

CITY OF WESTLAKE, LOUISIANA
ANNUAL FINANCIAL REPORT AND INDEPENDENT
AUDITORS' REPORTS
YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

March 25, 2021

To the Members of the City Council
City of Westlake, 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 Westlake, Louisiana as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Westlake, 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.

Auditors' 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 auditors' 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Westlake, Louisiana, as of June 30, 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 budgetary comparison information, the schedule of employer's proportionate share of net pension liability and the schedule of employer's compensation on pages 46 through 49 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted principally 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.

The City has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Westlake, Louisiana's basic financial statements. The other information on page 51 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other information is the responsibility of management and was 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 other information is 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 March 25, 2021, on our consideration of City of Westlake, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Westlake, Louisiana's internal control over financial reporting and compliance.

Dragan, Candace: Shillory

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

CITY OF WESTLAKE, LOUISIANA
STATEMENT OF NET POSITION
June 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 1,071,827	\$ 2,333,483	\$ 3,405,310
Investments	3,087,166	348,312	3,435,478
Receivables	1,396,128	518,274	1,914,402
Interfund receivable	10,426	-	10,426
Inventories	-	179,100	179,100
Prepaid insurance	1,451	92,351	93,802
Capital assets:			
Land and construction in progress	9,474,401	12,111,078	21,585,479
Capital assets, net	15,826,027	14,436,352	30,262,379
TOTAL ASSETS	<u>\$ 30,867,426</u>	<u>\$ 30,018,950</u>	<u>\$ 60,886,376</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,270,007</u>	<u>\$ -</u>	<u>\$ 2,270,007</u>
LIABILITIES			
Accounts and other accrued payables	\$ 1,510,696	\$ 526,021	\$ 2,036,717
Customer meter deposits	-	361,232	361,232
Interest payable	-	84,266	84,266
Unearned revenue	85,444	-	85,444
Interfund payable	-	10,426	10,426
Long-term liabilities:			
Net pension liability	7,396,543	-	7,396,543
Due within one year	-	1,011,243	1,011,243
Due after one year	320,251	6,561,597	6,881,848
TOTAL LIABILITIES	<u>\$ 9,312,934</u>	<u>\$ 8,554,785</u>	<u>\$ 17,867,719</u>
DEFERRED INFLOWS OF RESOURCES	<u>710,540</u>	<u>\$ -</u>	<u>\$ 710,540</u>
NET POSITION			
Net invested in capital assets	\$ 25,300,428	\$ 18,974,590	\$ 44,275,018
Net position - Restricted	2,760,759	-	2,760,759
Net position - Unrestricted	(4,947,228)	2,489,575	(2,457,653)
TOTAL NET POSITION	<u>\$ 23,113,959</u>	<u>\$ 21,464,165</u>	<u>\$ 44,578,124</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF WESTLAKE, LOUISIANA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

		Program Revenues		Net (Expense) Revenues and Changes in Net position		
				Primary Government		
Activities	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:						
General and administrative	\$ 1,276,747	\$ 330,080	3,115,435	\$ 2,168,768	\$ -	\$ 2,168,768
Public safety:						
Police	2,027,484	894,868	-	(1,132,616)	-	(1,132,616)
Fire	1,866,791	-	1,153,811	(712,980)	-	(712,980)
Highway and streets	971,932	-	-	(971,932)	-	(971,932)
Cemeteries	19,697	-	-	(19,697)	-	(19,697)
Civil defense	28,012	-	-	(28,012)	-	(28,012)
Post office	15,773	82,017	-	66,244	-	66,244
City court	77,692	-	-	(77,692)	-	(77,692)
Total Governmental Activities	6,284,128	1,306,965	4,269,246	(707,917)	-	(707,917)
Business-type activities:						
Utility	5,183,674	5,229,503	125,140	-	170,969	170,969
Golf course	2,223,193	1,239,154	-	-	(984,039)	(984,039)
Total primary government	<u>\$ 13,690,995</u>	<u>\$ 7,775,622</u>	<u>\$ 4,269,246</u>	<u>(707,917)</u>	<u>(813,070)</u>	<u>(1,520,987)</u>
General Revenues:						
Tax revenue				3,748,124	148,586	3,896,710
Investment income				75,090	19,549	94,639
Grants and contributions not restricted to specific programs-						
Federal and local sources				-	-	-
Real estate sales				-	-	-
Gain/(loss) on sale of assets				-	-	-
Miscellaneous expense				-	-	-
Miscellaneous income				36,145	338,223	374,368
Bond issuance cost				-	-	-
Distribution - gaming industry				401,031	-	401,031
Transfers				(1,010,995)	1,010,995	-
Total general revenues				<u>3,249,395</u>	<u>1,517,353</u>	<u>4,766,748</u>
Change in net position				2,541,478	704,283	3,245,761
Net position - Beginning				20,572,481	21,129,521	41,702,002
Prior period adjustment				-	(369,639)	(369,639)
Net position - Beginning - Restated				<u>20,572,481</u>	<u>20,759,882</u>	<u>41,332,363</u>
Net position - Ending				<u>\$ 23,113,959</u>	<u>\$ 21,464,165</u>	<u>\$ 44,578,124</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

FUND DESCRIPTIONS

General Fund

The general fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Capital Projects Fund

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Funds

Utility Fund

To account for the provision of gas, water and sewerage services to residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Golf Course and Real Estate Development

To account for the operations of the City golf course and the real estate development around the golf course.

CITY OF WESTLAKE, LOUISIANA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2020

	General	Capital Projects	Total
ASSETS			
Cash and cash equivalents	\$ 706,893	\$ 364,934	\$ 1,071,827
Investments	511,057	2,576,109	3,087,166
Receivables (net, where applicable, of allowance for uncollectibles):			
Accounts receivable	328,148	1,046,016	1,374,164
Taxes receivable	-	21,964	21,964
Interfund receivables	10,426	-	10,426
Prepaid expense	1,451	-	1,451
TOTAL ASSETS	<u>1,557,975</u>	<u>4,009,023</u>	<u>5,566,998</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,557,975</u>	<u>\$ 4,009,023</u>	<u>\$ 5,566,998</u>
LIABILITIES			
Accounts payable	\$ 338,144	\$ 1,162,820	\$ 1,500,964
Retainage payable	9,732	-	9,732
Unearned income	-	85,444	85,444
TOTAL LIABILITIES	<u>347,876</u>	<u>1,248,264</u>	<u>1,596,140</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted for:			
Capital projects	-	2,760,759	2,760,759
Unassigned	1,210,099	-	1,210,099
TOTAL FUND BALANCES	<u>1,210,099</u>	<u>2,760,759</u>	<u>3,970,858</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,557,975</u>	<u>\$ 4,009,023</u>	<u>\$ 5,566,998</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF WESTLAKE, LOUISIANA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2020

Total fund balance for governmental fund at June 30, 2020:		\$ 3,970,858
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. Those assets consist of:		
Land and construction in progress	\$ 9,474,401	
Capital assets, net of \$12,204,768 accumulated depreciation	<u>15,826,027</u>	25,300,428
Deferred outflows and inflows for pension resources and long-term debt are not financial resources or currently payable:		
Deferred inflows related to pensions		(710,540)
Deferred outflows related to pensions		2,270,007
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:		
Compensated absences	(320,251)	
Net pension liability	<u>(7,396,543)</u>	<u>(7,716,794)</u>
Total net position of governmental activities at June 30, 2020		<u>\$ 23,113,959</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF WESTLAKE, LOUISIANA
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	General	Capital Projects	Total
REVENUES			
Taxes and special assessments	\$ 3,177,905	\$ 570,219	\$ 3,748,124
Licenses and permits	316,829	-	316,829
Intergovernmental	1,153,811	-	1,153,811
Charges for services	13,251	-	13,251
Fines and forfeits	894,868	-	894,868
Investment income	15,919	59,171	75,090
Miscellaneous income	35,249	896	36,145
Grant proceeds	447,904	2,666,745	3,114,649
Donations	785	-	785
Post office lease	82,017	-	82,017
Distribution - gaming industry	-	401,031	401,031
TOTAL REVENUES	<u>6,138,538</u>	<u>3,698,062</u>	<u>9,836,600</u>
EXPENDITURES			
Current:			
General and administrative	963,287	46,576	1,009,863
Police	1,924,229	-	1,924,229
Fire	1,686,680	-	1,686,680
Streets	619,641	2,500	622,141
Cemeteries	19,697	-	19,697
Civil defense	24,065	-	24,065
Post office	14,356	-	14,356
City court	99,560	-	99,560
Capital Outlay	727,764	5,167,058	5,894,822
Debt Service:			
Principal	-	-	-
Interest	-	-	-
TOTAL EXPENDITURES	<u>6,079,279</u>	<u>5,216,134</u>	<u>11,295,413</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	59,259	(1,518,072)	(1,458,813)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	(79,225)	(931,770)	(1,010,995)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(79,225)</u>	<u>(931,770)</u>	<u>(1,010,995)</u>
NET CHANGES IN FUND BALANCE	(19,966)	(2,449,842)	(2,469,808)
FUND BALANCE - BEGINNING	<u>1,230,065</u>	<u>5,210,601</u>	<u>6,440,666</u>
FUND BALANCE - ENDING	<u>\$ 1,210,099</u>	<u>\$ 2,760,759</u>	<u>\$ 3,970,858</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF WESTLAKE, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

Total net changes in fund balance at June 30, 2020 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (2,469,808)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 5,894,822	
Depreciation expense for the year ended June 30, 2020	<u>(768,340)</u>	5,126,482

Net decrease in compensated absences	178,164
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Net pension (expense) benefit is reported in the governmental fund as expenditures as they are paid, however, in the statement of activities the net position (expense) benefit is reported according to estimates required by GASB 68.

(293,360)

Total changes in net position at June 30, 2020 per Statement of Activities	<u><u>\$ 2,541,478</u></u>
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The accompanying notes are an integral part of the basic financial statements.

CITY OF WESTLAKE, LOUISIANA
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2020

	Utility	Golf Course and Real Estate Development	Total Proprietary Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,173,809	\$ 78,754	\$ 2,252,563
Investments	145,312	-	145,312
Accounts receivable, net of allowance for for uncollectibles	443,687	74,587	518,274
Inventories	43,694	135,406	179,100
Prepaid insurance	77,211	15,140	92,351
Restricted assets:			
Cash and cash equivalents	80,920	-	80,920
Investments	203,000	-	203,000
Total current assets	<u>3,167,633</u>	<u>303,887</u>	<u>3,471,520</u>
Property, plant and equipment			
Buildings, plant and distribution system	29,117,133	5,258,779	34,375,912
Furniture, fixtures and equipment	2,029,337	2,289,777	4,319,114
	<u>31,146,470</u>	<u>7,548,556</u>	<u>38,695,026</u>
Less accumulated depreciation	18,299,190	5,959,484	24,258,674
	<u>12,847,280</u>	<u>1,589,072</u>	<u>14,436,352</u>
Land	337,431	11,641,127	11,978,558
Construction in progress	132,520	-	132,520
Total property, plant and equipment	<u>13,317,231</u>	<u>13,230,199</u>	<u>26,547,430</u>
TOTAL ASSETS	<u><u>\$ 16,484,864</u></u>	<u><u>\$ 13,534,086</u></u>	<u><u>\$ 30,018,950</u></u>
DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 227,755	\$ 146,416	\$ 374,171
Retainage payable	9,732	-	9,732
Accrued sick payable	96,559	-	96,559
Accrued vacation payable	30,470	-	30,470
Accrued compensation	15,089	-	15,089
Interest payable	84,266	-	84,266
Interfund payables	10,426	-	10,426
Unearned revenue	-	-	-
Security deposits payable	361,232	-	361,232
Total current liabilities	<u>835,529</u>	<u>146,416</u>	<u>981,945</u>
Long-term liabilities:			
Due within one year	987,000	24,243	1,011,243
Due after one year	6,519,000	42,597	6,561,597
Total long-term liabilities	<u>7,506,000</u>	<u>66,840</u>	<u>7,572,840</u>
TOTAL LIABILITIES	<u><u>\$ 8,341,529</u></u>	<u><u>\$ 213,256</u></u>	<u><u>\$ 8,554,785</u></u>
DEFERRED INFLOWS OF RESOURCES	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
NET POSITION			
Net invested in capital assets	\$ 5,811,231	\$ 13,163,359	\$ 18,974,590
Net position - Unrestricted	2,332,104	157,471	2,489,575
TOTAL NET POSITION	<u><u>\$ 8,143,335</u></u>	<u><u>\$ 13,320,830</u></u>	<u><u>\$ 21,464,165</u></u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF WESTLAKE, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION - PROPRIETARY FUND
Year Ended June 30, 2020

	Utility	Golf Course and Real Estate Development	Total Proprietary Funds
OPERATING REVENUES			
Charge for utility services	\$ 5,156,411	\$ -	\$ 5,156,411
Charges for golf course	-	1,239,154	1,239,154
Tap fees	73,092	-	73,092
Total Operating Revenues	<u>5,229,503</u>	<u>1,239,154</u>	<u>6,468,657</u>
OPERATING EXPENSES			
Personnel services	1,273,940	712,806	1,986,746
Contractual services	379,433	-	379,433
Supplies	864,017	826,881	1,690,898
Other services and charges	992,718	264,313	1,257,031
Heat, light, and power	133,555	45,267	178,822
Sewage usage expense	811,646	-	811,646
Depreciation and amortization expense	532,368	371,027	903,395
Total Operating Expenses	<u>4,987,677</u>	<u>2,220,294</u>	<u>7,207,971</u>
OPERATING INCOME (LOSS)	241,826	(981,140)	(739,314)
NON-OPERATING REVENUES (EXPENSES)			
Tax revenue	148,586	-	148,586
Investment income	19,549	-	19,549
Grant income	125,140	-	125,140
Miscellaneous income	209,850	128,373	338,223
Interest expense	(195,997)	(2,899)	(198,896)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	548,954	(855,666)	(306,712)
Operating transfers in	435,000	575,995	1,010,995
Operating transfers out	-	-	-
CHANGE IN NET POSITION	983,954	(279,671)	704,283
NET POSITION, BEGINNING	7,159,381	13,970,140	21,129,521
Prior Period Adjustment	-	(369,639)	(369,639)
NET POSITION, BEGINNING - RESTATED	<u>7,159,381</u>	<u>13,600,501</u>	<u>20,759,882</u>
NET POSITION, ENDING	<u>\$ 8,143,335</u>	<u>\$ 13,320,830</u>	<u>\$ 21,464,165</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF WESTLAKE, LOUISIANA
STATEMENT OF CASH FLOWS -
PROPRIETARY FUND
Year Ended June 30, 2020

	Utility	Golf Course and Real Estate Development	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 5,117,268	\$ 1,235,445	\$ 6,352,713
Payments to suppliers	(2,749,152)	(1,144,102)	(3,893,254)
Payments to employees	(1,315,551)	(712,806)	(2,028,357)
Net cash from operating activities	<u>1,052,565</u>	<u>(621,463)</u>	<u>431,102</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Purchase of fixed assets	(71,844)	(14,219)	(86,063)
Principle payments on debt	(959,000)	(24,243)	(983,243)
Interest payments on debt	(181,628)	(2,899)	(184,527)
Net cash from investment activities	<u>(1,212,472)</u>	<u>(41,361)</u>	<u>(1,253,833)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Miscellaneous income	209,850	128,373	338,223
Grant income	125,140	-	125,140
Operating transfers in	435,000	575,995	1,010,995
Operating transfers out	-	-	-
Prior period adjustment to cash	-	(369,639)	(369,639)
Net cash from non-capital financing activities	<u>769,990</u>	<u>334,729</u>	<u>1,474,358</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Earnings of investments	19,549	-	19,549
Net cash from investing activities	<u>19,549</u>	<u>-</u>	<u>19,549</u>
NET INCREASE (DECREASE) IN CASH	629,632	(328,095)	671,176
CASH - BEGINNING	<u>1,625,097</u>	<u>406,849</u>	<u>2,031,946</u>
CASH - ENDING	<u>\$ 2,254,729</u>	<u>\$ 78,754</u>	<u>\$ 2,333,483</u>
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating income (loss)	\$ 241,826	\$ (981,140)	\$ (739,314)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	532,368	371,027	903,395
(Increase) decrease in receivables	(112,235)	(3,709)	(115,944)
(Increase) decrease in inventories	(9,022)	(27,541)	(36,563)
(Increase) decrease in prepaid insurance	-	1,041	1,041
(Increase) decrease in unearned revenues	229,706	-	229,706
Increase (decrease) in accounts payable	211,815	18,859	230,674
Increase (decrease) in retainage payable	9,732	-	-
Increase (decrease) in customer deposits	19,085	-	19,085
Increase (decrease) in accrued compensation	(41,611)	-	(41,611)
Increase (decrease) in interest payable	(39,100)	-	(39,100)
Increase (decrease) in interfund payable	10,001	-	10,001
Net cash from operating activities	<u>\$ 1,052,565</u>	<u>\$ (621,463)</u>	<u>\$ 421,370</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Westlake, Louisiana, was incorporated on December 1, 1945, under the provisions of the Lawrason Act. The City operates a Mayor-City Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, recreation, public improvements, and general administrative services.

The accounting and reporting policies of the City of Westlake conform to accounting principles generally accepted in the United States of America as applicable to governments. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. Reporting Entity

The accompanying financial statements include the various departments, activities, and organizational units that are within the control and authority of the Mayor and Board of Aldermen of the City of Westlake, Louisiana.

The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board statement No. 14 (Codification Section 2100.120140). This statement defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Based on the foregoing criteria, the City of Westlake has no other fiscal or significant managerial responsibility over any other governmental unit that is not included in the financial statements of the City of Westlake.

2. Basis of Presentation

The accompanying basic financial statements of the City of Westlake, Louisiana 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", issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Financial Statements

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 Town 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 three categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed on a separate column. A fund is considered major if it is the primary operating fund of the City or its total assets, liabilities, revenues, or expenditures of the individual governmental and enterprise fund is at least 10 percent of the corresponding total for all governmental and enterprise funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The City reports the following major funds:

The General Fund is the primary operating fund of the City. It accounts for all financial resources except those that are required to be accounted for in other funds.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

Proprietary Funds

The Enterprise Fund is 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. The City's enterprise fund accounts for gas, water and sewer services, and golf course and real estate development.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

4. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

Prior to the beginning of each fiscal year, the Mayor submits a budget to the City Council. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The City Council holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated or the revenue estimates must be changed by an affirmative vote of a majority of the government's council.

Expenditures may not legally exceed budgeted appropriations at the activity level.

5. Cash and Investments

Cash

Cash includes amounts in demand deposits with a maturity date within three months of the date acquired by the City. State statutes authorize the City to invest in obligations of the U.S. Treasury, U.S. Government Agencies, or time certificates of deposit of state banks organized under the laws of Louisiana and national banks having the principal office in the State of Louisiana, as stipulated in R.S. 39:1271, or any other federally insured investment. In addition, The City participates in the Louisiana Asset Management Pool, Inc. (LAMP). The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2020, the City has \$3,464,209 in deposits (collected bank balances). These deposits are secured from

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

risk by \$250,000 of federal deposit insurance and \$3,214,209 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

6. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet.

7. Accounts Receivable

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

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

8. Prepaid expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2020 are recorded as prepaid items.

9. Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and plant infrastructures	15-50 years
Furniture, Machinery and Equipment	5-15 years
Transportation equipment	3-5 years

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

10. Inventory

Inventory of the Utility Fund is valued at the lower of cost or net realizable value (first-in, first-out). Inventories consist of expendable supplies held for consumption. The expenditures are recognized when the items are purchased.

Inventory of the Golf Course and Real Estate Development Fund is stated at lower of cost or net realizable value under the first-in, first-out method of accounting for inventory. Inventories consist of expendable

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

supplies held for consumption and golf merchandise in the club house. The expenditures are recognized when the items are purchased.

11. Statement of Cash Flows

For the purpose of the statement of cash flows for the enterprise fund, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Ending cash of \$2,333,483 at June 30, 2020 represents unrestricted amounts of \$2,252,563 and restricted amounts of \$80,920.

12. Compensated Absences

Vested or accumulated compensated absences that is expected to be liquidated with expendable available financial resources is reported as expenditures and a liability of the governmental activities. \$320,251 is reported for these amounts. Vested or accumulated compensated absences of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. At June 30, 2020, liability for compensated absences was \$127,029 in the business-type activities.

13. Long - Term Debt

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

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds and capital leases.

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

14. Equity Classification

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net invested in capital assets – 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 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 “net invested in capital assets”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as restricted, assigned and unassigned.

- a. Restricted fund balance – Includes fund balance amounts that are intended to be used for specific purposes which are externally imposed.
- b. Assigned fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on internal (Board) actions.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- c. Unassigned fund balance – Includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

Proprietary fund equity is classified the same as in the government-wide statements.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Board members or the finance committee has provided otherwise in its commitment or assignment actions.

At December 31, 2020, the City had \$2,760,59 net position restricted for construction projects.

15. Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

16. Revenues, Expenditures, and Expenses

Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues.

Revenues

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

Unearned Revenue

Unearned revenue of \$85,444 at June 30, 2020 represents grant funds received but not expended as of year-end.

Expenditures

The Town primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

Other Financing Sources

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) when the transfer is authorized by the City.

17. Deferred Outflows of Resources and Deferred Inflows of Resources

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,

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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. The City has no deferred outflows of resources.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

18. Dedication of Proceeds and Flow of Funds – Sales and Use Taxes

Proceeds of a perpetual one percent sales and use tax that was first levied on July 1, 1990 by the City of Westlake, Louisiana are collectible by the sales tax fund, are legally dedicated for municipal waterworks and street and road improvements.

Proceeds of a one percent sales and use tax, which was renewed on July 1 2017, and is to run for ten years, are levied by the City of Westlake, Louisiana and collectible by the sales tax fund, and are legally dedicated in no particular percentage to the following:

- a. Construction, acquiring, improving, operating and maintaining fire department.
- b. Construction, acquiring, improving, operating and maintaining wastewater department.
- c. Construction, acquiring, improving, operating and maintaining parks and recreation department.
- d. Salaries and benefits of City employees.

Proceeds of a one-half of one percent sales and use tax, which was renewed on October 1, 2017, and is to run for ten years are levied by the City of Westlake, Louisiana and collectible by the sales tax fund, are legally dedicated for the operation and maintenance of the City Police Department.

19. Subsequent Events

Management has evaluated subsequent events through March 25, 2021, the date the financial statements were available to be issued. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the School Board's ongoing operations; however, the extent and severity of the potential impact is unknown at this time.

On August 27, 2020 Hurricane Laura made landfall in Southwest Louisiana as a Category 4 hurricane which was followed by Hurricane Delta on October 8, 2020. The full extent of damages to the District's facilities or effects on operations have not been determined.

NOTE B - INVESTMENTS

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments in debt and equity securities that are classified as available-for-sale on a recurring basis. FASB ASC 820-10 defines fair value, establishes a consistent framework for measuring fair value, and expands disclosure requirements for fair value measurements. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE B - INVESTMENTS - Continued

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Town has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2020 are as follows:

	Fair Value	Quoted Price in Active Markets Identical assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Cost
Short-term investments:					
Money markets	\$ 492	\$ 492	\$ -	\$ -	\$ 492
U.S. Treasuries	3,128,749	3,128,749	-	-	3,128,749
LAMP	306,237	306,237	-	-	306,237
	<u>\$ 3,435,478</u>	<u>\$ 3,435,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,435,478</u>

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955.

LAMP is a governmental investment pool that reports at fair value. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 39 days as of June 30, 2018.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE B - INVESTMENTS - Continued

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and board of directors. LAMP is not registered with the SEC as an investment company. An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the State of Louisiana has full access to the records of LAMP.

LAMP issues financial reports which can be obtained by writing: LAMP, Inc., 228 St. Charles Avenue, Suite 1123, New Orleans, LA 70130.

NOTE C – AD VALOREM TAXES

For the year ended June 30, 2020 taxes of 24.4 mills were levied on property with assessed valuations totaling \$34,281,835 and were dedicated as follows:

General corporate purposes	24.4 mills
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Total taxes levied were \$836,477.

NOTE D - RECEIVABLES

The following is a summary of receivables for June 30, 2020:

	Governmental Fund	Proprietary Funds
Taxes	\$ 1,224,903	\$ -
Charges for services	171,225	566,230
Less: Allowance for bad debt	(-)	(37,956)
	<u>\$ 1,396,128</u>	<u>\$ 528,274</u>

NOTE E – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2020 follows:

	Beginning of Year	Additions	Deletions	End of Year
Governmental activities:				
Land	\$ 2,030,401	\$ -	\$ -	\$ 2,030,401
Buildings	3,995,175	2,902,568	-	6,897,743
Furniture and Equipment	2,156,452	273,584	-	2,430,036
Transportation Equipment	2,454,699	99,628	-	2,554,327
Infrastructure	16,148,689	-	-	16,148,689
Construction In Progress	<u>4,824,958</u>	<u>5,521,610</u>	<u>2,902,568</u>	<u>7,444,000</u>
Totals at historical cost	31,610,374	8,797,391	2,902,568	37,505,196
Less accumulated depreciation for:				
Buildings	2,307,023	187,689	-	2,494,712
Furniture and Equipment	1,912,779	107,405	-	2,020,184
Transportation Equipment	1,797,223	69,529	-	1,866,752
Infrastructure	<u>5,419,403</u>	<u>403,718</u>	-	<u>5,823,120</u>
Total accumulated depreciation	<u>11,436,428</u>	<u>768,341</u>	-	<u>12,204,768</u>
Governmental activities capital Assets, Net	<u>\$ 20,173,946</u>	<u>\$ 8,029,050</u>	<u>\$ 2,902,568</u>	<u>\$ 25,300,428</u>

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE E – CAPITAL ASSETS - Continued

Business Type Activities:				
Land	\$ 11,978,558	\$ -	\$ -	\$ 11,978,558
Construction in progress	244,528	71,844	183,852	132,520
Infrastructure	32,071,854	183,852	-	32,255,706
Buildings and plant	1,994,414	-	-	1,994,414
Machinery and equipment	3,868,940	18,903	-	3,887,843
Transportation equipment	561,747	-	-	561,747
Totals at historical cost	50,720,041	274,599	183,852	50,810,788
Less accumulated depreciation for:				
Infrastructure	17,792,992	758,049	-	18,551,041
Buildings and plant	1,590,245	79,531	-	1,669,776
Machinery and equipment	3,542,584	62,864	-	3,605,448
Transportation equipment	434,142	2,951	-	437,093
Total accumulated depreciation	23,359,963	903,395	-	24,263,358
Business-type activities capital assets, net	\$ 27,360,078	\$ (628,796)	\$ 183,852	\$ 26,547,430

Construction in progress in the governmental activities include the clubhouse at the golf course totaling \$2,962,865 and is expected to be completed in October 2021 at a total cost of \$4,800,000, a sewer transportation project totaling \$1,147,302 and is expected to be completed in February 2021 at a total cost of \$1,200,000, and improvements on John Stine road totaling \$2,751,839 and expected to be completed in August 2021 at a total cost of \$4,800,000. The John Stine Road improvement project is being funded by the Calcasieu Parish Police Jury. Other various drainage and street improvement projects totaling \$581,994 are estimated to cost an additional \$1,015,000 and be completed in 2020 and 2021.

Construction in progress in the business type activities includes a manhole rehabilitation project totaling \$132,520 and is expected to be completed in 2021 at a total cost of \$150,000.

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 132,673
Highway and streets	440,793
Fire	100,927
Police	88,584
City Court	3,947
Post Office	1,417
Total	<u>\$ 768,341</u>

NOTE F – LEASES

Capital Leases:

The City has financing leases for equipment that qualify as capital leases. The assets and liabilities under capital leases are recorded at the lower of present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the lower of their related lease terms or their estimated productive lives. Amortization of the assets under capital lease is included in depreciation expenses for the year ended June 30, 2020.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE F – LEASES - Continued

The following is a summary of property held under capital lease at June 30, 2020:

Golf course equipment	\$ 167,889
Less accumulated amortization	<u>66,840</u>
	<u>\$ 101,049</u>

NOTE G – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020:

	Beginning of Year	Issued	Retired	End of Year	Amounts Due Within One Year
Governmental Activities:					
Net pension liability	\$ 6,512,056	\$ 884,487	\$ -	\$ 7,396,543	\$ -
Compensated absences	<u>498,415</u>	<u>-</u>	<u>178,164</u>	<u>320,251</u>	<u>-</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 7,010,471</u>	<u>\$ 884,487</u>	<u>\$ 178,164</u>	<u>\$ 7,716,794</u>	<u>\$ -</u>
Business-Type Activities:					
General Obligation	\$ 8,465,000	\$ -	\$ 959,000	\$ 7,506,000	\$ 987,000
Total bonds	<u>8,465,000</u>	<u>-</u>	<u>959,000</u>	<u>7,506,000</u>	<u>987,000</u>
Other Obligations:					
Capital leases	91,083	-	24,243	66,840	24,243
Total other obligations	<u>91,083</u>	<u>-</u>	<u>24,243</u>	<u>66,840</u>	<u>24,243</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 8,556,083</u>	<u>\$ -</u>	<u>\$ 983,243</u>	<u>\$ 7,572,840</u>	<u>\$ 1,011,243</u>

The capital lease obligations liability will be paid by the General and Utility Funds.

Long-term liabilities at June 30, 2020 are comprised of the following individual issues:

Business-type Activities:

\$7,500,000 Series 2016 revenue and refunding bond due in annual installments ranging from \$660,000 to \$850,000 through July 1, 2026; interest at 2.95% \$ 5,470,000

\$2,030,000 Series 2010 B revenue bonds due in annual installments ranging from \$90,000 to \$126,000 through January 1, 2030; interest at 2.95% 1,136,000

\$1,995,000 2012 Series revenue refunding bond due in annual installments ranging from \$150,000 to \$190,000 through November 24, 2025; interest at 2.38% 900,000
\$ 7,506,000

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE G – LONG-TERM LIABILITIES - Continued

The annual requirements to amortize all debt are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2021	\$ 1,011,243	\$ 206,701
2022	1,044,136	180,125
2023	1,073,061	149,707
2024	1,089,643	119,632
2025	1,102,000	87,761
2026-2030	2,252,757	124,978
	<u>\$ 7,572,840</u>	<u>\$ 868,904</u>

NOTE H - PENSION PLAN

Substantially all employees of the City of Westlake, LA. are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees 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:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipality funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 29.5% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R. S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City contributions to the System under Plan A for the year ending June 30, 2020 were \$334,697.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H - PENSION PLAN – Continued

At June 30, 2020, the City reported a liability of \$2,728,231 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 long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the District's proportion was .631037%.

For the year ended June 30, 2020, the City recognized pension expense (benefit) of \$144,523 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$16,811. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,265	\$ 15,465
Difference between expected and actual investment	272,250	37,539
Difference between expected and actual assumption	45,899	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	31,050	50,432
Contributions subsequent to the measurement date	334,697	-
Total	\$ 685,161	\$ 103,436

\$334,697 reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2021	\$ 139,768
2022	81,138
2023	74,469
2024	52,515
2025	-
Thereafter	-

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

The components on net pension liability of the System's employers as of June 30, 2020 are as follows:

Total Pension Liability	\$ 1,218,616,969
Plan Fiduciary Net Pension	786,276,078
Total Net Pension Liability	\$ 432,340,891

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H - PENSION PLAN – Continued

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
Investment Rate of Return	6.95%
Expected Remaining Service Lives	3 years
Projected Salary Increases:	
1-4 years of services	6.4%
More than 4 years of services	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	PubNS-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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These rates 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.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H - PENSION PLAN – Continued

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

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	53%	2.33%
Fixed Income	38%	1.67%
Alternative	9%	0.40%
Totals	100%	4.40%
Inflation		2.60%
Expected Nominal Return		7.00%

The discount rate used to measure the total pension liability was 6.95%. 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 contribution 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.

Sensitivity to changes in discount rate. The following presents the net pension liability of the District 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.

	Changes in Discount Rate 2020		
	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
Net Pension Liability (Asset)	\$ 3,549,130	\$ 2,728,231	\$ 2,034,127

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H - PENSION PLAN – Continued

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 708092250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 32.25% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City contributions to the System for the year ending June 30, 2020 were \$243,832.

At June 30, 2020, the City reported a liability of \$2,243,095 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 long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the District's proportion was .242698%.

For the year ended June 30, 2020, the City recognized pension expense (benefit) of \$(548) including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, 13,315. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 88,354
Difference between expected and actual investment	269,104	-
Difference between expected and actual assumptions	53,301	55,356
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	84,142	39,946
Contributions subsequent to the measurement date	243,832	-
Total	<u>\$ 650,379</u>	<u>\$ 243,530</u>

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H - PENSION PLAN – Continued

\$243,832 reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2021	\$ 40,125
2022	61,884
2023	73,816
2024	59,094
2025	-
Thereafter	-

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

The components on net pension liability of the System's employers as of June 30, 2020 are as follows:

Total Pension Liability	\$ 3,180,974,031
Plan Fiduciary Net Pension	<u>2,256,740,977</u>
Total Net Pension Liability	<u>\$ 924,233,054</u>

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	
Investment Rate of Return	7.950% (Net of investment expense)	
Expected Remaining Service Lives	4 years	
Inflation Rate	2.50%	
Salary increases, Including inflation and merit	Years of Service	Salary Growth Rate
	1-2	12.30%
	Above 2	4.70%

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H - PENSION PLAN – Continued

Mortality	<p>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.</p> <p>For disabled lives, the Pub-2021 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.</p> <p>For employees, the Pub-2019 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.</p>
Cost-of-Living Adjustments	<p>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.</p>

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. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target 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%	0.54%
Alternative	18.00%	1.02%
Other	0.00%	0.00%
Totals	100.00%	4.64%
Inflation		2.55%
Expected Nominal Return		7.19%

The discount rate used to measure the total pension liability was 6.95%. 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 contribution 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.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H - PENSION PLAN – Continued

Sensitivity to changes in discount rate. The following presents the net pension liability of the District 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.

	Changes in Discount Rate 2020		
	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
Net Pension Liability (Asset)	\$ 3,151,310	\$ 2,243,095	\$ 1,483,865

C. Firefighters' Retirement System of Louisiana

Plan Description. The Firefighters' Retirement System of Louisiana is the administrator of a cost-sharing multiple-employer plan. Membership in the System is a condition of employment for any full-time firefighters who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. The System provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit 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 System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System of Louisiana, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 26.5% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City contributions to the System for the year ending June 30, 2020 were \$241,401.

At June 30, 2020, the City reported a liability of \$2,425,217 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 long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2020, the District's proportion was .349881%.

For the year ended June 30, 2020, the City recognized pension expense (benefit) of \$149,421 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$14,142. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H - PENSION PLAN – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 155,165
Difference between expected and actual investment	267,080	-
Difference between expected and actual assumptions	234,442	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	191,544	208,409
Contributions subsequent to the measurement date	241,401	-
 Total	 <u>\$ 934,467</u>	 <u>\$ 363,574</u>

\$241,401 reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2021	\$ 74,119
2022	4,519
2023	(82,834)
2024	(12,736)
2025	29,482
Thereafter	30,719

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

The components on net pension liability of the System's employers as of June 30, 2020 are as follows:

Total Pension Liability	\$ 2,530,844,605
Plan Fiduciary Net Pension	1,837,689,661
Total Net Pension Liability	<u>\$ 693,154,944</u>

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H - PENSION PLAN – Continued

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 Cost
Investment Rate of Return	7.00% Per annum
Expected Remaining Service Lives	7 years
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)
Inflation Rate	2.50% annum
Cost-of-living adjustment	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The mortality rate assumption 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-Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Tables 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. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultants' responses in the following ways. Where nominal returns received were arithmetic by adjusting for the long term standard deviation and then reducing the assumption by the long term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, and arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. The System's long-term assumed rate of inflation of 2.5% was used in this process for the fiscal year ended June 30, 2020.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H - PENSION PLAN – Continued

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. Prior year's financial reports presented the long-term expected real rate of return provided by the System's investment consultant, whereas this year's report presents this information for both fiscal year 2020 and 2019 from the System's actuary. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The actuary's method integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

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, and June 30, 2019, are summarized in the following tables:

As of June 30, 2020

Asset Type		Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	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%
Fixed Income	Fixed Income	26.00%	1.00%
	Emerging Market Debt	5.00%	3.40%
Alternatives	Real Estate	6.00%	4.20%
	Private Equity	9.00%	10.29%
Multi-Asset Strategies	Global Tactical Asset Allocation	0.00%	4.22%
	Risk Parity	0.00%	4.22%
		<u>100.00%</u>	

As of June 30, 2019

Asset Type		Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	21.50%	5.74%
	Non-U.S. Equity	12.00%	6.57%
	Global Equity	10.00%	6.30%
	Emerging Market Equity	5.50%	8.31%
Fixed Income	Fixed Income	26.00%	1.70%
	Emerging Market Debt	5.00%	3.49%
Alternatives	Real Estate	6.00%	4.19%
	Private Equity	4.00%	8.84%
Multi-Asset Strategies	Global Tactical Asset Allocation	5.00%	2.73%
	Risk Parity	5.00%	2.73%
		<u>100.00%</u>	

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 contribution 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.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE H - PENSION PLAN – Continued

Sensitivity to changes in discount rate. The following presents the net pension liability of the District 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.

	Changes in Discount Rate 2020		
	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Net Pension Liability (Asset)	\$ 3,503,203	\$ 2,425,217	\$ 1,525,418

NOTE I - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The municipality maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the municipality. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE J - CONTINGENCIES

The City participates in a number of federal and state grant programs that are either partially or fully funded by grants received from other governmental units. Such grants are subject to audit by the grantor agencies which could result in requests for reimbursement to the granting agency for expenditures that are disallowed under the terms of the grant. Based on past experience, the Town believes that any disallowed costs as a result of such audits will be immaterial.

The City is a defendant in several lawsuits that are in their discovery phases. The City plans on aggressively defending these lawsuits and legal counsel expects successful defense.

NOTE K – INTERFUND RECEIVABLES AND PAYABLES

Individual amounts due from/to other funds at June 30, 2020, are as follows:

	Due From	Due To
General	\$ 10,426	\$ -
Capital Projects	-	-
Utility	-	10,426
Golf Course and Real Estate Development	-	-
	<u>\$ 10,426</u>	<u>\$ 10,426</u>

NOTE L – OPERATING TRANSFERS IN/OUT

Operating transfers as of June 30, 2020 were as follows:

	Transfers In	Transfers Out
General fund	\$ -	\$ 79,225
Capital projects	-	931,770
Utility	435,000	-
Golf course	575,995	-
	<u>\$ 1,010,995</u>	<u>\$ 1,010,995</u>

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE M – RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2020:

Customer deposits	\$ <u>283,920</u>
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NOTE N – Rental Agreement

The City of Westlake, Louisiana and the United States Postal Service entered into an agreement to rent a postal facility for the period May 14, 2013 to May 14, 2018 for a total of five years. The annual rent for the facility is set at \$75,708, payable in monthly installments of \$6,309. The lease was renewed at the option of the U.S. Postal Service for one five year term at an annual rental of \$75,708.

NOTE O – COUNCIL MEMBERS COMPENSATION

The compensation paid to the Mayor and City Council Members for the year ended June 30, 2020, is as follows:

Robert Hardey, Mayor	\$ 77,920
Daniel Racca, Councilman (Current)	8,045
Michael Bergeron, Councilman (Current)	4,080
Kenny Brown, Councilman (Current)	6,220
Jeremy Cryer, Councilman (Current)	6,220
Skeeter Hayes, Councilman (Current)	6,220

NOTE P – AGING OF ACCOUNTS RECEIVABLE

Aging of Accounts Receivable – proprietary fund as of June 30, 2020 are as follows:

0-30 Days	31-60 Days	61-90 Days	over 90 Days	Total
\$ 462,615	\$ 21,401	\$ 5,729	\$ 28,529	\$ 518,274

NOTE Q – SCHEDULE OF INSURANCE COVERAGE

The schedule of insurance coverage as of June 30, 2020 is as follows:

	Limits	Expiration Date
Automobile liability	\$1,000,000 bodily injury and physical damage	May 14, 2021
Commercial general liability: Premises/Operations	\$2,000,000 per occurrence-bodily injury and physical damage	May 14, 2021
Products/Completed operation	\$2,000,000 in the aggregate-bodily injury and physical damage	May 14, 2021
Medical payments	\$10,000 per person \$1,000,000 per accident	May 14, 2021
Commercial property	\$13,289,847	May 14, 2021

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE Q – SCHEDULE OF INSURANCE COVERAGE – Continued

Surety bond	\$50,000	May 14, 2021
Workers compensation	\$1,000,000/\$1,000,000/ \$1,000,000	February 20, 2021

NOTE R– SCHEDULE OF RATES AND NUMBER OF CUSTOMERS

At June 30, 2020 the number of customers were as follows:

Water	2,049
Sewer	1,972
Gas	3,333
Garbage	1,876

The schedule of rates for the proprietary fund is as follows:

<u>Sewer:</u>	
Residential:	\$33.35 per month
Senior Citizens:	\$17.54 per month
Commercial:	Users with metered water = $\frac{\text{monthly water usage (gals)}}{8,000}$ Multiplied by \$37.12 to get dollar amount
<u>Water:</u>	
Residential:	\$29.69 first 2,000 gallons 3.49 per 1,000 gallons thereafter
Senior Citizens:	\$18.34 first 2,000 gallons 3.49 per 1,000 gallons thereafter
Commercial:	\$34.93 first 8,000 gallons 4.37 per 1,000 gallons thereafter
Industrial:	\$53.73 first 10,000 gallons 5.04 per 1,000 gallons thereafter 2.01 per 1,000 gallons after 150,000
<u>Garbage:</u>	
Residential:	\$19.75
Senior Citizens:	\$19.75
Commercial:	\$19.75
<u>Gas:</u>	
Residential and Commercial:	\$18.34 minimum Bill for 0-5 CCF (Hundred Cubic Feet)
Senior Citizens:	\$8.73 minimum Bill for 0-5 CCF (Hundred Cubic Feet)
Industrial:	\$26.20 minimum Bill for 0-5 CCF (Hundred Cubic Feet)

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE S – PRIOR PERIOD ADJUSTMENT

The beginning net position on the proprietary funds - golf course and real estate development fund has been restated to reflect an adjustment to the gain on sale of land and cash in the prior period:

	Amount
Net position at June 30, 2019	\$ 13,970,140
Cash	<u>(369,639)</u>
Net position at June 30, 2019, restated	<u>\$ 13,600,501</u>

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF WESTLAKE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2020

	Budget			Variance
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Taxes and special assessments	\$ 3,647,700	\$ 3,195,048	\$ 3,177,905	\$ (17,143)
Licenses and permits	271,050	277,223	316,829	39,606
Intergovernmental	903,572	913,183	1,153,811	240,628
Charges for services	-	-	13,251	13,251
Fines and forfeits	919,500	860,000	894,868	34,868
Investment income	15,000	14,500	15,919	1,419
Miscellaneous income	35,000	42,512	35,249	(7,263)
Grant proceeds	1,200	347,906	447,904	99,998
Donations	5,000	705	785	80
Post office lease	75,708	75,708	82,017	6,309
Distribution - gaming industry	-	700	-	(700)
TOTAL REVENUES	<u>5,873,730</u>	<u>5,727,485</u>	<u>6,138,538</u>	<u>411,053</u>
EXPENDITURES				
Current:				
General and administrative	140,976	995,228	963,287	31,941
Police	2,054,762	2,266,917	1,924,229	342,688
Fire	1,693,790	2,005,007	1,686,680	318,327
Streets	801,851	846,681	619,641	227,040
Cemeteries	23,000	19,572	19,697	(125)
Civil defense	16,908	26,590	24,065	2,525
Post office	54,208	61,708	14,356	47,352
City court	121,364	98,450	99,560	(1,110)
Capital Outlay	-	-	727,764	(727,764)
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	<u>4,906,859</u>	<u>6,320,153</u>	<u>6,079,279</u>	<u>240,874</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	966,871	(592,668)	59,259	651,927
OTHER FINANCING SOURCES (USES)				
Operating transfers in	215,000	195,459	-	(195,459)
Operating transfers out	<u>(375,000)</u>	<u>(170,000)</u>	<u>(79,225)</u>	<u>90,775</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(160,000)</u>	<u>25,459</u>	<u>(79,225)</u>	<u>(104,684)</u>
NET CHANGES IN FUND BALANCE	806,871	(567,209)	(19,966)	547,243
FUND BALANCE - BEGINNING	<u>1,230,065</u>	<u>1,230,065</u>	<u>1,230,065</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 2,036,936</u>	<u>\$ 662,856</u>	<u>\$ 1,210,099</u>	<u>\$ 547,243</u>

CITY OF WESTLAKE, LOUISIANA
SCHEDULE OF EMPLOYERS' PROPORTIONATE SHARE OF NET PENSION LIABILITY
Year Ended June 30, 2020

Municipal Employees Retirement System of Louisiana System:

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Employer's portion of the net pension liability (asset)	0.63104%	0.61961%	0.65087%	0.67813%	0.77285%	0.84396%
Employer's proportionate share of the net pension liability (asset)	\$ 2,728,231	\$ 2,565,614	\$ 2,722,868	\$ 2,779,475	\$ 2,760,741	\$ 2,165,977
Employer's covered payroll	\$ 1,160,110	\$ 1,130,688	\$ 1,001,205	\$ 1,018,834	\$ 1,211,383	\$ 1,319,071
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	235.17%	226.91%	271.96%	272.81%	227.90%	164.20%
Plan fiduciary net position as a percentage of the total pension liability	64.52%	63.94%	62.49%	62.11%	66.18%	73.99%

Municipal Police Employees' Retirement System:

Employer's portion of the net pension liability (asset)	0.24270%	0.25036%	0.23088%	0.22169%	0.33796%	0.28406%
Employer's proportionate share of the net pension liability (asset)	\$ 2,243,095	\$ 2,116,533	\$ 2,015,715	\$ 2,077,888	\$ 2,647,563	\$ 2,647,563
Employer's covered payroll	\$ 669,412	\$ 734,443	\$ 671,491	\$ 605,081	\$ 545,485	\$ 541,606
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	335.08%	288.18%	300.18%	343.41%	485.36%	488.84%
Plan fiduciary net position as a percentage of the total pension liability	70.94%	71.89%	70.08%	66.04%	70.73%	75.10%

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

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

Continued

CITY OF WESTLAKE, LOUISIANA
SCHEDULE OF EMPLOYERS' PROPORTIONATE SHARE OF NET PENSION LIABILITY-CONTINUED
Year Ended June 30, 2020

State of Louisiana Firefighters' Retirement System:

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Employer's portion of the net pension liability (asset)	0.34988%	0.31813%	0.29735%	0.30477%	0.37184%	0.38779%
Employer's proportionate share of the net pension liability (asset)	\$ 2,425,217	\$ 1,829,909	\$ 1,704,337	\$ 1,993,458	\$ 2,006,862	\$ 1,725,636
Employer's covered payroll	\$ 778,154	\$ 832,718	\$ 646,265	\$ 608,917	\$ 603,564	\$ 691,913
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	311.66%	219.75%	263.72%	327.38%	332.50%	249.40%
Plan fiduciary net position as a percentage of the total pension liability	72.61%	74.76%	73.55%	68.16%	72.45%	76.02%

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

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

CITY OF WESTLAKE, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Year Ended June 30, 2020

<u>Date</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 % of Covered Employee Payroll</u>
Municipal Employees Retirement System of Louisiana System:					
2015	\$ 260,516	\$ 260,516	\$ -	\$1,319,071	19.7%
2016	\$ 239,248	\$ 239,248	\$ -	\$1,211,383	19.7%
2017	\$ 268,911	\$ 268,911	\$ -	\$1,018,834	26.4%
2018	\$ 279,981	\$ 279,981	\$ -	\$1,001,205	28.0%
2019	\$ 313,727	\$ 313,727	\$ -	\$1,130,688	27.7%
2020	\$ 334,697	\$ 334,697	\$ -	\$1,160,110	28.9%
Municipal Police Employees' Retirement System:					
2015	\$ 208,413	\$ 208,413	\$ -	\$541,606	38.5%
2016	\$ 183,198	\$ 183,198	\$ -	\$545,485	33.6%
2017	\$ 218,841	\$ 218,841	\$ -	\$605,081	36.2%
2018	\$ 227,192	\$ 227,192	\$ -	\$671,491	33.8%
2019	\$ 236,858	\$ 236,858	\$ -	\$734,443	32.3%
2020	\$ 243,832	\$ 243,832	\$ -	\$669,412	36.4%
State of Louisiana Firefighters' Retirement System:					
2015	\$ 231,142	\$ 231,142	\$ -	\$691,913	33.4%
2016	\$ 188,933	\$ 188,933	\$ -	\$603,564	31.3%
2017	\$ 172,481	\$ 172,481	\$ -	\$608,917	28.3%
2018	\$ 200,715	\$ 200,715	\$ -	\$646,265	31.1%
2019	\$ 220,670	\$ 220,670	\$ -	\$832,718	26.5%
2020	\$ 241,401	\$ 241,401	\$ -	\$778,154	31.0%

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

OTHER INFORMATION

CITY OF WESTLAKE, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
Year Ended June 30, 2020

Chief Executive Officer: Mayor Robert Hardey

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 77,920
Benefits - insurance	11,636
Benefits - retirement	20,220
Benefits - cell phone	600
Benefits - truck	-
Mileage	1,448
Vehicle provided by government	-
Per diem	467
Reimbursements	-
Travel	1,004
Conference registration	350
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meal reimbursements	-
Dues	-
Fuel	-

INDEPENDENT AUDITORS' 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

March 25, 2021

To the Members of the City Council
City of Westlake, Louisiana

We have audited, 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, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Westlake, Louisiana, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise City of Westlake, Louisiana's basic financial statements and have issued our report thereon dated March 25, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

To the Members of the City Council
March 25, 2021
Page Two

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Shagun, Cassidy: Shillery

CITY OF WESTLAKE, LOUISIANA
Schedule of Findings and Responses
Year Ended June 30, 2020

1. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Control deficiencies identified that are
not considered to be material weakness(es)? ☐ yes ☒ none reported
- Noncompliance material to financial statements
noted? ☐ yes ☒ no

2. Findings Relating to the Financial Statements Which are Required to be Reported in
Accordance with Generally Accepted Governmental Auditing Standards

None

3. Federal Award Findings and Responses

None

4. Prior Year Audit Findings

None