

CITY OF WESTLAKE, LOUISIANA
ANNUAL FINANCIAL REPORT AND INDEPENDENT
AUDITORS' REPORTS
YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

December 22, 2023

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

Opinions

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, 2023, 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.

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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Westlake, Louisiana, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Westlake, Louisiana's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Westlake, Louisiana's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Westlake, Louisiana's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, schedule of employer's proportionate share of net pension liability and the schedule of employer's contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of

inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

Supplementary 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 justice system funding schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditures of federal awards on page 53 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 judicial system funding schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of compensation, benefits and other payments to agency head or chief executive officer but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

To the Members of the City Council
December 22, 2023
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2023, 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.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

CITY OF WESTLAKE, LOUISIANA
STATEMENT OF NET POSITION
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 1,234,445	\$ 1,098,401	\$ 2,332,846
Investments	1,318,416	1,596,653	2,915,069
Receivables	1,144,887	508,094	1,652,981
Interfund receivable	380,881	-	380,881
Inventories	-	228,068	228,068
Prepaid insurance	1,451	123,439	124,890
Capital assets:			
Land and construction in progress	3,692,948	11,978,558	15,671,506
Capital assets, net	21,361,313	19,511,761	40,873,074
TOTAL ASSETS	<u>\$ 29,134,341</u>	<u>\$ 35,044,974</u>	<u>\$ 64,179,315</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,620,404</u>	<u>\$ -</u>	<u>\$ 2,620,404</u>
LIABILITIES			
Accounts and other accrued payables	1,050,870	\$ 716,703	\$ 1,767,573
Customer meter deposits	-	419,802	419,802
Interest payable	-	1,053	1,053
Unearned revenue	529,698	-	529,698
Interfund payable	59,267	321,614	380,881
Long-term liabilities:			
Net pension liability	6,320,258	-	6,320,258
Due within one year	200,683	161,144	361,827
Due after one year	627,971	4,148,557	4,776,528
TOTAL LIABILITIES	<u>\$ 8,788,747</u>	<u>\$ 5,768,873</u>	<u>\$ 14,557,620</u>
DEFERRED INFLOWS OF RESOURCES	<u>783,665</u>	<u>\$ -</u>	<u>\$ 783,665</u>
NET POSITION			
Net invested in capital assets	\$ 24,225,607	\$ 27,180,618	\$ 51,406,225
Net position - Restricted	1,099,477	-	1,099,477
Net position - Unrestricted	(3,142,751)	2,095,483	(1,047,268)
TOTAL NET POSITION	<u>\$ 22,182,333</u>	<u>\$ 29,276,101</u>	<u>\$ 51,458,434</u>

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

CITY OF WESTLAKE, LOUISIANA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net position		Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:						
General and administrative	\$ 2,005,477	\$ 389,760	1,684,041	\$ 68,324	\$ -	\$ 68,324
Public safety:						
Police	1,915,679	509,865	-	(1,405,814)	-	(1,405,814)
Fire	2,211,733	-	1,518,587	(693,146)	-	(693,146)
Highway and streets	1,463,588	-	-	(1,463,588)	-	(1,463,588)
Cemeteries	26,064	-	-	(26,064)	-	(26,064)
Civil defense	9,336	-	-	(9,336)	-	(9,336)
Post office	27,567	72,248	-	44,681	-	44,681
City court	126,509	-	-	(126,509)	-	(126,509)
Total Governmental Activities	7,785,953	971,873	3,202,628	(3,611,452)	-	(3,611,452)
Business-type activities:						
Utility	6,854,064	6,427,149	917,061	-	490,146	490,146
Golf course	4,699,812	3,267,698	-	-	(1,432,114)	(1,432,114)
Total primary government	<u>\$ 19,339,829</u>	<u>\$ 10,666,720</u>	<u>\$ 4,119,689</u>	(3,611,452)	(941,968)	(4,553,420)
General Revenues:						
Tax revenue				4,037,525	1,213,157	5,250,682
Investment income				48,263	79,795	128,058
Hurricane recovery				-	36,317	36,317
Miscellaneous expense				-	(21,123)	(21,123)
Miscellaneous income				280,758	67,782	348,540
Insurance proceeds				139,745	-	139,745
Gain on sale				-	73,374	73,374
Distribution - gaming industry				804,753	-	804,753
Transfers				(108,003)	108,003	-
Total general revenues				<u>5,208,938</u>	<u>1,557,305</u>	<u>6,766,243</u>
Change in net position				1,597,486	615,337	2,212,823
Net position - Beginning				<u>20,584,847</u>	<u>28,660,764</u>	<u>49,245,611</u>
Net position - Ending				<u>\$ 22,182,333</u>	<u>\$ 29,276,101</u>	<u>\$ 51,458,434</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).

LCDBG – Sewer Rehabilitation Project

The LCDBG – Sewer Rehabilitation Project fund is used to account for the grant monies received from the United States Department of Housing and Urban Development for a Sewer Rehabilitation Project.

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, 2023

	General	Capital Projects	LCDBG - Sewer Rehabilitation Project	Total
ASSETS				
Cash and cash equivalents	\$ 524,450	\$ 709,995	\$ -	\$ 1,234,445
Investments	904,725	413,691	-	1,318,416
Receivables (net, where applicable, of allowance for uncollectibles):				
Accounts receivable	1,000,105	144,782	-	1,144,887
Interfund receivables	-	380,881	-	380,881
Prepaid expense	1,451	-	-	1,451
TOTAL ASSETS	<u>2,430,731</u>	<u>1,649,349</u>	<u>-</u>	<u>4,080,080</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,430,731</u>	<u>\$ 1,649,349</u>	<u>\$ -</u>	<u>\$ 4,080,080</u>
LIABILITIES				
Accounts payable	\$ 428,444	\$ 260,282	\$ -	\$ 688,726
Retainage payable	9,732	-	-	9,732
Unearned income	240,108	289,590	-	529,698
Interfund payables	59,267	-	-	59,267
TOTAL LIABILITIES	<u>737,551</u>	<u>549,872</u>	<u>-</u>	<u>1,287,423</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Capital projects	-	1,099,477	-	1,099,477
Unassigned	1,693,180	-	-	1,693,180
TOTAL FUND BALANCES	<u>1,693,180</u>	<u>1,099,477</u>	<u>-</u>	<u>2,792,657</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,430,731</u>	<u>\$ 1,649,349</u>	<u>\$ -</u>	<u>\$ 4,080,080</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, 2023

Total fund balance for governmental fund at June 30, 2023:		\$ 2,792,657
<p>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:</p>		
Land and construction in progress	\$ 3,692,948	
Capital assets, net of \$15,155,193 accumulated depreciation	21,361,313	25,054,261
<p>Deferred outflows and inflows for pension resources and long-term debt are not financial resources or currently payable:</p>		
Deferred inflows related to pensions		(783,665)
Deferred outflows related to pensions		2,620,404
<p>Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:</p>		
Compensated absences	(352,412)	
Capital lease	(828,654)	
Net pension liability	(6,320,258)	(7,501,324)
Total net position of governmental activities at June 30, 2023		\$ 22,182,333

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, 2023

	General	Capital Projects	LCDBG - Sewer Rehabilitation Project	Total
REVENUES				
Taxes and special assessments	\$ 3,872,531	\$ 164,994	\$ -	\$ 4,037,525
Licenses and permits	380,530	-	-	380,530
Intergovernmental	1,518,587	-	-	1,518,587
Charges for services	9,230	-	-	9,230
Fines and forfeits	509,865	-	-	509,865
Investment income	37,603	10,660	-	48,263
Miscellaneous income	280,758	-	-	280,758
Insurance proceeds	139,745	-	-	139,745
Grant proceeds	797,225	884,696	-	1,681,921
Donations	2,120	-	-	2,120
Post office lease	72,248	-	-	72,248
Distribution - gaming industry	-	804,753	-	804,753
TOTAL REVENUES	<u>7,620,442</u>	<u>1,865,103</u>	<u>-</u>	<u>9,485,545</u>
EXPENDITURES				
Current:				
General and administrative	1,734,476	408,469	5	2,142,950
Police	1,789,526	-	-	1,789,526
Fire	2,205,306	-	-	2,205,306
Streets	829,371	47,334	-	876,705
Cemeteries	26,064	-	-	26,064
Civil defense	6,705	-	-	6,705
Post office	27,567	-	-	27,567
City court	125,355	-	-	125,355
Hurricane recovery	-	-	-	-
Capital Outlay	88,626	576,037	-	664,663
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
TOTAL EXPENDITURES	<u>6,832,996</u>	<u>1,031,840</u>	<u>5</u>	<u>7,864,841</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	787,446	833,263	(5)	1,620,704
OTHER FINANCING SOURCES (USES)				
Sale of fixed assets	5,897	-	-	5,897
Operating transfers in	-	101,997	-	101,997
Operating transfers out	(210,000)	-	-	(210,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(204,103)</u>	<u>101,997</u>	<u>-</u>	<u>(102,106)</u>
NET CHANGES IN FUND BALANCE	583,343	935,260	(5)	1,518,598
FUND BALANCE - BEGINNING	<u>1,109,837</u>	<u>164,217</u>	<u>5</u>	<u>1,274,059</u>
FUND BALANCE - ENDING	<u>\$ 1,693,180</u>	<u>\$ 1,099,477</u>	<u>\$ -</u>	<u>\$ 2,792,657</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, 2023

Total net changes in fund balance at June 30, 2023 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 1,518,598
<p>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.</p> <p>Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances</p>		
	\$ 664,663	
Depreciation expense for the year ended June 30, 2023	<u>(1,135,583)</u>	(470,920)
Payments for capital equipment leases		154,276
Net increase in compensated absences		(57,701)
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.		<u>453,233</u>
Total changes in net position at June 30, 2023 per Statement of Activities		<u>\$ 1,597,486</u>

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

CITY OF WESTLAKE, LOUISIANA
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2023

	Utility	Golf Course and Real Estate Development	Total Proprietary Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 931,356	\$ 86,125	\$ 1,017,481
Investments	1,174,141	-	1,174,141
Accounts receivable, net of allowance for for uncollectibles	365,462	142,632	508,094
Interfund receivables	-	-	-
Inventories	43,694	184,374	228,068
Prepaid insurance	77,211	46,228	123,439
Restricted assets:			
Cash and cash equivalents	80,920	-	80,920
Investments	422,512	-	422,512
Total current assets	3,095,296	459,359	3,554,655
Property, plant and equipment			
Buildings, plant and distribution system	29,382,360	12,000,183	41,382,543
Furniture, fixtures and equipment	2,396,509	3,175,172	5,571,681
	31,778,869	15,175,355	46,954,224
Less accumulated depreciation	19,881,989	7,560,474	27,442,463
	11,896,880	7,614,881	19,511,761
Land	337,431	11,641,127	11,978,558
Total property, plant and equipment	12,234,311	19,256,008	31,490,319
TOTAL ASSETS	\$ 15,329,607	\$ 19,715,367	\$ 35,044,974
DEFERRED OUTFLOWS OF RESOURCES			
	\$ -	\$ -	\$ -
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 239,526	\$ 263,565	\$ 503,091
Retainage payable	9,732	-	9,732
Accrued sick payable	103,291	-	103,291
Accrued vacation payable	26,259	-	26,259
Accrued compensation	74,330	-	74,330
Interest payable	1,053	-	1,053
Interfund payables	321,614	-	321,614
Security deposits payable	419,802	-	419,802
Total current liabilities	1,195,607	263,565	1,459,172
Long-term liabilities:			
Due within one year	80,822	80,322	161,144
Due after one year	3,648,802	499,755	4,148,557
Total long-term liabilities	3,729,624	580,077	4,309,701
TOTAL LIABILITIES	\$ 4,925,231	\$ 843,642	\$ 5,768,873
DEFERRED INFLOWS OF RESOURCES			
	\$ -	\$ -	\$ -
NET POSITION			
Net invested in capital assets	\$ 8,504,687	\$ 18,675,931	\$ 27,180,618
Net position - Unrestricted	1,899,689	195,794	2,095,483
TOTAL NET POSITION	\$ 10,404,376	\$ 18,871,725	\$ 29,276,101

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, 2023

	Utility	Golf Course and Real Estate Development	Total Proprietary Funds
OPERATING REVENUES			
Charge for utility services	\$ 6,370,694	\$ -	\$ 6,370,694
Charges for golf course	-	3,267,698	3,267,698
Tap fees	56,455	-	56,455
Total Operating Revenues	6,427,149	3,267,698	9,694,847
OPERATING EXPENSES			
Personnel services	1,126,057	1,518,412	2,644,469
Contractual services	492,110	-	492,110
Supplies	1,912,486	1,647,086	3,559,572
Other services and charges	1,418,546	669,604	2,088,150
Heat, light, and power	240,739	145,397	386,136
Sewage usage expense	1,055,633	-	1,055,633
Depreciation and amortization expense	553,399	655,051	1,208,450
Total Operating Expenses	6,798,970	4,635,550	11,434,520
OPERATING INCOME (LOSS)	(371,821)	(1,367,852)	(1,739,673)
NON-OPERATING REVENUES (EXPENSES)			
Tax revenue	1,213,157	-	1,213,157
Investment income	79,720	75	79,795
Grant income	917,061	-	917,061
Miscellaneous income	67,782	-	67,782
Hurricane related expenses, net	-	36,317	36,317
Gain on sale of assets	73,374	-	73,374
Miscellaneous expenses	(8,844)	(12,279)	(21,123)
Bond issue costs	-	-	-
Interest expense	(55,094)	(64,262)	(119,356)
Total Non-operating Revenues (Expenses)	2,287,156	(40,149)	2,247,007
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,915,335	(1,408,001)	507,334
Operating transfers in	-	1,109,000	1,109,000
Operating transfers out	(1,000,997)	-	(1,000,997)
CHANGE IN NET POSITION	914,338	(299,001)	615,337
NET POSITION, BEGINNING	9,490,038	19,170,726	28,660,764
NET POSITION, ENDING	\$ 10,404,376	\$ 18,871,725	\$ 29,276,101

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, 2023

	Utility	Golf Course and Real Estate Development	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 6,422,366	\$ 3,194,582	\$ 9,616,948
Payments to suppliers	(4,669,773)	(2,538,776)	(7,208,549)
Payments to employees	(1,155,117)	(1,518,412)	(2,673,529)
Net cash from operating activities	<u>597,476</u>	<u>(862,606)</u>	<u>(265,130)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from real estate sales	-	-	-
Proceeds from the sale of fixed assets	73,374	-	73,374
Purchase of fixed assets	(25,180)	-	(25,180)
Proceeds from debt	-	-	-
Principle payments on debt	(1,238,178)	(211,494)	(1,449,672)
Bond issue costs	-	-	-
Interest payments on debt	(55,094)	(64,262)	(119,356)
Net cash from investment activities	<u>(1,245,078)</u>	<u>(275,756)</u>	<u>(1,520,834)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Miscellaneous income	67,782	-	67,782
Miscellaneous expense	(8,844)	(12,279)	(21,123)
Tax revenues	1,213,157	-	1,213,157
Grant income	917,061	-	917,061
Hurricane related expenses, net	-	36,317	36,317
Operating transfers in	-	1,109,000	1,109,000
Operating transfers out	(1,000,997)	-	(1,000,997)
Net cash from non-capital financing activities	<u>1,188,159</u>	<u>1,133,038</u>	<u>2,321,197</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Earnings of investments	79,720	75	79,795
purchase of investments	(816,907)	-	(816,907)
Net cash from investing activities	<u>(737,187)</u>	<u>75</u>	<u>(737,112)</u>
NET INCREASE (DECREASE) IN CASH	(196,630)	(5,249)	(201,879)
CASH - BEGINNING	1,127,986	91,374	1,219,360
CASH - ENDING	<u>\$ 931,356</u>	<u>\$ 86,125</u>	<u>\$ 1,017,481</u>
Reconciliation of operating income (loss) to net cash from operating activities:			
Operating income (loss)	\$ (371,821)	\$ (1,367,852)	\$ (1,739,673)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	553,399	655,051	1,208,450
(Increase) decrease in receivables	(4,783)	(73,116)	(77,899)
(Increase) decrease in inventories	-	(26,326)	(26,326)
(Increase) decrease in prepaid insurance	-	(38,312)	(38,312)
Increase (decrease) in accounts payable	104,247	(12,051)	92,196
Increase (decrease) in retainage payable	-	-	-
Increase (decrease) in customer deposits	17,468	-	17,468
Increase (decrease) in accrued compensation	(29,060)	-	(29,060)
Increase (decrease) in interest payable	887	-	887
Increase (decrease) in interfund payable	327,139	-	327,139
Net cash from operating activities	<u>\$ 597,476</u>	<u>\$ (862,606)</u>	<u>\$ (265,130)</u>

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

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, Louisiana 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, Louisiana.

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, 2023

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, 2023

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, 2023, the City has \$2,355,563 in deposits (collected bank balances). These deposits are secured from

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

risk by \$250,000 of federal deposit insurance and \$2,105,563 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, 2022 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, 2023

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 \$1,098,401 at June 30, 2023 represents unrestricted amounts of \$1,017,481 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. \$294,706 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, 2023, liability for compensated absences was \$203,880 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, 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. 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 June 30, 2023, the City had \$1,099,477 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 \$529,698 at June 30, 2023 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, 2023

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:

2. Construction, acquiring, improving, operating and maintaining fire department.
2. Construction, acquiring, improving, operating and maintaining wastewater department.
2. 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 December 22, 2023, the date the financial statements were available to be issued.

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:

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.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE B – INVESTMENTS – Continued

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, 2023 are as follows:

	Fair Value	Quoted Price in Active Markets Identical assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Percent of Total	Credit Rating Standards & Poor's
Short-term investments:						
Money markets	\$ 635,755	\$ 635,755	\$ -	\$ -	21.8%	N/A
LAMP	2,279,314	2,279,314	-	-	78.2%	AAAm
	<u>\$ 2,915,069</u>	<u>\$ 2,915,069</u>	<u>\$ -</u>	<u>\$ -</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, 2021.
- 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.

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.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE C – AD VALOREM TAXES

For the year ended June 30, 2023 taxes of 24.21 mills were levied on property with assessed valuations totaling \$39,900,710 and were dedicated as follows:

General corporate purposes 24.21 mills

Total taxes levied were \$904,417.

NOTE D – RECEIVABLES

The following is a summary of receivables for June 30, 2023:

	<u>Governmental Fund</u>	<u>Proprietary Funds</u>
Taxes	\$ 22,065	\$ -
Intergovernmental grants	1,072,364	-
Charges for services	50,458	592,440
Less: Allowance for bad debt	(-)	(83,536)
	<u>\$ 1,144,887</u>	<u>\$ 508,904</u>

NOTE E – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2023 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Land	\$ 2,030,401	\$ -	\$ -	\$ 2,030,401
Buildings	6,897,743	-	-	6,897,743
Furniture and Equipment	2,538,768	82,528	-	2,621,296
Transportation Equipment	2,681,847	6,098	-	2,687,945
Infrastructure	17,203,528	6,002,095	-	23,205,623
Leased Equipment	699,278	362,313	-	1,061,591
Construction In Progress	<u>7,088,605</u>	<u>576,037</u>	<u>(6,002,095)</u>	<u>1,662,547</u>
Totals at historical cost	39,140,170	7,029,071	(6,002,095)	40,167,146
Less accumulated depreciation for:				
Buildings	2,869,917	186,484	-	3,056,401
Furniture and Equipment	2,257,897	105,742	-	2,363,639
Transportation Equipment	2,154,152	100,200	-	2,254,352
Leased Equipment	46,956	154,276	-	201,232
Infrastructure	<u>6,648,380</u>	<u>588,881</u>	-	<u>7,237,261</u>
Total accumulated depreciation	<u>13,977,302</u>	<u>1,135,583</u>	-	<u>15,112,885</u>
Governmental activities capital Assets, Net	<u>\$ 25,162,868</u>	<u>\$ 5,893,488</u>	<u>\$ (6,002,095)</u>	<u>\$ 25,054,261</u>

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE E – CAPITAL ASSETS – Continued

Business Type Activities:				
Land	\$ 11,978,558	\$ -	\$ -	\$ 11,978,558
Construction in progress	241,247	23,981	265,228	-
Infrastructure	32,255,706	265,227	-	32,520,933
Buildings and plant	8,735,820	-	-	8,735,820
Machinery and equipment	3,940,500	-	-	3,896,621
Capital lease equipment	1,191,389	171,724	-	1,363,113
Transportation equipment	<u>393,858</u>	<u>-</u>	<u>-</u>	<u>393,858</u>
Totals at historical cost	58,737,078	460,932	265,228	58,932,782
Less accumulated depreciation for:				
Infrastructure	20,044,972	735,621	-	20,780,593
Buildings and plant	1,913,203	163,897	-	2,077,100
Machinery and equipment	3,668,240	39,259	-	3,707,499
Capital lease equipment	213,740	269,673	-	483,413
Transportation equipment	<u>393,858</u>	<u>-</u>	<u>-</u>	<u>393,858</u>
Total accumulated depreciation	<u>26,234,013</u>	<u>1,208,450</u>	<u>-</u>	<u>27,442,463</u>
Business-type activities capital assets, net	<u>\$ 32,503,065</u>	<u>\$ (747,518)</u>	<u>\$ (265,228)</u>	<u>\$ 31,490,319</u>

Construction in progress in the governmental activities include a sewer transportation project totaling \$1,459,764 and is expected to be completed in 2023 at a total cost of \$1.5 million. Other various drainage and street improvement projects totaling \$202,783 are estimated to cost an additional \$71,000 and be completed in 2023 and 2024.

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 146,368
Highway and streets	593,387
Fire	130,528
Police	262,669
City Court	2,631
Post Office	-
Total	<u>\$ 1,135,583</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, 2023.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE F – LEASES – Continued

The following is a summary of property held under capital lease at June 30, 2023:

Governmental activity:	
Equipment and vehicles	\$ 1,061,591
Less accumulated amortization	<u>(201,232)</u>
	<u>\$ 860,359</u>
Business-type activity:	
Golf course equipment	\$ 995,941
Utility equipment	367,172
Less accumulated amortization	<u>(483,413)</u>
	<u>\$ 879,700</u>

Capital leases payable at June 30, 2023 consist of the following:

	Original Amount	Maturity Date	Interest Rate	Balance Outstanding
Governmental activity				
Firetruck Capital Lease	\$ 489,439	4/15/2028	2.44%	\$ 389,639
2022 Chevy Tahoe	37,820	3/28/2026	3.25%	26,525
2021 Chevy Tahoe	35,059	3/8/2026	3.25%	24,588
2021 Chevy Tahoe	34,053	3/8/2026	3.25%	23,883
2021 Ford Expedition	41,639	12/20/2025	3.25%	26,655
2021 Chevy Tahoe	34,053	3/8/2026	3.25%	23,883
2022 Ford F-250	27,215	5/2/2026	3.25%	20,209
2022 Ford F-250	40,088	8/9/2026	3.25%	33,030
2022 Ford F-250	30,006	9/1/2026	3.25%	24,673
2022 Ford F-250	30,006	9/1/2026	3.25%	24,673
2022 Ford F-250	29,924	9/13/2026	3.25%	24,578
2022 Ford F-150	33,489	2/27/2028	3.25%	31,421
2023 Chevy Silverado	53,331	4/5/2028	3.25%	51,690
2023 Chevy Tahoe Police	51,331	2/17/2028	3.25%	48,162
2023 Chevy Tahoe Police	47,070	2/17/2028	3.25%	43,375
2023 Chevy Tahoe Police	47,069	2/17/2028	3.25%	43,375
	<u>\$ 1,061,591</u>			<u>\$ 860,359</u>
	Original Amount	Maturity Date	Interest Rate	Balance Outstanding
Business-type activity				
2017 Ram 3500	\$ 1,389	3/29/2027	3.25%	\$ 1,060
2022 Ford F-250	33,472	3/29/2026	3.25%	23,475
2022 Ford F-250	33,491	5/2/2026	3.25%	24,846
2022 Ford F-250	26,573	3/29/2026	3.25%	18,637
2022 Ford F-250	26,843	3/29/2026	3.25%	18,826
2022 Ford F-350	33,721	3/21/2026	3.25%	23,650
2022 Ford F-350	39,960	4/6/2026	3.25%	28,836
2022 GMC Canyon	37,515	12/1/2022	3.25%	34,032
GMC Canyon	37,515	12/1/2022	3.25%	34,032
2022 Chevy Silverado	48,346	3/30/2023	3.25%	46,115
2022 Chevy Silverado	48,346	3/30/2023	3.25%	46,115
Golf Equipment	124,010	1/12/2023	3.62%	-
Golf Equipment	244,250	12/13/2025	2.98%	185,011
Golf Equipment	230,833	11/1/2021	3.25%	138,280
Golf Carts	396,847	4/1/2026	3.25%	256,785
	<u>\$ 1,191,389</u>			<u>\$ 879,700</u>

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE G – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

	<u>Beginning of Year</u>	<u>Issued</u>	<u>Retired</u>	<u>End of Year</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Net pension liability	\$ 3,568,240	\$ 2,752,018	\$ -	\$ 6,320,258	\$ -
Capital leases	620,617	362,313	122,571	860,359	200,683
Compensated absences	<u>294,711</u>	<u>57,701</u>	<u>-</u>	<u>352,412</u>	<u>-</u>
Governmental Activities					
Long-Term Liabilities	<u>\$ 4,483,568</u>	<u>\$ 3,172,032</u>	<u>\$ 122,571</u>	<u>\$ 7,533,029</u>	<u>\$ 200,683</u>
Business-Type Activities:					
General Obligation	\$ 4,610,000	\$ -	\$ 1,180,000	\$ 3,430,000	\$ -
Total bonds	<u>4,610,000</u>	<u>-</u>	<u>1,180,000</u>	<u>3,430,000</u>	<u>-</u>
Other Obligations:					
Capital leases	977,649	171,724	269,673	879,700	287,780
Total other obligations	<u>977,649</u>	<u>171,724</u>	<u>269,673</u>	<u>879,700</u>	<u>287,780</u>
Business-Type Activities					
Long-Term Liabilities	<u>\$ 5,587,649</u>	<u>\$ 171,724</u>	<u>\$ 1,449,673</u>	<u>\$ 4,309,700</u>	<u>\$ 287,780</u>

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

Long-term liabilities at June 30, 2023 are comprised of the following individual issues:

Business-type Activities:

\$5,785,000 Series 2021 revenue refunding bond due in annual Installments ranging from \$1,180,000 to \$1,030,000 through July 1, 2026; interest at .650% – 1.550%	\$ 3,430,000
Less: Amount due in one year	<u>-</u>
	<u>\$ 3,430,000</u>

The annual requirements to amortize bond debt are as follows:

Year Ending June 30,	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ -	\$ 49,193
2025	1,195,000	37,904
2026	1,205,000	23,798
2027	1,030,000	7,983
2028	-	-
Thereafter	<u>-</u>	<u>-</u>
	<u>\$ 3,430,000</u>	<u>\$ 118,878</u>

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE G – LONG-TERM LIABILITIES – CONTINUED

The annual requirements to maturity for capital leases are as follows:

Year Ending June 30,	Governmental Activity		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 200,683	\$ 22,083	\$ 287,780	\$ 23,041
2025	206,720	16,046	297,104	13,717
2026	197,307	9,886	206,183	4,830
2027	127,239	5,087	65,046	1,404
2028	96,705	2,125	23,587	288
Thereafter	31,705	-	-	-
	<u>\$ 860,359</u>	<u>\$ 55,227</u>	<u>\$ 879,700</u>	<u>\$ 43,280</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:

2. 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, 2023 were \$310,133.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE H – PENSION PLAN – Continued

At June 30, 2023, the City reported a liability of \$1,944,137 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2023, the District's proportion was .468102%.

For the year ended June 30, 2023, the City recognized pension expense (benefit) of \$309,547 including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$11,789. At June 30, 2023, 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	\$ 2,296	\$ 7,444
Difference between expected and actual investment	323,498	214,810
Difference between expected and actual assumption	18,835	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	11,203	(35,365)
Contributions subsequent to the measurement date	310,133	-
Total	\$ 665,965	\$ 186,889

\$310,133 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, 2024. 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
2024	\$ (110,985)
2025	76,150
2026	39,798
2027	163,977
2028	-
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, 2023 are as follows:

Total Pension Liability	\$ 1,292,471,340
Plan Fiduciary Net Pension	877,147,955
Total Net Pension Liability	\$ 415,323,385

CITY OF WESTLAKE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE H – PENSION PLAN – Continued

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023 are as follows:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	6.85%
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, 2023

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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	53%	2.31%
Fixed Income	38%	1.65%
Alternative	9%	0.39%
Totals	100%	4.35%
Inflation		2.60%
Expected Nominal Return		6.95%

The discount rate used to measure the total pension liability was 6.85%. 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 6.85%, 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 5.85% or one percentage point higher 7.85% than the current rate.

	Changes in Discount Rate 2022		
	1% Decrease 5.85%	Current Discount Rate 6.85%	1% Increase 7.85%
Net Pension Liability (Asset)	\$ 2,586,082	\$ 1,944,137	\$ 1,401,714

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023 were \$220,911.

At June 30, 2023, the City reported a liability of \$1,974,387 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2023, the District’s proportion was .193155%.

For the year ended June 30, 2023, the City recognized pension expense (benefit) of \$107,433 including employer’s amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$75. At June 30, 2023, 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	\$ 9,738	\$ 16,092
Difference between expected and actual investment	352,490	-
Difference between expected and actual assumptions	68,105	14,685
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	15,492	243,556
Contributions subsequent to the measurement date	220,911	-
Total	\$ 666,736	\$ 274,333

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE H – PENSION PLAN – Continued

\$220,911 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, 2024. 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
2024	\$ 11,511
2025	(3,368)
2026	(21,905)
2027	184,850
2028	-
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, 2022 are as follows:

Total Pension Liability	\$ 3,500,495,219
Plan Fiduciary Net Pension	<u>2,478,317,694</u>
Total Net Pension Liability	<u>\$ 1,022,177,525</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023 are as follows:

Valuation Date	June 30, 2022	
Actuarial Cost Method	Entry Age Normal	
Investment Rate of Return	6.750% (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, 2023

NOTE H – PENSION PLAN – Continued

Mortality	For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used. For disables lives, the Pub-2021 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used. For employees, the Pub-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.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019 and review of similar law enforcement mortality. 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, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.60%
Fixed Income	30.50%	0.85%
Alternative	14.00%	0.95%
Other	0.00%	0.00%
Totals	100.00%	5.40%
Inflation		2.66%
Expected Nominal Return		8.06%

The discount rate used to measure the total pension liability was 6.750%. 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, 2023

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 6.75%, 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 5.75% or one percentage point higher 7.75% than the current rate.

	Changes in Discount Rate 2022		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
	Net Pension Liability (Asset)	\$ 2,763,764	\$ 1,974,387

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, 2023 were \$317,269.

At June 30, 2023, the City reported a liability of \$2,401,734 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2023, the District’s proportion was .340609%.

For the year ended June 30, 2023, the City recognized pension expense (benefit) of \$36,253 including employer’s amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$10,937. At June 30, 2023, 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, 2023

NOTE H – PENSION PLAN – Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 14,355	\$ 113,205
Difference between expected and actual investment	544,056	-
Difference between expected and actual assumptions	198,040	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	213,983	209,238
Contributions subsequent to the measurement date	317,269	-
Total	\$ 1,287,703	\$ 322,443

\$317,269 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, 2024. 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
2024	\$ 191,431
2025	158,182
2026	92,349
2027	304,095
2028	11,404
Thereafter	21,771

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, 2022 are as follows:

Total Pension Liability	\$ 2,784,575,318
Plan Fiduciary Net Pension	2,079,446,096
Total Net Pension Liability	\$ 705,129,222

CITY OF WESTLAKE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE H – PENSION PLAN – Continued

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023 are as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.90% 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 2022 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, 2021 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, 2022.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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 fiscal year 2022 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, 2022 are summarized in the following tables:

As of June 30, 2022

Asset Type		Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	27.50%	5.64%
	Non-U.S. Equity	11.50%	5.89%
	Global Equity	10.00%	5.99%
	Emerging Market Equity	7.00%	7.75%
Fixed Income	U.S. Core Fixed Income	18.00%	0.84%
	U.S. TIPS	3.00%	0.51%
	Emerging Market Debt	5.00%	2.99%
Alternatives	Private Equity	6.00%	8.99%
	Real Estate	6.00%	4.57%
	Real Assets	3.00%	4.89%
Multi-Asset Strategies	Global Tactical Asset Allocation	0.00%	3.14%
	Risk Parity	0.00%	3.14%
		<u>100.00%</u>	

The discount rate used to measure the total pension liability was 6.90%. 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 6.90%, 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 5.90% or one percentage point higher 7.90% than the current rate.

	Changes in Discount Rate 2023		
	1% Decrease	Current	1% Increase
	5.90%	Discount Rate 6.90%	7.90%
Net Pension Liability (Asset)	\$ 3,553,098	\$ 2,401,734	\$ 1,441,414

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

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, 2023, are as follows:

	Due From	Due To
General	\$ 59,267	\$ -
Capital Projects	-	380,881
Utility	321,614	-
Golf Course and Real Estate Development	-	-
	\$ 380,881	\$ 380,881

NOTE L – OPERATING TRANSFERS IN/OUT

Operating transfers as of June 30, 2023 were as follows:

	Transfers In	Transfers Out
General fund	\$ -	\$ 210,000
Capital projects	101,997	-
Utility	-	1,000,997
Golf course	1,109,000	-
	\$ 1,210,997	\$ 1,210,997

NOTE M – RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2023:

Customer deposits	\$ 503,432
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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.

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE O – COUNCIL MEMBERS COMPENSATION

The compensation paid to the Mayor and City Council Members for the year ended June 30, 2023, is as follows:

Charles McMillin, Mayor	\$ 41,856
Daniel Racca, Councilman/ Interim Mayor	45,344
Delta Hoffpaur (Former)	3,060
Michael Bergeron, Councilman (Former)	3,060
Kenny Brown, Councilman (Current)	7,920
Jeremy Cryer, Councilman (Current)	6,120
Skeeter Hayes, Councilman (Former)	3,060
Lori Peterson, Councilman (Current)	3,060
Freddie Harrison III, Councilman (Current)	3,060

NOTE P – AGING OF ACCOUNTS RECEIVABLE

Aging of Accounts Receivable – Utility proprietary fund as of June 30, 2023 are as follows:

0-30 <u>Days</u>	31-60 <u>Days</u>	61-90 <u>Days</u>	over 90 <u>Days</u>	<u>Total</u>
\$ 270,801	\$ 19,674	\$ 5,149	\$ 69,838	\$ 365,462

NOTE Q – SCHEDULE OF INSURANCE COVERAGE

The schedule of insurance coverage as of June 30, 2023 is as follows:

	<u>Limits</u>	<u>Expiration Date</u>
Automobile liability	\$1,000,000 bodily injury and physical damage	May 14, 2024
Commercial general liability: Premises/Operations	\$2,000,000 per occurrence-bodily injury and physical damage	May 14, 2024
Products/Completed operation	\$2,000,000 in the aggregate-bodily injury and physical damage	May 14, 2024
Medical payments	\$10,000 per person \$1,000,000 per accident	May 14, 2024
Commercial property	\$13,289,847	May 14, 2024
Surety bond	\$50,000	May 14, 2024
Workers compensation	\$1,000,000/\$1,000,000/ \$1,000,000	February 20, 2024

CITY OF WESTLAKE, LOUISIANA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

NOTE R– SCHEDULE OF RATES AND NUMBER OF CUSTOMERS

At June 30, 2023 the number of customers were as follows:

Water	2,066
Sewer	2,019
Gas	3,317
Garbage	1,925

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:	\$30.85 first 2,000 gallons 3.77 per 1,000 gallons thereafter
Senior Citizens:	\$19.84 first 2,000 gallons 3.77 per 1,000 gallons thereafter
Commercial:	\$37.78 first 8,000 gallons 4.73 per 1,000 gallons thereafter
Industrial:	\$60.45 first 10,000 gallons 5.67 per 1,000 gallons thereafter 2.26 per 1,000 gallons after 150,000
<u>Garbage:</u>	
Residential:	\$20.50
Senior Citizens:	\$20.50
Commercial:	\$20.50
<u>Gas:</u>	
Residential and Commercial:	\$19.37 minimum Bill for 0-5 CCF (Hundred Cubic Feet)
Senior Citizens:	\$9.20 minimum Bill for 0-5 CCF (Hundred Cubic Feet)
Industrial:	\$27.63 minimum Bill for 0-5 CCF (Hundred Cubic Feet)

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WESTLAKE, LOUISIANA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended June 30, 2023

	Budget		Actual			Variance
	Original	Final	Accrual Basis	Adjustments to Cash Basis	Cash Basis	Favorable (Unfavorable)
REVENUES						
Taxes and special assessments	\$ 3,979,910	\$ 3,895,175	\$ 3,872,531	\$ (16,950)	\$ 3,855,581	\$ (39,594)
Licenses and permits	309,000	368,054	380,530	-	380,530	12,476
Intergovernmental	1,509,330	1,540,575	1,518,587	35,581	1,554,168	13,593
Charges for services	-	-	9,230	-	9,230	9,230
Fines and forfeits	663,500	528,000	509,865	17,360	527,225	(775)
Investment income	-	25,438	37,603	-	37,603	12,165
Miscellaneous income	12,000	53,100	280,758	(6,175)	274,583	221,483
Insurance proceeds	-	360,555	139,745	-	139,745	(220,810)
Grant proceeds	-	4,781,587	797,225	4,009,628	4,806,853	25,266
Donations	-	-	2,120	-	2,120	2,120
Post office lease	75,708	75,708	72,248	-	72,248	(3,460)
TOTAL REVENUES	6,549,448	11,628,192	7,620,442	4,039,444	11,659,886	31,694
EXPENDITURES						
Current:						
General and administrative	1,054,792	5,747,955	1,734,476	3,974,615	5,709,091	38,864
Police	1,618,861	1,789,789	1,789,526	111	1,789,637	152
Fire	2,206,472	2,252,281	2,205,306	9,092	2,214,398	37,883
Streets	714,795	898,519	829,371	(70,516)	758,855	139,664
Cemeteries	19,381	21,860	26,064	(4,388)	21,676	184
Civil defense	8,840	6,806	6,705	(89)	6,616	190
Post office	32,000	29,250	27,567	240	27,807	1,443
City court	119,776	131,356	125,355	(353)	125,002	6,354
Hurricane recovery	-	-	-	-	-	-
Capital Outlay	-	-	88,626	126,907	215,533	(215,533)
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
TOTAL EXPENDITURES	5,774,917	10,877,816	6,832,996	4,035,619	10,868,615	9,201
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	774,531	750,376	787,446	3,825	791,271	40,895
OTHER FINANCING SOURCES (USES)						
Sale of fixed assets	-	18,001	5,897	-	5,897	(12,104)
Operating transfers in	-	-	-	-	-	-
Operating transfers out	(115,000)	(110,000)	(210,000)	-	(210,000)	(100,000)
TOTAL OTHER FINANCING SOURCES (USES)	(115,000)	(91,999)	(204,103)	-	(204,103)	(112,104)
NET CHANGES IN FUND BALANCE	659,531	658,377	583,343	3,825	587,168	(71,209)
FUND BALANCE - BEGINNING	1,109,837	1,109,837	1,109,837		1,109,837	-
FUND BALANCE - ENDING	\$ 1,769,368	\$ 1,768,214	\$ 1,693,180		\$ 1,697,005	\$ (71,209)

CITY OF WESTLAKE, LOUISIANA
 BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND
 Year Ended June 30, 2023

	Budget		Actual			Variance Favorable (Unfavorable)
	Original	Final	Accrual Basis	Adjustments to Cash Basis	Cash Basis	
REVENUES						
Taxes and special assessments	\$ 650,000	\$ 133,114	\$ 164,994	\$ -	\$ 164,994	\$ 31,880
Investment income	-	-	10,660	-	10,660	10,660
Miscellaneous income	-	-	-	-	-	-
Grant proceeds	1,000,000	1,511,641	884,696	641,683	1,526,379	14,738
Distribution - gaming industry	350,000	659,972	804,753	(144,782)	659,971	(1)
TOTAL REVENUES	2,000,000	2,304,727	1,865,103	496,901	2,362,004	57,277
EXPENDITURES						
Current:						
General and administrative	-	801,482	408,469	(185,797)	222,672	578,810
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Streets	-	-	47,334	9,144	56,478	(56,478)
Cemeteries	-	-	-	-	-	-
Civil defense	-	-	-	-	-	-
Post office	-	-	-	-	-	-
City court	-	-	-	-	-	-
Hurricane recovery	-	-	-	-	-	-
Capital Outlay	1,000,000	1,008,409	576,037	412,590	988,627	19,782
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
TOTAL EXPENDITURES	1,000,000	1,809,891	1,031,840	235,937	1,267,777	542,114
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,000,000	494,836	833,263	260,964	1,094,227	599,391
OTHER FINANCING SOURCES (USES)						
Operating transfers in	-	850,997	101,997	-	101,997	(749,000)
Operating transfers out	(350,000)	(1,139,000)	-	-	-	1,139,000
TOTAL OTHER FINANCING SOURCES (USES)	(350,000)	(288,003)	101,997	-	101,997	390,000
NET CHANGES IN FUND BALANCE	650,000	206,833	935,260	260,964	1,196,224	989,391
FUND BALANCE - BEGINNING	164,217	164,217	164,217		164,217	-
FUND BALANCE - ENDING	\$ 814,217	\$ 371,050	\$ 1,099,477		\$ 1,360,441	\$ 989,391

CITY OF WESTLAKE, LOUISIANA
 SCHEDULE OF EMPLOYERS' PROPORTIONATE SHARE OF NET PENSION LIABILITY
 Year Ended June 30, 2023

Municipal Employees Retirement System of Louisiana System:

	June 30, 2023	June 30, 2022	June 30, 2021	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)	0.46810%	0.46329%	0.46329%	0.63104%	0.61961%	0.65087%	0.67813%	0.77285%	0.84396%
Employer's proportionate share of the net pension liability (asset)	\$ 1,944,137	\$ 1,288,652	\$ 1,288,652	\$ 2,728,231	\$ 2,565,614	\$ 2,722,868	\$ 2,779,475	\$ 2,760,741	\$ 2,165,977
Employer's covered payroll	\$ 1,051,298	\$ 897,139	\$ 919,130	\$ 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	184.93%	143.64%	140.20%	235.17%	226.91%	271.96%	272.81%	227.90%	164.20%
Plan fiduciary net position as a percentage of the total pension liability	67.87%	77.82%	77.82%	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)	0.19316%	0.21667%	0.21667%	0.24270%	0.25036%	0.23088%	0.22169%	0.33796%	0.28406%
Employer's proportionate share of the net pension liability (asset)	\$ 1,974,387	\$ 1,155,007	\$ 1,155,007	\$ 2,243,095	\$ 2,116,533	\$ 2,015,715	\$ 2,077,888	\$ 2,647,563	\$ 2,647,563
Employer's covered payroll	\$ 617,297	\$ 553,950	\$ 580,701	\$ 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	319.84%	208.50%	198.90%	335.08%	288.18%	300.18%	343.41%	485.36%	488.84%
Plan fiduciary net position as a percentage of the total pension liability	70.80%	84.09%	84.09%	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, 2022.

Continued

CITY OF WESTLAKE, LOUISIANA
 SCHEDULE OF EMPLOYERS' PROPORTIONATE SHARE OF NET PENSION LIABILITY-CONTINUED
 Year Ended June 30, 2023

State of Louisiana Firefighters' Retirement System:

	June 30, 2023	June 30, 2022	June 30, 2021	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)	0.34061%	0.31733%	0.31733%	0.34988%	0.31813%	0.29735%	0.30477%	0.37184%	0.38779%
Employer's proportionate share of the net pension liability (asset)	\$ 2,401,734	\$ 1,124,581	\$ 1,124,581	\$ 2,425,217	\$ 1,829,909	\$ 1,704,337	\$ 1,993,458	\$ 2,006,862	\$ 1,725,636
Employer's covered payroll	\$ 857,315	\$ 780,958	\$ 705,718	\$ 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	280.15%	144.00%	159.35%	311.66%	219.75%	263.72%	327.38%	332.50%	249.40%
Plan fiduciary net position as a percentage of the total pension liability	74.68%	86.78%	86.78%	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, 2022.

CITY OF WESTLAKE, LOUISIANA
SCHEDULE OF EMPLOYER CONTRIBUTIONS
Year Ended June 30, 2023

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
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%
2021	\$ 271,143	\$ 271,143	\$ -	\$ 1,288,652	21.0%
2022	\$ 264,656	\$ 264,656	\$ -	\$ 897,139	29.5%
2023	\$ 310,133	\$ 310,133	\$ -	\$ 1,051,298	29.5%
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%
2021	\$ 223,102	\$ 223,102	\$ -	\$ 580,701	38.4%
2022	\$ 179,491	\$ 197,491	\$ -	\$ 553,950	35.7%
2023	\$ 220,911	\$ 220,911	\$ -	\$ 617,297	35.8%
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%
2021	\$ 256,698	\$ 256,698	\$ -	\$ 705,718	36.4%
2022	\$ 294,811	\$ 294,811	\$ -	\$ 780,958	37.7%
2023	\$ 317,269	\$ 317,269	\$ -	\$ 857,315	37.0%

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

SUPPLEMENTARY INFORMATION

CITY OF WESTLAKE, LOUISIANA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2023

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH GRANTOR NUMBER	DISBURSEMENTS/ EXPENDITURES
United States Department of Treasury			
Passed through the Louisiana Division of Administration Coronavirus State and Local Fiscal Recovery Fund - COVID-19	21.027	-	\$ 917,061 *
United States Department of Homeland Security			
Passed through the Louisiana Office of Homeland Security/Emergency Preparedness Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	-	<u>724,426</u>
Total Federal Awards			<u>\$ 1,641,487</u>

Note A -- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Westlake, Louisiana under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Westlake, Louisiana, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Westlake, Louisiana.

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.
- (2) The City of Westlake, Louisiana has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

* Major program

CITY OF WESTLAKE, LOUISIANA
 JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
 AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
 Year Ended June 30, 2023

	First Six Month Period Ended December 31, 2022	Second Six Month Period Ended June 31, 2023
Cash Presentation		
Beginning Balance of Amounts Collected	\$ -	\$ -
Add: Collections		
Traffic Fines and Fees	208,320	311,304
Subtotal Collections	208,320	311,304
Less: Disbursements To Governments & Nonprofits		
Louisiana Comission on Law Enforcement	1,911	2,207
Southwest Louisiana Crime Lab	29,060	33,990
Supreme Court of Louisiana	3,451	3,396
DHH-THSCI	2,560	3,395
Crimestoppers	1,942	2,250
Calcasieu Parish Public Defenders Office	9,740	10,165
Less: Amounts Retained by Collecting Agency		
Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection	159,656	255,901
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Payments to 3rd Party Collection/Processing Agencies	-	-
Subtotal Disbursements/Retainage	208,320	311,304
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	\$ -	\$ -
Ending Balance of "Partial Payments" Collected but not Disbursed	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected	-	-
Total Waivers During the Fiscal Period	-	-

CITY OF WESTLAKE, LOUISIANA
 JUSTICE SYSTEM FUNDING SCHEDULE - RECEIVING ENTITY
 AS REQUIRED BY ACT 87 OF THE 2020 REGULAR LEGISLATIVE SESSION
 Year Ended June 30, 2023

	First Six Month Period Ended December 31, 2022	Second Six Month Period Ended June 31, 2023
Cash Presentation		
Receipts From:		
N/A	-	-
<hr style="border: 0.5px solid black;"/>		
Subtotal Receipts	-	-
Ending Balance of Amounts Assessed but Not Received	-	-

OTHER INFORMATION

CITY OF WESTLAKE, LOUISIANA
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
 TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
 Year Ended June 30, 2023

Chief Executive Officer: Mayor Charles McMillin

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 41,856
Benefits - insurance	6,659
Benefits - retirement	-
Benefits - cell phone	300
Benefits - truck	400
Mileage	357
Vehicle provided by government	-
Per diem	342
Reimbursements	-
Travel	-
Conference registration	210
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meal reimbursements	190
Dues	-
Fuel	-

Chief Executive Officer: Interim Mayor Daniel Rocca

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 54,344
Benefits - insurance	-
Benefits - retirement	-
Benefits - cell phone	310
Benefits - truck	1,200
Mileage	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Conference registration	-
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

December 22, 2023

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, 2023, 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 December 22, 2023.

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 or significant deficiencies may exist that were not identified.

To the Members of the City Council
December 22, 2023
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 is 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, Casiday: Skully

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

December 22, 2023

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Westlake, Louisiana's (City) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

To the Members of the City Council
City of Westlake, Louisiana
December 22, 2023
Page Two

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

To the Members of the City Council
City of Westlake, Louisiana
December 22, 2023
Page Three

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the auditors' responsibilities section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given those limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Shagron, Casiday: Skillery

CITY OF WESTLAKE, LOUISIANA
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2023

1. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Control deficiency(s) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance? _____ yes X no

Identification of major programs:

CFDA Number	Name of Federal Program
21.027	Coronavirus State and Local Fiscal Recover Fund – COVID-19

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

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

None

CITY OF WESTLAKE, LOUISIANA
Schedule of Findings and Questioned Costs - Continued
Year Ended June 30, 2023

3. Federal Award Findings and Responses

None

4. Prior Year Audit Findings

Finding 2022-001: Budgetary Authority and Control

Current status: This finding is considered resolved.

Finding 2022-002: Inadequate Verification of ACH Vendors

Current status: This finding is considered resolved.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

December 20, 2023

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

We have performed the procedures included enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 1, 2022 through June 30, 2023. The City of Westlake, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

City of Westlake, Louisiana has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal year July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- i. *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

The City's written policies and procedures manual addresses this area.

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

The City's written policies and procedures manual addresses this area.

- iii. *Disbursements*, including processing, reviewing, and approving.

The City's written policies and procedures manual addresses this area.

- iv. *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmations with outside

parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The City's written policies and procedures manual addresses this area.

- v. *Payroll/Personnel*, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

The City's written policies and procedures manual addresses this area.

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

The City's written policies and procedures manual addresses this area.

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

The City's written policies and procedures manual addresses this area.

- viii. *Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

The City's written policies and procedures manual addresses this area.

- ix. *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The City's written policies and procedures manual addresses this area.

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

The City's written policies and procedures manual addresses this area.

- xi. *Information Technology Disaster Recovery/Business Continuity*, includes (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The City's written policies and procedures manual addresses this area.

- xii. *Prevention of Sexual Harassment*, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The City's written policies and procedures manual addresses this area.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions were found as a result of this procedure.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on special revenue funds.

No exceptions were found as a result of this procedure.

- iii. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

No exceptions were found as a result of this procedure.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions were found as a result of this procedure.

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exception were found as a result of this procedure.

- ii. Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Bank reconciliations did not include evidence that a member of management/board member reviewed each reconciliation.

Management Response: Procedures will be implemented to have a member of management document review of each month's bank reconciliation/statement.

- iii. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

There was no documentation reflecting that management has researched reconciling items that have been outstanding for more than 12 months..

Management Response: Management will document its research of items outstanding for more than 12 months in the future.

4) Collections

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

The listing was provided by management.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe the job duties are properly segregated at each collection location such that:

- i. Employees that are responsible for cash collections do not share cash drawers/registers;

No exceptions were found as a result of this procedure.

- ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit:

No exceptions were found as a result of this procedure.

- iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

No exceptions were found as a result of this procedure.

- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions were found as a result of this procedure.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exceptions were found as a result of this procedure.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made no the same day). Obtain supported documentation for each of the deposits and:

- i. Observe that receipts are sequentially pre-numbered.

No exceptions were found as a result of this procedure.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were found as a result of this procedure.

- iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were found as a result of this procedure.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions were found as a result of this procedure.

- v. Trace the actual deposit per the bank statement to the general ledger.

No exceptions were found as a result of this procedure.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements and petty cash purchases)*

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing was provided by management.

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exceptions were found as a result of this procedure.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exceptions were found as a result of this procedure.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

No exceptions were found as a result of this procedure.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

No exceptions were found as a result of this procedure.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exceptions were found as a result of this procedure.

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions were found as a result of this procedure.

- ii. Observe whether the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exceptions were found as a result of this procedure.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: if no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exceptions were found as a result of this procedure.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

The listing was provided by management.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and:
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excess fuel card usage) were reviewed and approved, in writing, (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that

may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

No exceptions were found as a result of this procedure.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions were found as a result of this procedure.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g. each card should have 10 transactions subject to inspection). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

No exceptions were found as a result of this procedure.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exceptions were found as a result of this procedure.

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exceptions were found as a result of this procedure.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

No exceptions were found as a result of this procedure.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were found as a result of this procedure.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exceptions were found as a result of this procedure.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

No exceptions were found as a result of this procedure.

- iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exceptions were found as a result of this procedure.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were found as a result of this procedure.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to the authorized salaries/pay rates in the personnel files.

No exceptions were found as a result of this procedure.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation sick, compensatory);

No exceptions were found as a result of this procedure.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions were found as a result of this procedure.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exceptions were found as a result of this procedure.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exceptions were found as a result of this procedure.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to the entity policy.

No exceptions were found as a result of this procedure.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were found as a result of this procedure.

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

- i. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

The required training was not completed by two of the employees selected.

Management Response: Management will have each employee complete the training next year.

- ii. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Documentation was not maintained for two of the employees selected.

Management Response: Management will document its notification to employees of any changes to the entity's ethics policy.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

No exceptions were found as a result of this procedure.

11) Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

No exceptions were found as a result of this procedure.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions were found as a result of this procedure.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

No exceptions were found as a result of this procedure.

- B. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were found as a result of this procedure.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures.

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

No exceptions were found as a result of this procedure.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

No exceptions were found as a result of this procedure.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

No exceptions were found as a result of this procedure.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

No exceptions were found as a result of this procedure.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

The required training was not completed by two of the employees selected.

Management Response: Management will have each employee complete the training next year.

- B. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

No exceptions were found as a result of this procedure.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;

The annual sexual harassment report for 2022 was not filed as of February 1.

- ii. Number of sexual harassment complaints received by the agency;

The annual sexual harassment report for 2022 was not filed as of February 1.

- iii. Number of complaints which resulted in a finding that sexual harassment occurred;

The annual sexual harassment report for 2022 was not filed as of February 1.

- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

The annual sexual harassment report for 2022 was not filed as of February 1.

- v. Amount of time it took to resolve each complaint.

The annual sexual harassment report for 2022 was not filed as of February 1.

Management Response: Management will complete the annual sexual harassment report to have on file.

We were engaged by City of Westlake, Louisiana to perform this agreed-upon procedures engagement and

conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of City of Westlake, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

Dragan, Cassidy: Shilley