactions for the year ended December 31, 2020:

	<u>Balance</u> 1/01/20	<u>Additions</u> (Reductions)	<u>Balance</u> 12/31/20	<u>Due within</u> <u>one year</u>
State Revolving Fund-2007	\$1,188,935	\$ (105,000)	\$1,083,935	\$ 105,000
State Revolving Fund-2011	762,000	(51,000)	711,000	52,000
State Revolving Fund-2018	112,766	1,071,268	1,184,034	58,000
Compensated absences	104,911	7,682	112,593	-0-
Other post-employment Benefits	3,166,873	1,451,003	4,617,876	-0-
Net pension liability	<u>10,174,991</u>	<u>808,922</u>	<u>10,983,913</u>	<u>-0-</u>
Total	<u>\$15,510,476</u>	<u>\$3,182,875</u>	<u>\$18,693,351</u>	<u>\$ 215,000</u>

The annual requirements to maturity for the State Revolving Loans as of December 31, 2020 are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest & Fees</u>
2021	\$ 215,000	\$ 49,880
2022	220,000	45,836
2023	227,000	41,546
2024	227,000	37,090
2025	234,000	32,633
2026-2039	1,855,969	121,589
	<u>\$2,978,969</u>	<u>\$ 328,574</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) POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

Plan Description - The City of Westwego (the City) provides certain continuing health care benefits for its retired employees. The City of Westwego's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions - Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria - Defined Benefit*.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(14) POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - continued

Benefits provided - Medical insurance benefits are provided through comprehensive plans 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. Life insurance coverage is not provided to retirees.

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.

Employees covered by benefit terms - At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	14
Inactive employees entitled to but not	
yet receiving benefit payments	-
Active employees	93
	107

Total OPEB Liability

The City's total OPEB liability of \$4,617,876 was measured as of December 31, 2020 and was determined by an actuarial valuation of that date.

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(14) POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - continued

Actuarial Assumptions and other inputs - The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Discount rate	2.74%, annually (Beginning of Year to Determine ADC)
	2.12%, annually (As of End of Year Measurement Date)
Healthcare cost trend rates	5.5% annually until year 2030, then 4.5%
Mortality	SOA RP-2014 Table

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of December 31, 2020, the end of the applicable measurement period.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of ongoing evaluations of the assumptions from January 1, 2009 to December 31, 2020.

Changes in the Total OPEB Liability

Balance at December 31, 2019	<u>\$ 3,166,873</u>
Changes for the year:	
Service cost	46,986
Interest	87,416
Differences between expected and actual experience	1,577,242
Changes in assumptions	(97,754)
Benefit payments and net transfers	<u>(162,887)</u>
Net changes	<u>1,451,003</u>
Balance at December 31, 2020	<u>\$ 4,617,876</u>

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(14) POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - continued

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12%) or 1-percentage-point higher (3.12%) than the current discount rate:

	1.0% Decrease (1.12%)	Current Discount Rate (2.12%)	1.0% Increase (3.12%)
Total OPEB liability	<u>\$ 5,065,610</u>	<u>\$ 4,617,876</u>	<u>\$ 4,224,075</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	<u>\$ 4,223,272</u>	<u>\$ 4,617,876</u>	<u>\$ 5,064,818</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2020, the City recognized OPEB expense of \$381,729. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,549,894	\$ (21,554)
Changes in assumptions	296,263	(196,752)
Total	<u>\$ 1,846,157</u>	<u>\$ (218,306)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Years ending December 31:</u>	
2021	247,327
2022	247,327
2023	247,327
2024	247,327
2025	247,327
Thereafter	391,216

CITY OF WESTWEGO, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2020

(15) OPERATING LEASES

The City entered into an operating lease agreement for the lease of an E-One Custom Pumper for the Fire Department. The lease term is for five years which commenced in March 2018. Payments made under this lease totaled \$145,317.17 for the year ended December 31, 2020.

The City entered into an operating lease agreement for the lease of a 2017 Ford E-450 Ambulance Conversion for the EMS Department. The lease term is for five years and a down payment (including document fee) of \$50,400.00 was remitted in 2017 and the lease commenced in October 2018. Payments made under this lease totaled \$34,590.05 for the year ended December 31, 2020.

The City's future minimum lease commitment under the operating leases as of December 31, 2020 is as follows:

<u>December 31</u>	<u>Amount Due</u>
2021	179,907.22
2022	179,907.22
Total	<u>\$ 359,814.44</u>

(16) UNCERTAINTIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern", and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the City operates. It is unknown how long these conditions will last and what the complete financial effect will be to the City's office.

The City was awarded a Coronavirus Aid, Relief, and Economic Security (CARES) Act financial assistance through the State of Louisiana Division of Administration and recorded grant revenue of \$24,067 for the year ended December 31, 2020. The City was awarded a grant from the Department of Health and Human Services - Hospital Preparedness Grant and recorded grant revenue of \$14,496 for the year ended December 31, 2020.

(17) SUBSEQUENT EVENTS

Management of the City of Westwego has evaluated subsequent events through June 29, 2021, 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, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues:				
Taxes	\$ 5,087,992	\$ 5,856,836	\$ 5,866,788	\$ 9,952
Licenses and permits	790,511	741,590	775,721	34,131
Intergovernmental	13,461,882	5,941,314	6,005,344	64,030
Charges for services	720,584	736,880	737,593	713
Fines	1,977,062	1,676,280	1,638,317	(37,963)
Miscellaneous	809,928	1,075,341	1,135,205	59,864
Total revenues	<u>22,847,959</u>	<u>16,028,241</u>	<u>16,158,968</u>	<u>130,727</u>
Expenditures:				
General government	4,380,570	4,259,434	4,060,814	198,620
Public safety	6,174,424	6,171,323	6,181,825	(10,502)
Public works	385,363	182,311	180,911	1,400
Sanitation	654,109	669,867	670,834	(967)
Health	252,677	244,878	240,807	4,071
Recreation	206,529	177,098	181,781	(4,683)
Capital outlay	13,187,318	4,943,411	4,819,094	124,317
Total expenditures	<u>25,240,990</u>	<u>16,648,322</u>	<u>16,336,066</u>	<u>312,256</u>
Deficiency of revenues over expenditures	<u>(2,393,031)</u>	<u>(620,081)</u>	<u>(177,098)</u>	<u>442,983</u>
Fund balance at beginning of year	<u>5,200,050</u>	<u>5,514,040</u>	<u>5,514,040</u>	<u>-0-</u>
Fund balance at end of year	<u>\$ 2,807,019</u>	<u>\$ 4,893,959</u>	<u>\$ 5,336,942</u>	<u>\$ 442,983</u>

CITY OF WESTWEGO, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)
Year Ended December 31, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
General Government				
Personal services:				
City Council	\$ 95,061	\$ 95,066	\$ 95,855	\$ (789)
Accounting and auditing	144,845	132,282	130,903	1,379
City administrator	77,860	77,861	78,507	(646)
Legal	60,000	60,000	46,833	13,167
Magistrate	18,000	18,000	18,139	(139)
Office	280,901	247,118	245,099	2,019
Assistant to the Mayor	57,101	57,107	57,581	(474)
Museum	35,254	35,120	32,935	2,185
Farmers & Fisheries Market	33,618	31,043	31,280	(237)
Total	802,640	753,597	737,132	16,465
Other:				
Advertising	6,650	8,242	6,831	1,411
Automobile expense	8,932	7,622	7,031	591
Bad debts	42,243	64,100	41,634	22,466
Casualty insurance	917,981	863,632	769,447	94,185
Contribution to employees' pension plan	375,032	396,859	397,821	(962)
Hospitalization insurance for employees	1,054,205	1,044,117	1,015,558	28,559
Office supplies, expense and postage	224,222	239,287	229,017	10,270
Other	183,732	191,286	217,523	(26,237)
Tenure awards	18,625	20,050	20,050	-0-
Lawsuit - settlement and legal fees	50,000	150,000	145,414	4,586
Farmers and fisheries market	148,751	57,163	38,163	19,000
Sala Avenue project	16,109	32,358	30,255	2,103
Performing Arts Center operations	531,448	431,121	404,938	26,183
Total	3,577,930	3,505,837	3,323,682	182,155
Total general government	4,380,570	4,259,434	4,060,814	198,620

CITY OF WESTWEGO, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) - CONTINUED
Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Public Safety				
Personal services:				
Air condition and heating inspector	\$ 7,920	\$ 5,720	\$ 5,720	\$ -0-
Arson investigator	4,800	4,800	4,800	-0-
Building inspector	14,820	14,820	14,820	-0-
Electrical inspector	7,920	7,920	7,920	-0-
Fire chief	12,820	10,208	10,214	(6)
Firemen	603,649	656,968	655,200	1,768
Fire Dept. training officer	1,801	1,800	1,814	(14)
Plumbing inspector	7,920	7,920	7,920	-0-
Police chief's salary and expense	83,861	83,861	84,507	(646)
Policemen	2,612,567	2,454,600	2,547,976	(93,376)
Clerk of court office	78,858	77,514	79,710	(2 196)
Emergency medical technicians	622,595	656,481	677,996	(21,515)
Code enforcer	31,763	32,488	36,762	(4,274)
Civil service secretary	6,600	6,600	6,651	(51)
Zoning Board secretary	600	600	-0-	600
Total	4,098,494	4,022,300	4,142,010	(119,710)
Other:				
Auto and truck expenses, Fire Department	65,000	65,000	44,422	20,578
Auto expenses, Police Department	165,476	165,476	152,237	13,239
Fire Department maintenance and operation	180,000	180,000	136,942	43,058
Fire Department lease expense	143,662	145,317	145,317	-0-
Police Department maintenance and operation	321,427	322,072	301,992	20,080
Clerk of court office	35,460	45,132	43,597	1,535
Firefighters pension contributions	152,466	171,672	171,871	(199)
Police pension contributions	683,249	668,239	668,554	(315)
Police witness fees	655	327	300	27
Signs	2,756	3,056	2,992	64
Street and flood light electricity	131,276	152,407	151,140	1,267
Emergency medical service expense	98,138	138,990	127,640	11,350
EMS - lease expense	34,590	34,590	34,590	-0-
Fire insurance rebate	50,911	51,000	51,000	-0-
Code enforcement	9,719	5,527	6,771	(1,244)
Zoning Board Advisory Board	1,145	218	450	(232)
Total	2,075,930	2,149,023	2,039,815	109,208
Total public safety	6,174,424	6,171,323	6,181,825	(10,502)

CITY OF WESTWEGO, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) - CONTINUED
Year Ended December 31, 2020

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<u>Public Works</u>				
Personal Services:				
Labor crews	\$ 250,958	\$ 98,257	\$ 97,322	\$ 935
Other:				
Auto, truck, and equipment expenses	66,890	38,233	37,682	551
Materials, supplies, and pipe	13,496	10,203	9,605	598
Miscellaneous maintenance	54,019	35,618	36,302	(684)
Total	134,405	84,054	83,589	465
Total public works	385,363	182,311	180,911	1,400
<u>Sanitation</u>				
Other:				
Solid waste disposal expenses	654,109	669,867	670,834	(967)
<u>Health</u>				
Personal Services:				
Social services	110,501	105,194	102,157	3,037
Other:				
Social services	46,729	41,524	40,472	1,052
Other	95,447	98,160	98,178	(18)
Total	142,176	139,684	138,650	1,034
Total health	252,677	244,878	240,807	4,071

CITY OF WESTWEGO, LOUISIANA
GENERAL FUND
SCHEDULE OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS) - CONTINUED
Year Ended December 31, 2020

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Recreation				
Personal Services:				
Playground assistant Directors	\$ 7,200	\$ -0-	\$ -0-	\$ -0-
Playground upkeep	126,915	132,479	133,643	(1,164)
Total	134,115	132,479	133,643	(1,164)
Other:				
Park maintenance and lighting	58,414	44,619	48,138	(3,519)
Playground sports equipment	14,000	-0-	-0-	-0-
Total	72,414	44,619	48,138	(3,519)
Total recreation	206,529	177,098	181,781	(4,683)
Capital outlays	13,187,318	4,943,411	4,819,094	124,317
Total expenditures	25,240,990	16,648,322	16,336,066	312,256

CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
Year Ended December 31, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB Liability			
Service cost	\$ 37,811	\$ 34,422	\$ 46,986
Interest	100,374	109,432	87,416
Changes of benefit terms	-0-	-0-	-0-
Differences between expected and actual experience	(28,020)	237,568	1,577,242
Changes of assumptions	(146,852)	355,515	(97,754)
Benefit payments	<u>(210,368)</u>	<u>(221,938)</u>	<u>(162,887)</u>
Net change in total OPEB liability	(247,055)	514,999	1,451,003
Total OPEB liability – beginning	<u>2,898,929</u>	<u>2,651,874</u>	<u>3,166,873</u>
Total OPEB liability – ending	<u>\$ 2,651,874</u>	<u>\$ 3,166,873</u>	<u>\$ 4,617,876</u>
Covered payroll	\$ 3,501,365	\$ 3,606,406	\$ 4,176,300
Net OPEB liability as a percentage of covered payroll	75.74%	87.81%	110.57%
Notes to Schedule:			
<i>Benefit Changes:</i>	None	None	None
<i>Changes of Assumptions:</i>			
Discount Rate:	4.10%	2.74%	2.12%
Mortality:	RP-2000	RP-2000	RP-2014
Trend:	5.5%	5.5%	Variable

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

**SCHEDULE OF EMPLOYER'S PROPORTIONATE
SHARE OF NET PENSION LIABILITY
Year Ended December 31, 2020**

<u>Year Ended June 30,</u>	<u>(a) Employer Proportion of the Net Pension Liability (Asset)</u>	<u>(b) Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>(c) Employer's Covered Employee Payroll</u>	<u>(b÷c) Employer's Proportionate Share Of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>(Per Report PFNP÷TPL) Plan Fiduciary Net Position As a Percentage Of the Total Pension Liability</u>
<u>Municipal Employees' Retirement System</u>					
2020	.904032%	\$ 3,908,500	\$ 1,727,871	226.2%	64.52%
2019	.902533%	\$ 3,771,380	\$ 1,670,763	225.7%	64.68%
2018	.952291%	\$ 3,943,130	\$ 1,742,616	226.3%	63.94%
2017	1.047104%	\$ 4,380,478	\$ 1,901,613	230.4%	62.49%
2016	1.085774%	\$ 4,450,272	\$ 1,939,571	229.4%	62.11%
2015	1.025051%	\$ 3,661,643	\$ 1,749,513	209.3%	66.18%
<u>Municipal Police Employees' Retirement System</u>					
2020	.600288%	\$ 5,548,060	\$ 1,854,122	299.2%	70.94%
2019	.553870%	\$ 5,030,067	\$ 1,729,678	290.8%	71.01%
2018	.579453%	\$ 4,898,731	\$ 1,710,044	286.5%	71.89%
2017	.567887%	\$ 4,957,894	\$ 1,695,322	292.5%	70.08%
2016	.634876%	\$ 5,950,577	\$ 1,778,414	334.6%	66.04%
2015	.651511%	\$ 5,103,908	\$ 1,742,749	292.9%	70.73%
<u>Firefighters Retirement System</u>					
2020	.220348%	\$ 1,527,353	\$ 548,580	278.4%	72.61%
2019	.219349%	\$ 1,373,544	\$ 530,138	259.1%	73.96%
2018	.203337%	\$ 1,169,610	\$ 484,115	241.6%	74.76%
2017	.198888%	\$ 1,139,996	\$ 464,374	245.5%	73.55%
2016	.195766%	\$ 1,280,487	\$ 441,411	290.1%	68.16%
2015	.207802%	\$ 1,121,531	\$ 436,197	257.1%	72.45%

*The amounts presented have a measurement date of June 30, 2020.

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, 2020

<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>					
2020	\$ 513,499	\$ 513,499	-	\$ 1,793,044	28.64%
2019	\$ 447,166	\$ 447,166	-	\$ 1,662,989	26.89%
2018	\$ 435,373	\$ 435,373	-	\$ 1,716,011	25.37%
2017	\$ 435,348	\$ 435,348	-	\$ 1,836,303	23.71%
2016	\$ 405,462	\$ 405,462	-	\$ 1,909,467	21.23%
2015	\$ 355,863	\$ 355,863	-	\$ 1,801,836	19.75%
<u>Municipal Police Employees' Retirement System</u>					
2020	\$ 668,554	\$ 668,554	-	\$ 2,017,760	33.13%
2019	\$ 563,426	\$ 563,426	-	\$ 1,740,398	32.37%
2018	\$ 546,521	\$ 546,521	-	\$ 1,735,928	31.48%
2017	\$ 514,623	\$ 514,623	-	\$ 1,646,757	31.25%
2016	\$ 539,370	\$ 539,370	-	\$ 1,761,953	30.61%
2015	\$ 514,510	\$ 514,510	-	\$ 1,689,703	30.45%
<u>Firefighters Retirement System</u>					
2020	\$ 171,871	\$ 171,871	-	\$ 572,511	30.02%
2019	\$ 144,724	\$ 144,724	-	\$ 533,632	27.12%
2018	\$ 136,767	\$ 136,767	-	\$ 516,102	26.50%
2017	\$ 118,234	\$ 118,234	-	\$ 456,894	25.88%
2016	\$ 120,182	\$ 120,182	-	\$ 458,426	26.22%
2015	\$ 117,788	\$ 117,788	-	\$ 417,731	28.20%

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

CITY OF WESTWEGO
 JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
 AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
 Year Ended December 31, 2020

	First Six Month Period Ended <u>6/30/20</u>	Second Six Month Period Ended <u>12/31/20</u>
Cash Basis Presentation		
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ 22,067	\$ 19,672
 Add: Collections		
Civil Fees	292,498	196,894
Bond Fees	31,062	34,952
Asset Forfeiture/Sale	-0-	-0-
Pre-Trial Diversion Program Fees	8,385	12,768
Criminal Court Costs/Fees	217,098	275,920
Criminal Fines - Contempt	104,792	112,925
Criminal Fines - Other	335,697	355,189
Restitution	-0-	-0-
Probation/Parole/Supervision Fees	-0-	-0-
Service/Collection Fees	18,302	17,425
Interest Earnings on Collected Balances	-0-	-0-
Other	-0-	-0-
 Subtotal Collections	<u>1,007,834</u>	<u>1,006,073</u>
 Less: Disbursements to Governments & Non Profits		
Louisiana Supreme Court, Criminal Court Costs/Fees	11,924	15,563
Twenty Fourth Judicial District Indigent Defender Board, Criminal Court Costs/Fees	74,655	101,325
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund, Criminal Court Costs/Fees	2,315	3,125
Crime Stoppers, Inc., Criminal Court Costs/Fees	6,754	9,072
Louisiana Commission on Law Enforcement, Criminal Court Costs/Fees	4,502	6,065
 Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	66	113
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount	-0-	-0-
Self-Disbursed City of Westwego, Civil Fees	292,498	196,894
Self-Disbursed City of Westwego, Bond Fees	31,062	34,952
Self-Disbursed City of Westwego, Pre-Trial Diversion Program Fee	8,385	12,768
Self-Disbursed City of Westwego, Criminal Court Costs/Fees	119,277	143,795
Self-Disbursed City of Westwego, Criminal Fines-Contempt	104,792	112,925
Self-Disbursed City of Westwego, Criminal Fines-Other	335,697	355,189
Self-Disbursed City of Westwego, Service/Collection Fees	4,607	3,853

CITY OF WESTWEGO
 JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY - continued
 AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
 Year Ended December 31, 2020

	First Six Month Period Ended <u>6/30/20</u>	Second Six Month Period Ended <u>12/31/20</u>
Cash Basis Presentation		
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Civil Fee Refunds	-0-	-0-
Bond Fee Refunds	-0-	-0-
Restitution Payments to Individuals	-0-	-0-
Other Disbursement to Individuals	-0-	-0-
Payments to 3rd Party Collection/Processing Agencies	<u>13,695</u>	<u>13,572</u>
Subtotal Disbursements/Retainage	<u>1,010,229</u>	<u>1,009,211</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>19,672</u>	<u>16,534</u>
Ending Balance of "Partial payments" Collected but not Disbursed	-0-	-0-

Other Information:			
Ending Balance of Total Amounts Assessed but not yet Collected	\$	-0-	\$ -0-
Total Waivers During the Fiscal Period	\$	30,562	\$ 29,204

*During 2020 not all Civil Fees were being tracked separately from Criminal Fees.

CITY OF WESTWEGO
 JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY
 AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
 Year Ended December 31, 2020

Cash Basis Presentation	First Six Month Period Ended 6/30/20	Second Six Month Period Ended 12/31/20
Receipts From:		
Department of Public Safety and Corrections - Other	\$ 4,975	\$6,312
Jefferson Parish Sheriff's Office, Bureau of Revenue & Taxation - Other	81	188
Jefferson Parish District Attorney - Criminal Fines	50	-0-
Department of the Treasury-Justice Funds - Asset Forfeiture/Sale	-0-	2,840
Jefferson Parish District Attorney - Asset Forfeiture/Sale	1,927	80,548
Total Receipts	<u>\$ 7,033</u>	<u>\$89,888</u>

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, 2020

Purpose	<u>Joe Peoples Mayor</u>
Salary	\$ 78,185
Benefits-insurance	6,851
Benefits-retirement	22,294
Travel and dues	500
Parking	47
Special meals	43
	<u>\$ 107,920</u>

CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO MEMBERS
OF THE CITY COUNCIL
Year Ended December 31, 2020

<u>Councilmember</u>	<u>Salary</u>
Glenn Green	\$ 20,087
Johnny S. Nobles, Jr.	21,217
Lisa H. Valence	20,087
Matthew J. Rivere	20,087
Johnnie Lynn Thibodeaux	<u>20,087</u>
	<u>\$ 101,565</u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Westwego, Louisiana (the City) as of and for the year ended December 31, 2020, 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, 2021.

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) as a basis for designing 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 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, 2021

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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, 2020. 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 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, 2020.

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 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 weakness may exist that have not been identified.

The purpose of this report on internal control over compliance is 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.

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Camnetar & Co., CPAs

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Gretna, Louisiana

June 29, 2021

CITY OF WESTWEGO, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended December 31, 2020

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Grant Number	Federal Expenditures
Passed through Louisiana Commission on Law Enforcement:			
Victim Assistance Program	16.575	2017-VA- 01/02/03/04-4276	\$ 9,956
Victim Assistance Program	16.575	2018-VA- 01/02/03/04-4934	29,415
Criminal Patrols	16.738	2018-MU-BX-0441	<u>21,305</u>
			<u>60,676</u>
Passed through Louisiana Highway Safety Commission:			
Police Traffic Services	20.616 & 20.660	2020-30-59	15,547
Police Traffic Services	20.608	2021-30-59	3,913
			<u>19,460</u>
United State Department of Justice Task Force			
	16.738		<u>14,307</u>
Environmental Protection Agency Passed through Louisiana Department of Environmental Quality "DEQ" Municipal Facilities Revolving Loan Fund ("State Revolving Fund")			
	66.458	CS 221771-01	<u>1,343,734</u>
Department of Homeland Security/FEMA Passed through the State of Louisiana Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP) Disaster Grants Public Assistance			
Hurricane Laura	97.036	FEMA-4559-DR-LA	6,452
Hurricane Zeta	97.036	FEMA-4577-DR-LA	77,906
			<u>84,358</u>
Department of the Treasury Passed through the State of Louisiana Coronavirus Aid, Relief and Economic Security (CARES) Act			
	21.019		<u>24,067</u>
Department of Health & Human Services Passed through Louisiana Hospital Association			
	93.889	Hospital Preparedness Grant	<u>14,496</u>
Total expenditures of federal awards			<u>\$1,561,098</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF WESTWEGO, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

NOTE A - FISCAL PERIOD AUDITED

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2020. Federal financial assistance received during the year did meet the criteria set forth in the Single Audit Act and Uniform Guidance. Grant terms are indicated in the Schedule of Expenditures of Federal Awards.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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.

NOTE C - INDIRECT COST RATE ELECTION

The City did not elect to use the 10% de minimis indirect cost rate during the year ended December 31, 2020.

**CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

We have audited the general purpose financial statements of the City of Westwego, Louisiana as of and for the year ended December 31, 2020, and have issued our report thereon dated June 29, 2021. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2020 resulted in an unmodified 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 Unmodified 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

b. Identification of Major Programs:

DEQ Municipal Facilities Revolving Loan Fund CFDA 66.458

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

C – Material Weakness

NONE

Section III Federal Award Findings and Questioned Costs

NONE

**CITY OF WESTWEGO, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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