

CITY OF WESTLAKE, LOUISIANA
ANNUAL FINANCIAL REPORT
JUNE 30, 1999

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Release Date DEC 22 1999

CITY OF WESTLAKE, LOUISIANA

ANNUAL FINANCIAL REPORT
Year Ended June 30, 1999

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CITY OF WESTLAKE, LOUISIANA

June 30, 1999

MAYOR

The Honorable Dudley R. Dixon
Mr. Gerald "Wash" Washington, Mayor Pro-Tempore

CITY COUNCIL

Mr. John Cradure
Mr. Daniel Cupit
Mr. Walter Hayes

Mr. Hal McMillin
Mr. Gerald "Wash" Washington

LEGAL COUNSEL

Mr. John Van Norman - City Attorney

CITY CLERK

Mrs. Holly Fontenot

McELROY, QUIRK & BURCH

A Professional Corporation • Certified Public Accountants • Since 1925
800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070
318 433-1063 • Fax 318 436-6618 • E-mail: mqb@iamerica.net

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Carl W. Comeaux, CPA
Barbara Hutson Gonzales, CPA
Judson J. McCann Jr., CPA
Martin L. Chechotsky, CPA, CFE
Robert M. Gani, CPA
Tina L. Demarest, CPA



Mollie C. Broussard, CPA

Charles P. Quirk, CPA
Oray J. Woods Jr., CPA
Robert F. Cargile, CPA
William A. Mancuso, CPA

Charles L. McElroy, CPA (1917-1997)
Patrick J. Reddin, CPA (1926-1995)
Frank D. Burch, CPA (1921-1991)

INDEPENDENT AUDITORS' REPORT

Honorable Dudley R. Dixon, Mayor
and City Council Members
City of Westlake, Louisiana

We have audited the accompanying general purpose financial statements and the combining, individual fund and account group financial statements of the City of Westlake, Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Westlake, Louisiana at June 30, 1999 and the results of its operations and changes in cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Also, in our opinion, the aforementioned combining, individual fund and account group financial statements present fairly the financial position of the individual funds and account groups of the City of Westlake, Louisiana at June 30, 1999, and the results of operations of such funds and changes in cash flows of individual proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 18, 1999, on our consideration of the City of Westlake's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The Year 2000 supplementary information on page 83 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of management and the presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the City of Westlake is or will become Year 2000 compliant, that the City's Year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business are or will become Year 2000 compliant.

Mc Elroy, Quirk & Beach

Lake Charles, Louisiana
October 18, 1999

COMBINED STATEMENTS - OVERVIEW

CITY OF WESTLAKE, LOUISIANA

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1999

<u>ASSETS AND OTHER DEBITS</u>	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Cash and cash equivalents	\$ 295,392	\$ 41,045	\$ 748,602	\$ 782,963
Investments	85,519	-	-	1,067,982
Receivables:				
Accounts	40,438	-	-	-
Special assessments	-	-	139,132	-
Prepaid insurance, interest	71,133	-	4,207	-
Due from other funds (Note 6)	1,053,157	-	-	1,216,416
Inventory, at cost	-	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Fixed assets (net of accumulated depreciation) (Note 4)	-	-	-	-
Unamortized loan expense (net of accumulated amortization)	-	-	-	-
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
 Total assets	 <u>\$ 1,545,639</u>	 <u>\$ 41,045</u>	 <u>\$ 891,941</u>	 <u>\$ 3,067,361</u>

Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt	1999	1998
Enterprise				
\$ 241,384	\$ -	\$ -	\$ 2,109,386	\$ 2,037,457
1,096,760	-	-	2,250,261	2,557,349
221,114	-	-	261,552	386,992
-	-	-	139,132	179,712
57,139	-	-	132,479	170,899
718,394	-	-	2,987,967	3,057,295
13,257	-	-	13,257	13,332
138,955	-	-	138,955	253,826
8,173,530	10,658,057	-	18,831,587	15,918,803
-	-	-	-	538
-	-	206,996	206,996	97,249
-	-	3,713,004	3,713,004	4,152,751
<u>\$ 10,660,533</u>	<u>\$ 10,658,057</u>	<u>\$ 3,920,000</u>	<u>\$ 30,784,576</u>	<u>\$ 28,826,203</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1999
(Continued)

LIABILITIES, OTHER CREDITS AND FUND EQUITY	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities:				
Bank overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	213,819	-	-	33,227
Payable from restricted assets:				
Accrued interest	-	-	33,320	-
Revenue bonds (Note 5)	-	-	-	-
Deposits	-	-	-	-
Deferred revenues	-	-	-	118,878
Due to other funds (Note 6)	576,328	-	651,625	196,362
General obligation bonds, notes payable (Note 5)	-	-	-	-
Total liabilities	<u>790,147</u>	<u>-</u>	<u>684,945</u>	<u>348,467</u>
Fund equity:				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Reserve for revenue bond retirement	-	-	-	-
Unreserved	-	-	-	-
Fund balance:				
Reserve for prepaid insurance	71,133	-	-	-
Unreserved:				
Designated for subsequent years expenditures	<u>684,359</u>	<u>41,045</u>	<u>206,996</u>	<u>2,718,894</u>
Total retained earnings/ fund balance	<u>755,492</u>	<u>41,045</u>	<u>206,996</u>	<u>2,718,894</u>
Total fund equity	<u>755,492</u>	<u>41,045</u>	<u>206,996</u>	<u>2,718,894</u>
Total liabilities and fund equity	<u>\$ 1,545,639</u>	<u>\$ 41,045</u>	<u>\$ 891,941</u>	<u>\$ 3,067,361</u>

See accompanying notes to financial statements

Exhibit A (Continued)

Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
	General Fixed Assets	General Long-Term Debt	1999	1998
	Enterprise			
\$ 13,765	\$ -	\$ -	\$ 13,765	\$ -
21,707	-	-	268,753	650,391
-	-	-	33,320	38,142
-	-	-	-	53,000
124,158	-	-	124,158	113,019
-	-	-	118,878	119,878
1,563,652	-	-	2,987,967	3,057,295
-	-	3,920,000	3,920,000	4,250,000
<u>1,723,282</u>	<u>-</u>	<u>3,920,000</u>	<u>7,466,841</u>	<u>8,281,725</u>
6,813,176	-	-	6,813,176	6,905,434
-	10,658,057	-	10,658,057	8,046,489
-	-	-	-	64,690
2,124,075	-	-	2,124,075	1,974,366
-	-	-	71,133	69,192
-	-	-	3,651,294	3,484,307
<u>2,124,075</u>	<u>-</u>	<u>-</u>	<u>5,846,502</u>	<u>5,592,555</u>
<u>8,937,251</u>	<u>10,658,057</u>	<u>-</u>	<u>23,317,735</u>	<u>20,544,478</u>
<u>\$ 10,660,533</u>	<u>\$ 10,658,057</u>	<u>\$ 3,920,000</u>	<u>\$ 30,784,576</u>	<u>\$ 28,826,203</u>

CITY OF WESTLAKE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 Year Ended June 30, 1999

	<u>General</u>
Revenues:	
Taxes and special assessments	\$ 342,879
Licenses and permits	184,618
Intergovernmental	190,995
Charges for services	176,762
Fines and forfeits	184,075
Investment income	12,078
Miscellaneous	78,371
Bingo revenues	26,337
Distribution-gaming industry	-
Grant proceeds	75,009
Donations	14,480
Post office lease	75,708
Total revenues	<u>1,361,312</u>
Expenditures:	
Current:	
General government	385,926
Police	919,757
Fire	338,209
Street	316,851
Sanitation	174,117
Cemeteries	14,702
Civil defense	3,843
Relief	6,340
Post office expense	8,083
Emergency preparedness	-
Capital outlay	-
Debt service:	
Principal retirement	-
Interest and administrative	-
Total expenditures	<u>2,167,828</u>
Excess (deficiency) of revenues over expenditures	<u>(806,516)</u>
Other financing sources (uses):	
Proceeds from bond sale	-
Operating transfers in	1,103,100
Operating transfers out	<u>(67,625)</u>
Total other financing sources (uses)	<u>1,035,475</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	228,959
Fund balance at beginning of year	<u>526,533</u>
Fund balance at end of year	<u>\$ 755,492</u>

See accompanying notes to financial statements

<u>Governmental Fund Types</u>			<u>Totals</u>	
<u>Special</u>	<u>Debt</u>	<u>Capital</u>	<u>(Memorandum Only)</u>	
<u>Revenue</u>	<u>Service</u>	<u>Projects</u>	<u>1999</u>	<u>1998</u>
\$ 1,501,320	\$ -	\$ -	\$ 1,844,199	\$ 1,685,626
-	-	-	184,618	192,755
-	-	350,249	541,244	125,600
-	-	-	176,762	172,187
-	-	-	184,075	74,562
1,772	41,703	53,039	108,592	183,701
-	-	-	78,371	36,703
-	-	-	26,337	30,098
-	-	1,993,932	1,993,932	1,824,771
-	-	-	75,009	36,947
-	-	-	14,480	11,728
-	-	-	75,708	-
<u>1,503,092</u>	<u>41,703</u>	<u>2,397,220</u>	<u>5,303,326</u>	<u>4,374,678</u>
13,848	-	1,113,040	1,512,814	5,043,741
-	-	-	919,757	827,229
-	-	-	338,209	303,558
-	-	-	316,851	313,350
-	-	-	174,117	180,679
-	-	-	14,702	3,406
-	-	-	3,843	13,038
-	-	-	6,340	54,965
-	-	-	8,083	-
-	-	-	-	159,598
-	-	1,383,622	1,383,622	1,436,858
-	330,000	-	330,000	-
-	205,297	2,038	207,335	150,212
<u>13,848</u>	<u>535,297</u>	<u>2,498,700</u>	<u>5,215,673</u>	<u>8,486,634</u>
<u>1,489,244</u>	<u>(493,594)</u>	<u>(101,480)</u>	<u>87,654</u>	<u>(4,111,956)</u>
-	-	-	-	4,250,000
-	603,341	648,962	2,355,403	1,496,829
<u>(1,453,044)</u>	<u>-</u>	<u>(753,460)</u>	<u>(2,274,129)</u>	<u>(1,682,907)</u>
<u>(1,453,044)</u>	<u>603,341</u>	<u>(104,498)</u>	<u>81,274</u>	<u>4,063,922</u>
36,200	109,747	(205,978)	168,928	(48,034)
<u>4,845</u>	<u>97,249</u>	<u>2,924,872</u>	<u>3,553,499</u>	<u>3,601,533</u>
<u>\$ 41,045</u>	<u>\$ 206,996</u>	<u>\$ 2,718,894</u>	<u>\$ 3,722,427</u>	<u>\$ 3,553,499</u>

CITY OF WESTLAKE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES-BUDGET (GAAP BASIS) AND ACTUAL-GENERAL AND SPECIAL REVENUE FUND TYPES
Year Ended June 30, 1999

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes (Note 2)	\$ 315,900	\$ 342,879	\$ 26,979
Licenses and permits	153,000	184,618	31,618
Intergovernmental	193,000	190,995	(2,005)
Charges for services	161,600	176,762	15,162
Fines and forfeits	165,000	184,075	19,075
Investment income	3,500	12,078	8,578
Miscellaneous	72,040	78,371	6,331
Bingo revenues	21,300	26,337	5,037
Grant proceeds	11,600	75,009	63,409
Donations	9,100	14,480	5,380
Post office lease	-	75,708	75,708
Total revenues	<u>1,106,040</u>	<u>1,361,312</u>	<u>255,272</u>
Expenditures:			
General government	390,218	385,926	4,292
Police	912,035	919,757	(7,722)
Fire	333,292	338,209	(4,917)
Street	319,733	316,851	2,882
Sanitation	166,675	174,117	(7,442)
Cemeteries	16,444	14,702	1,742
Civil defense	4,562	3,843	719
Relief	6,460	6,340	120
Post office expense	-	8,083	(8,083)
Total expenditures	<u>2,149,419</u>	<u>2,167,828</u>	<u>(18,409)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,043,379)</u>	<u>(806,516)</u>	<u>236,863</u>
Other financing sources (uses):			
Operating transfers in	929,700	1,103,100	173,400
Operating transfers out	-	(67,625)	(67,625)
Total other financing sources (uses)	<u>929,700</u>	<u>1,035,475</u>	<u>105,775</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(113,679)</u>	<u>228,959</u>	<u>342,638</u>
Fund balance at beginning of year	<u>526,533</u>	<u>526,533</u>	<u>-</u>
Fund balance at end of year	<u>\$ 412,854</u>	<u>\$ 755,492</u>	<u>\$ 342,638</u>

See accompanying notes to financial statements

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
\$ 1,138,276	\$ 1,501,320	\$ 363,044
-	-	-
-	-	-
-	-	-
-	1,772	1,772
-	-	-
-	-	-
-	-	-
<u>1,138,276</u>	<u>1,503,092</u>	<u>364,816</u>
-	13,848	(13,848)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>13,848</u>	<u>(13,848)</u>
<u>1,138,276</u>	<u>1,489,244</u>	<u>350,968</u>
-	-	-
<u>(1,138,276)</u>	<u>(1,453,044)</u>	<u>(314,768)</u>
<u>(1,138,276)</u>	<u>(1,453,044)</u>	<u>(314,768)</u>
-	36,200	36,200
<u>4,845</u>	<u>4,845</u>	<u>-</u>
<u>\$ 4,845</u>	<u>\$ 41,045</u>	<u>\$ 36,200</u>

CITY OF WESTLAKE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
 RETAINED EARNINGS-ALL PROPRIETARY FUND TYPES
 Years Ended June 30, 1999 and 1998

	<u>Enterprise Fund</u>	
	<u>1999</u>	<u>1998</u>
Operating revenues:		
Charges for services	\$ 2,268,605	\$ 2,500,498
Operating expenses:		
Personal services	550,608	623,882
Contractual services	71,963	76,795
Supplies and other expenses	665,712	619,184
Heat, light and power	73,116	70,567
Natural gas for resale	495,131	624,972
Depreciation and amortization	<u>436,932</u>	<u>415,030</u>
Total operating expenses	<u>2,293,462</u>	<u>2,430,430</u>
Operating income (loss)	<u>(24,857)</u>	<u>70,068</u>
Nonoperating revenues (expenses):		
Tap fees	8,974	11,530
Interest income	88,201	111,736
Miscellaneous	2,742	4,525
Interest and fiscal charges	<u>(1,025)</u>	<u>(4,060)</u>
Total nonoperating revenues	<u>98,892</u>	<u>123,731</u>
Income before operating transfers	74,035	193,799
Operating transfers in (out)	<u>(81,274)</u>	<u>186,078</u>
Net income (loss)	(7,239)	379,877
Retained earnings at beginning of year	2,039,056	1,567,678
Add (subtract):		
Depreciation on fixed assets acquired with federal and state grants	<u>92,258</u>	<u>91,501</u>
Retained earnings at end of year	<u>\$ 2,124,075</u>	<u>\$ 2,039,056</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA

COMBINED STATEMENTS OF CASH FLOWS-
 ALL PROPRIETARY FUND TYPES
 Years Ended June 30, 1999 and 1998

	<u>Enterprise Fund</u>	
	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,279,645	\$ 2,521,066
Cash payments to suppliers for goods and services	(1,433,217)	(1,299,489)
Cash payments to employees for services	<u>(550,608)</u>	<u>(623,882)</u>
Net cash provided by operating activities	<u>295,820</u>	<u>597,695</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net operating transfers in	(81,274)	186,078
Tap fees received	8,974	7,050
Other nonoperating income	<u>2,742</u>	<u>9,005</u>
Net cash provided by (used in) noncapital financing activities	<u>(69,558)</u>	<u>202,133</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal received from other funds	672,463	-
Principal payments to other funds	(17,745)	(626,773)
Principal paid on revenue bond maturities and equipment contracts	(53,000)	(51,000)
Interest paid on revenue bonds and equipment contracts	(1,025)	(4,060)
Proceeds from sale of assets	930	-
Acquisition and construction of fixed assets	<u>(738,540)</u>	<u>(1,597,425)</u>
Net cash (used in) capital and related financing activities	<u>(136,917)</u>	<u>(2,279,258)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>88,201</u>	<u>111,736</u>
Net increase (decrease) in cash and cash equivalents	177,546	(1,367,694)
Cash and cash equivalents:		
Beginning of year	<u>1,299,553</u>	<u>2,667,247</u>
End of year	<u>\$ 1,477,099</u>	<u>\$ 1,299,553</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA
 COMBINED STATEMENTS OF CASH FLOWS-
 ALL PROPRIETARY FUND TYPES
 Years Ended June 30, 1999 and 1998

	<u>Enterprise Fund</u>	
	<u>1999</u>	<u>1998</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ (24,857)	\$ 70,068
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	436,932	415,030
Changes in assets and liabilities:		
Decrease in accounts receivable	11,540	13,155
(Increase) decrease in inventory	75	(250)
(Increase) in prepaid insurance	(9,620)	(250)
Increase in bank overdraft	23,765	-
Increase (decrease) in accounts payable	<u>(132,015)</u>	<u>99,942</u>
Net cash provided by operating activities	<u>\$ 295,820</u>	<u>\$ 597,695</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

1) Summary of Significant Accounting Policies

The City of Westlake 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 policies of the City of Westlake conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Municipal Audit and Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies.

A. Financial 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 Statement No. 14 of the Governmental Accounting Standards Board. This statement defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

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

B. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into five generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Also included is the repayment of special assessment debt and the support provided through special assessment taxes.

Capital Projects Funds - Capital Projects Funds are 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

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

ACCOUNT GROUPS

General Fixed Assets - The general fixed assets account group accounts for all fixed assets acquired or constructed for use by the City, other than those accounted for in the proprietary fund.

General Long-Term Debt - The general long-term debt account group accounts for long-term obligations not recorded in the proprietary fund.

C. Fixed Assets

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All assets are valued at historical cost. Donated fixed assets are stated at their estimated value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Production and distribution system	20-50 years
Buildings	20 years
Improvements other than buildings	20-50 years
Machinery and equipment	5-10 years
Data processing equipment	5-10 years

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures (or expenses) are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using a financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet and increases or decreases in net current assets are presented in the operating statements. These funds utilize the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Certain revenues such as sales tax, property tax, and charges for services are assessed and collected in such a manner that they can be accrued appropriately. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for principal and interest on general long-term debt which are recognized when due. Also, expenditures for accrued compensated absences are not recognized until they are payable from current available financial resources.

The proprietary funds are accounted for and reported using a flow of economic resources measurement focus. This means that all assets and liabilities associated with the operation of these funds are included on the balance sheet and fund equity consists of contributed capital and retained earnings. The operating statements for the proprietary funds presents increases or decreases in net total assets. These funds utilize the accrual basis of accounting.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Assets Account Group. The City has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements including roads, bridges, sidewalks, and drainage improvements. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. The City has general long-term debt of \$3,920,000 general obligation serial bonds due in annual installments of varying amounts through November 1, 2007.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

The Governmental Accounting Standards Board (GASB) Statement Number 20 (effective for financial statements for periods beginning after December 15, 1993) provides guidance on accounting and financial reporting for proprietary fund types and allows proprietary fund types to choose one of two options in applying pronouncements issued by the Financial Accounting Standards Board (FASB) after November 30, 1989. The City of Westlake has

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elected to use the first option for reporting its activities. This approach applies all GASB pronouncements and FASB Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Changes to FASB statements and interpretations, APB opinions and ARBs issued after November 30, 1989, would not apply unless adopted by GASB.

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

E. Budgets and Budgetary Accounting

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

1. Prior to June 15, the Accountant submits to the Mayor and City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain comments from the public.
3. Prior to June 30, the budget is legally enacted through passage of an ordinance.
4. Amendments to the budget are approved by the City Council by a formal adoption of an ordinance.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the City Council.
7. All budgetary appropriations lapse at the end of each fiscal year.
8. Budgetary amendments involving increases in expenditures resulting from revenues exceeding expenditures requires the approval of the City Council.

9. The budget and actual comparison presented in Exhibit C in the accompanying financial report includes the General Fund and Special Revenue Funds. The capital budget ordinances which encompass the Capital Projects Funds present cumulative as opposed to annual budget amounts and thus budget and actual comparisons are not reported in the accompanying financial report for these funds.
10. The City Charter provides that expenditures cannot legally exceed appropriations within any fund of the City.
11. Encumbrance accounting is not used.

F. Investments

Investments and certificates of deposit are stated at fair market value for the years ended June 30, 1999 and 1998 due to a change in the method of presenting investments required by GASB Statement No. 31.

G. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. General Fund inventories are accounted for under the consumption method where expenditures are recorded when the goods are used.

H. Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations.

I. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

J. Reclassification

Certain amounts for the 1998 financial statements have been reclassified to conform with the 1999 presentation. Such reclassifications have no effect on the excess (deficiencies) of revenues and other financing sources over expenditures and other financing uses or fund balances.

K. Bad Debts

Uncollectible amounts due for ad valorem taxes, customers' utility receivables, and special assessments are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. This method does not result in a charge to bad debts that is materially different from the amount that would be charged if the reserve method were used.

L. Cash, Cash Equivalents and Investments

Cash balances of all funds are invested. Interest earned on these investments is distributed to the individual funds on the basis of invested balances of the participating funds during the year. All highly liquid debt instruments with an original maturity of three months or less from date of purchase are considered cash equivalents. See also Note 2 for additional disclosures related to cash and investments.

In accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Board has stated their investments, with a remaining maturity at time of purchase of one year or less, at amortized cost. Investments with a maturity at time of purchase of greater than one year are presented at fair value at June 30, 1999. Fair value was determined by obtaining "quoted" year end market prices.

Louisiana State Statutes, as stipulated in R.S. 39:1271, authorize the City to invest in United States bonds, treasury notes, or certificates, 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. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

M. Reserves

The City records reserves to indicate that a portion of the fund balance or retained earnings is legally segregated for a specific future use. The following is a list of all reserves used by the City and a description of each as of June 30, 1999:

	<u>Reserved</u>
General fund - Reserve for prepaid expenses	<u>\$ 71,133</u>

N. Restricted Assets

These assets consist of cash and investments restricted for various purposes as detailed in Note 10.

O. Accumulated Unpaid Sick Pay

Accumulated unpaid sick pay was not considered material at June 30, 1999 and is not reflected in these financial statements.

2) Cash and Investments

Deposits in excess of federally insured amounts are required by Louisiana state statute to be protected by collateral of equal market value. Authorized collateral includes general obligations of the U.S. Government, obligations issued or guaranteed by an agency established by the U.S. Government, general obligation bonds of any state of the U.S., or any Louisiana parish, municipality, or school district. The City's bank and demand and time deposits at year end were entirely covered by federal depository insurance or by pledge of securities owned by the financial institution in the City's name.

Following are deposits of the City at year end categorized to give an indication of the level or risk assumed by the City. Category 1 includes investments that are insured or registered, or for which the securities are held by the City or its agent in the name of the City. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the name of the City. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution, or by its trust department or agent but not in the name of the City.

	<u>Category</u>			<u>Bank</u>	<u>Carrying</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Balance</u>
Deposits:					
Demand deposits, interest bearing	<u>\$ 206,500</u>	<u>\$ 2,039,284</u>	<u>\$ -</u>	<u>\$ 2,259,307</u>	<u>\$ 2,245,784</u>
				<u>Cost</u>	<u>Fair Value</u>
Investments:					
US Treasury securities	-	1,765,194	-	\$ 1,765,194	\$ 1,665,948
NY Life Govt Fund	-	-	162,004	162,004	157,328
NY Life Corp Bond Fund	-	-	40,822	40,822	39,904
LAMP	-	-	-	389,638	389,638
Total investments	<u>-</u>	<u>1,765,194</u>	<u>202,826</u>	<u>\$ 2,357,658</u>	<u>\$ 2,252,818</u>
Total deposits And investments	<u>\$ 206,500</u>	<u>\$ 3,804,478</u>	<u>\$ 202,826</u>		

Investments:

Louisiana state statutes authorize the City to invest in United States bonds, treasury notes, or certificates, 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, investment as stipulated in R.S. 39:1271, or any other federally insured investment, or in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies.

Credit risk categories:

The City's deposits and investments are categorized above in accordance with GASB Statement No. 3 to give an indication of the level of risk assumed at year end. Category 1, which represents the lowest level of risk, includes investments and deposits that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments with the securities held by the financial institution's trust department or agent in the City's name. Category 3, which represents the greatest level of risk, includes uninsured and unregistered investments or deposits which are not protected by collateral, or for which securities are not held in the City's name. Category 3 investments represent funds held with NY Life with a fair value of \$197,232 at June 30, 1999. These investments are not allowed under Louisiana law.

Investments held at June 30, 1999, consist of \$389,638 in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). LAMP investments at June 30, 1998 totaled \$752,272. In accordance with GASB Codification Section 150.165 the investment in LAMP at June 30, 1999, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPAs. Only local governments 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. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar

weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designated to be highly liquid to give its participants immediate access to their account balances.

The City had unrealized losses on certain investments at June 30, 1999 in the amount of \$104,840. The City plans to hold all investments until maturity.

In order to accurately compare the cash and investments shown on the comparative balance sheets with the carrying values of deposits and investments disclosed in the schedules above, the following is provided at June 30, 1999:

Carrying value of bank deposits	\$ 2,245,784
Fair value of investments	<u>2,252,818</u>
	<u>\$ 4,498,602</u>
Per comparative balance sheets:	
Cash and cash equivalents	\$ 2,109,386
Investments	2,250,261
Restricted cash and cash equivalents	<u>138,955</u>
	<u>\$ 4,498,602</u>

3) Property Tax

Taxes are levied on June 1, billed on November 1, and payable by December 31. The City bills and collects its own property taxes. City property tax revenues are recognized when billed to the extent that they result in current receivables. Unpaid taxes are delinquent by January 1st. Sale of delinquent properties is held once a year.

The total millage is 6.32 divided as follows:

	<u>Millage</u>	<u>Tax Collected</u>
General purpose tax	6.32	\$ 79,650

4) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>7-1-98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-99</u>
Land	\$ 3,578,553	\$ -	\$ -	\$ 3,578,553
Building	2,870,919	2,273,273	-	5,144,192
Equipment	1,597,017	144,951	30,045	1,711,923
Construction in progress	<u>-</u>	<u>223,389</u>	<u>-</u>	<u>223,389</u>
	<u>\$ 8,046,489</u>	<u>\$ 2,641,613</u>	<u>\$ 30,045</u>	<u>\$ 10,658,057</u>

A summary of proprietary fund type property, plant and equipment at June 30, 1999 and 1998 follows:

	<u>Enterprise Fund</u>	
	<u>1999</u>	<u>1998</u>
Land	\$ 54,429	\$ 54,429
Production and distribution	14,105,962	13,433,012
Buildings	93,384	93,384
Machinery, equipment, vehicles	<u>965,712</u>	<u>929,960</u>
Total	15,219,487	14,510,785
Less accumulated depreciation	<u>7,045,957</u>	<u>6,638,471</u>
Net	<u>\$ 8,173,530</u>	<u>\$ 7,872,314</u>

5) Changes in Fund Long-Term Debt

The following is a summary of revenue bond and long-term note transactions of the City for the year ended June 30, 1999:

Proprietary fund:

Bonds and other obligations payable at July 1, 1998	\$ 53,000
Bonds retired	<u>(53,000)</u>
Bonds and other obligations payable at June 30, 1999	<u>\$ -</u>

General long-term debt:

Certificates of indebtedness payable at July 1, 1998	\$ 4,250,000
Certificates of indebtedness retired	<u>(330,000)</u>
Certificates of indebtedness payable at June 30, 1999	<u>\$ 3,920,000</u>

Bonds payable at June 30, 1999 are comprised of the following individual issues:

General obligation bonds:

\$4,250,000 1997 general serial bonds due in annual installments varying in amounts through November 1, 2007; interest at 5.1% \$ 3,920,000

The annual requirements to amortize all debt outstanding as of June 30, 1999, including interest payments of \$936,955 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>General</u> <u>Obligation</u>
2000	\$ 538,020
2001	534,660
2002	540,195
2003	539,625
2004	538,035
2005	540,255
2006	541,200
2007	540,870
2008	<u>544,095</u>
	<u>\$ 4,856,955</u>

6) Interfund receivables and payables were as follows at June 30, 1999:

<u>Fund</u>	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
General	\$ 1,053,157	\$ 576,328
Debt Service	-	651,625
Capital Projects	1,216,416	196,362
Enterprise	<u>718,394</u>	<u>1,563,652</u>
	<u>\$ 2,987,967</u>	<u>\$ 2,987,967</u>

7) Capital Project Fund

The capital project fund is being used to account for the construction of improvements to the municipal waterworks system and various streets within the City. Financing for the improvements is being provided by the renewal of a one cent sales tax. The work will entail water line relocation and the replacement of shell and asphalt streets with concrete. Additional capital projects include construction of a federal post office which will be funded by rental income from the U.S. Postal Service. Also, construction of the Municipal City Hall Complex and acquisition and development of North Westlake and Olin properties which are funded by general obligation debt of \$4,250,000. The long-term debt will be repaid from gaming industry distributions.

8) Delinquent Assessments

The City is contingently liable for amounts shown as delinquent assessment receivables. The total amount delinquent for the fiscal year ended June 30, 1999 was \$13,913.

9) Dedication of Proceeds and Flow of Funds - Two and One-Half Percent Sales Tax

Proceeds of the two percent sales tax levied by the City of Westlake are collectible by the Sales Tax Fund and are dedicated and distributed as follows:

- A. One percent of the two percent collected is distributed to the Capital Projects Fund for the Water Fund/Street Improvement Program. This tax expires on June 30, 2007.
- B. An amount equal to .25 of one percent is transferred to the General Fund Street Department. This tax is a perpetual tax.
- C. An amount equal to .05 of one percent is transferred to the General Fund Police Department. This tax is a perpetual tax.
- D. An amount equal to .35 of one percent is distributed to the General Fund Fire Department. This tax is a perpetual tax.
- E. An amount equal to .35 of one percent is distributed to the Water Works Enterprise Fund. This tax is a perpetual tax.

Proceeds of the one-half percent sales tax, which was renewed on October 1, 1997 and is to run for ten years is dedicated to the following:

- A. The sales tax is to be used for the operation and maintenance of the Westlake Police Department.

10) Restricted Assets - Proprietary Fund Type

Restricted assets were applicable to the following at June 30, 1999:

	<u>1999</u>	<u>1998</u>
Customer deposits	\$ 138,955	\$ 135,624
Revenue bond redemption account	-	54,843
Revenue bond reserve account	-	<u>63,359</u>
	<u>\$ 138,955</u>	<u>\$ 253,826</u>

11) Pension Plan

Municipal Police Employees Retirement System

Plan Description:

The City of Westlake contributes to the Municipal Police Employees' Retirement System, a cost-sharing multiple employer plan administered by the Municipal and State Police Employee's Retirement System of Louisiana. The Municipal Police Employees' Retirement System was established as of July 1, 1973, by Act 189 of 1973 and amended by RS 33:2371 of the 1986 session to become Municipal and State Police Retirement System of Louisiana. The System is a state retirement system which was created to provide retirement benefits for full time municipal police officers in Louisiana, and state police officers hired after January 1, 1987. The System is administered by a Board of Trustees of the Retirement Committee of the House of Representatives and the Chairman of the Senate Finance Committee, or their designees, to serve as voting ex-officio members of the Board. Historical trend information for this plan is included in the separately issued report for the Municipal Employee's Retirement System for the period ended June 30, 1998.

Funding Policy:

Plan members are required to contribute 7.5% of their annual covered salary and the City of Westlake is required to contribute at a statutorily determined rate. The current rate is 9% of annual covered payroll. The contribution requirements of plan members and the City of Westlake are established and may be amended by the Board of Trustees. The City of Westlake's contributions to the Municipal Police Employees' Retirement System for the years ending June 30, 1999, 1998, and 1997 were \$70,182, \$66,576, and \$73,273, respectively, equal to the required contributions for each year.

Municipal Employee's Retirement System

Plan Description:

The City of Westlake contributes to the Municipal Employees' Retirement System of Louisiana, a cost-sharing multiple-employer plan administered by the Municipal Employee's Retirement System, State of Louisiana. The Municipal Employees' Retirement System of Louisiana was established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the State, which did not have their own retirement systems and which elected to become members of the System. The System is administered by a Board of Trustees composed of nine members, six of whom shall be active and contributing members of the System with at least ten years creditable service, elected by the members of the System; one of whom shall be the president of

the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana. Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System, effective on and after June 30, 1970. Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan "A" combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan "B" participates in only the original plan. The City of Westlake is a member of plan "B" of the retirement system. Historical trend information for this plan is included in the separately issued report for the Municipal Employee's Retirement System for the period ended June 30, 1998.

Funding Policy:

Plan members are required to contribute 9.25% of their annual covered salary and the City of Westlake is required to contribute at a statutorily determined rate. The current rate is 5.75% of annual covered payroll. The contribution requirements of plan members and the City of Westlake are established and may be amended by the Board of Trustees. The City of Westlake's contributions to the Municipal Employees' Retirement System of Louisiana for the years ending June 30, 1999, 1998, and 1997 were \$112,677, \$126,315, and \$125,867, respectively, equal to the required contributions for each year.

12) Litigation

Two suits have been filed in connection with the alleged expiration of a 1% sales tax seeking refund of sales taxes paid. According to legal counsel, the two suits have been consolidated for hearing and trial and are presently pending. Attempts to resolve or settle this matter have been unsuccessful at this time and a trial date has not been established. The City is vigorously contesting the two suits. It is the opinion of legal counsel that the City of Westlake does have liability exposure, but it would only be to the extent of each of the claimants request for refund and not pursuant to a class action.

The City has various other threatened or pending lawsuits lodged against it. It is the opinion of legal counsel that all of the claims are adequately covered by the City's liability insurance.

13) Segment Information for Enterprise Funds

The City maintains three enterprise funds which provide utilities (electricity, water and sewer, and data processing services). Segment information for the year ended June 30, 1999 was as follows:

	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Data Processing Fund</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 1,398,280	\$ 763,300	\$ 107,025	\$ 2,268,605
Depreciation and amortization	99,272	289,443	48,217	436,932
Operating transfers in (out)	(284,700)	203,426	-	(81,274)
Net income (loss)	(116,439)	129,765	(20,565)	(7,239)
Interest costs:				
Total incurred	(1,025)	-	-	(1,025)
Net working capital	(384,994)	1,037,166	111,549	763,721
Total assets	1,718,840	8,567,360	374,333	10,660,533
Total equity	685,901	7,993,257	258,093	8,937,251

14) Excess of Expenditures Over Appropriations

Expenditures and other financing uses for the current year exceeded appropriations for the following funds:

	<u>Budget</u>	<u>Actual</u>	<u>Variance (Unfavorable)</u>
General fund	\$ 2,149,419	\$ 2,167,828	\$ (18,409)
Special revenue fund	-	13,848	(13,848)

15) Cooperative Agreement

During the fiscal year ended June 30, 1996, the City entered into a cooperative agreement with the Calcasieu Parish Police Jury, whereby the City will receive \$1,000,000 per year. This payment is to provide funding to the City to offset the effects of the location of a river boat casino at a site known as the Burton Shell Yard. This amount will be paid evenly over four quarters each year as long as the owner of the river boat pays such amount to the Police Jury.

In the event the owner ceases operation of the casino at any time within six years of the opening date, the Police Jury and the City have agreed to an equal division of a \$1,000,000 annual cash payment.

This obligated annual payment shall stop at any time the City begins the levying or collection of a head or similar tax from a river boat berthed in the City, unless the City agrees to contribute an amount to the Police Jury equal to the \$1,000,000 from any proceeds it receives from any river boat berthed in the City.

The City Council has restricted these funds for use in Capital Projects only and not for operations of the City.

16) Rental Agreement

The City of Westlake and the United States Postal Service entered into an agreement to rent a newly constructed postal facility site developed by the City of Westlake on May 15, 1998 and ending May 14, 2013 for a total of 15 years. The annual rent for the facility is set at \$75,708, payable in monthly installments of \$6,309. The lease may be renewed at the option of the U.S. Postal Service for 2 five year terms at an annual rental of \$75,708.

**FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS**

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CITY OF WESTLAKE, LOUISIANA
GENERAL FUND

COMPARATIVE BALANCE SHEET
June 30, 1999 and 1998

<u>ASSETS</u>	<u>1999</u>	<u>1998</u>
Cash	\$ 295,392	\$ 148,852
Investments	85,519	82,649
Accounts receivable	40,438	154,338
Prepaid expenses	71,133	69,192
Due from other funds	<u>1,053,157</u>	<u>677,419</u>
 Total assets	 <u>\$ 1,545,639</u>	 <u>\$ 1,132,450</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 213,819	\$ 131,039
Due to other funds	<u>576,328</u>	<u>474,878</u>
Total liabilities	<u>790,147</u>	<u>605,917</u>
 Fund balance:		
Reserved for prepaid expenses	71,133	69,192
Unreserved:		
Designated for subsequent year's expenditures	<u>684,359</u>	<u>457,341</u>
Total fund balance	<u>755,492</u>	<u>526,533</u>
 Total liabilities and fund balance	 <u>\$ 1,545,639</u>	 <u>\$ 1,132,450</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 315,900	\$ 342,879	\$ 26,979	\$ 348,149
Licenses and permits	153,000	184,618	31,618	192,755
Intergovernmental	193,000	190,995	(2,005)	125,600
Charges for services	161,600	176,762	15,162	172,187
Fines and forfeits	165,000	184,075	19,075	74,562
Investment income	3,500	12,078	8,578	14,828
Miscellaneous	72,040	78,371	6,331	27,787
Bingo/video poker revenues	21,300	26,337	5,037	30,098
Grant proceeds	11,600	75,009	63,409	36,947
Donations	9,100	14,480	5,380	11,728
Post office lease	-	75,708	75,708	-
Total revenues	<u>1,106,040</u>	<u>1,361,312</u>	<u>255,272</u>	<u>1,034,641</u>
Expenditures:				
General government	390,218	385,926	4,292	325,950
Police	912,035	919,757	(7,722)	827,229
Fire	333,292	338,209	(4,917)	303,558
Street	319,733	316,851	2,882	313,350
Sanitation	166,675	174,117	(7,442)	180,679
Cemeteries	16,444	14,702	1,742	3,406
Civil defense	4,562	3,843	719	13,038
Relief	6,460	6,340	120	54,965
Post office expense	-	8,083	(8,083)	-
Emergency preparedness	-	-	-	159,598
Total expenditures	<u>2,149,419</u>	<u>2,167,828</u>	<u>(18,409)</u>	<u>2,181,773</u>
Excess (deficiency) of revenues over expenditures	<u>(1,043,379)</u>	<u>(806,516)</u>	<u>236,863</u>	<u>(1,147,132)</u>
Other financing sources (uses):				
Operating transfers in	929,700	1,103,100	173,400	763,068
Operating transfers (out)	-	(67,625)	(67,625)	-
Total other financing sources (uses)	<u>929,700</u>	<u>1,035,475</u>	<u>105,775</u>	<u>763,068</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>(113,679)</u>	<u>228,959</u>	<u>342,638</u>	<u>(384,064)</u>
Fund balance at beginning of year	<u>526,533</u>	<u>526,533</u>	<u>-</u>	<u>910,597</u>
Fund balance at end of year	<u>\$ 412,854</u>	<u>\$ 755,492</u>	<u>\$ 342,638</u>	<u>\$ 526,533</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
General government:				
Personal services	\$ 137,799	\$ 138,016	\$ (217)	\$ 135,664
Supplies	68,225	64,978	3,247	31,101
Other services and charges	<u>184,194</u>	<u>182,932</u>	<u>1,262</u>	<u>159,185</u>
Total general government	<u>390,218</u>	<u>385,926</u>	<u>4,292</u>	<u>325,950</u>
Public safety:				
Police:				
Personal services	590,819	586,947	3,872	592,576
Supplies	19,500	18,355	1,145	21,441
Other services and charges	150,566	153,860	(3,294)	213,212
Capital outlay	<u>151,150</u>	<u>160,595</u>	<u>(9,445)</u>	<u>-</u>
Total police	<u>912,035</u>	<u>919,757</u>	<u>(7,722)</u>	<u>827,229</u>
Fire:				
Personal services	252,477	236,163	16,314	227,058
Supplies	15,000	15,478	(478)	14,042
Other services and charges	53,800	75,237	(21,437)	50,611
Capital outlay	<u>12,015</u>	<u>11,331</u>	<u>684</u>	<u>11,847</u>
Total fire	<u>333,292</u>	<u>338,209</u>	<u>(4,917)</u>	<u>303,558</u>
Streets:				
Personal services	136,088	128,837	7,251	170,129
Supplies	18,050	20,837	(2,787)	14,803
Other services and charges	149,860	151,523	(1,663)	128,418
Capital outlay	<u>15,735</u>	<u>15,654</u>	<u>81</u>	<u>-</u>
Total streets	<u>319,733</u>	<u>316,851</u>	<u>2,882</u>	<u>313,350</u>
Sanitation:				
Other services and charges	<u>166,675</u>	<u>174,117</u>	<u>(7,442)</u>	<u>180,679</u>
Cemeteries:				
Personal services	3,724	3,751	(27)	1,379
Other services and charges	<u>12,720</u>	<u>10,951</u>	<u>1,769</u>	<u>2,027</u>
Total cemeteries	<u>16,444</u>	<u>14,702</u>	<u>1,742</u>	<u>3,406</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998
(Continued)

	<u>1999</u>			<u>1998</u>
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>Actual</u>
Civil defense:				
Personal services	1,427	1,417	10	3,535
Other services and charges	<u>3,135</u>	<u>2,426</u>	<u>709</u>	<u>9,503</u>
Total civil defense	<u>4,562</u>	<u>3,843</u>	<u>719</u>	<u>13,038</u>
Relief:				
Other services and charges	<u>6,460</u>	<u>6,340</u>	<u>120</u>	<u>54,965</u>
Post office:				
Other services and charges	<u>-</u>	<u>8,083</u>	<u>(8,083)</u>	<u>-</u>
Emergency preparedness:				
Other services and charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,598</u>
	<u>\$ 2,149,419</u>	<u>\$ 2,167,828</u>	<u>\$ (18,409)</u>	<u>\$ 2,181,773</u>

See accompanying notes to financial statements

SPECIAL REVENUE FUNDS

SALES TAX FUND - to account for the collection of the 2 1/2% Sales and Use tax which is to be used for purposes specified by City ordinance #598.

CITY OF WESTLAKE, LOUISIANA
 SALES TAX SPECIAL REVENUE FUND

BALANCE SHEET
 June 30, 1999
 With Comparative Totals for June 30, 1998

<u>ASSETS</u>	<u>Totals</u>	
	<u>1999</u>	<u>1998</u>
Cash	<u>\$ 41,045</u>	<u>\$ 4,845</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	\$ -	\$ -
Fund balance:		
Unreserved:		
Designated for subsequent year's expenditures	<u>41,045</u>	<u>4,845</u>
Total liabilities and fund balance	<u>\$ 41,045</u>	<u>\$ 4,845</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
SALES TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1999
With Comparative Totals for Year Ended June 30, 1998

	1999		Variance Favorable (Unfavorable)	1998
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 1,138,276	\$ 1,501,320	\$ 363,044	\$ 1,337,477
Interest	-	1,772	1,772	1,435
Total revenues	1,138,276	1,503,092	364,816	1,338,912
Expenditures:				
General government	-	13,848	(13,848)	16,932
Excess of revenues over expenditures	1,138,276	1,489,244	350,968	1,321,980
Other financing (uses):				
Operating transfers out	1,138,276	1,453,044	(314,768)	1,357,399
Excess of revenues over expenditures and other uses	-	36,200	36,200	(35,419)
Fund balances at beginning of year	4,845	4,845	-	40,264
Fund balances at end of year	\$ 4,845	\$ 41,045	\$ 36,200	\$ 4,845

See accompanying notes to financial statements

DEBT SERVICE FUNDS

Debt Service Funds - to account for the payment of interest and principal on all general obligation debt. To account for the repayment of special assessment debt and the revenue provided through special assessment taxes.

CITY OF WESTLAKE, LOUISIANA
DEBT SERVICE FUND

COMPARATIVE BALANCE SHEET
June 30, 1999 and 1998

<u>ASSETS</u>	<u>1999</u>	<u>1998</u>
Cash	\$ 748,602	\$ 1,675,532
Special assessments-receivable-current	125,219	161,741
Special assessments-receivable-delinquent	13,913	17,971
Prepaid interest	<u>4,207</u>	<u>54,188</u>
Total assets	<u>\$ 891,941</u>	<u>\$ 1,909,432</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Due to other funds	\$ 651,625	\$ 1,774,553
Interest payable	<u>33,320</u>	<u>37,630</u>
Total liabilities	684,945	1,812,183
Fund balance:		
Reserved for special assessments	<u>206,996</u>	<u>97,249</u>
Total liabilities and fund balance	<u>\$ 891,941</u>	<u>\$ 1,909,432</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
DEBT SERVICE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE

Fiscal Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Revenues:		
Interest on investments	\$ 41,703	\$ 3,219
Miscellaneous income	<u> -</u>	<u>2,607</u>
Total revenues	<u>41,703</u>	<u>5,826</u>
Expenditures:		
Administrative charges	1,272	-
Principal retirement	330,000	-
Interest expense	<u>204,025</u>	<u>144,500</u>
Total expenditures	<u>535,297</u>	<u>144,500</u>
Excess (deficiency) of revenues over expenditures before transfers	(493,594)	(138,674)
Transfers in	<u>603,341</u>	<u>161,057</u>
Excess of revenues over expenditures	109,747	22,383
Fund balance at beginning of year	<u>97,249</u>	<u>74,866</u>
Fund balance at end of year	<u>\$ 206,996</u>	<u>\$ 97,249</u>

See accompanying notes to financial statements

CAPITAL PROJECTS FUNDS

General Capital Project Fund:

To account for the construction of improvements to water lines (replacement) and to replace all asphalt and shell roads with concrete;

To account for construction costs of new federal post office;

To account for construction of new municipal complex; and

To account for purchase, development and construction of Olin and North Westlake properties.

CITY OF WESTLAKE, LOUISIANA
CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET
June 30, 1999
With Comparative Totals for June 30, 1998

<u>ASSETS</u>	<u>1999</u>	<u>1998</u>
Cash	\$ 782,963	\$ 148,143
Investments	1,067,982	1,489,058
Due from other funds	<u>1,216,416</u>	<u>1,762,552</u>
Total assets	<u>\$ 3,067,361</u>	<u>\$ 3,399,753</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 33,227	\$ 355,003
Deferred revenues	118,878	119,878
Due to other funds	<u>196,362</u>	<u>-</u>
Total liabilities	348,467	474,881
Fund balance:		
Designated for construction	<u>2,718,894</u>	<u>2,924,872</u>
Total liabilities and fund balance	<u>\$ 3,067,361</u>	<u>\$ 3,399,753</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended June 30, 1999
With Comparative Totals for Year Ended June 30, 1998

	<u>1999</u>	<u>1998</u>
Revenues:		
Distribution-gaming industry	\$ 1,993,932	\$ 1,824,771
Rental income	-	6,309
Federal emergency assistance	350,249	-
Investment income	<u>53,039</u>	<u>164,219</u>
Total revenues	<u>2,397,220</u>	<u>1,995,299</u>
Expenditures:		
North Westlake property	224,394	569,971
Radio system for city	-	224,211
Federal post office	15,912	390,362
Municipal complex	872,734	997,837
Water, street, fire	-	53,932
Gas department expenditures	-	1,050
Olin property purchase	-	2,518,478
Construction/Street Improvement	1,352,720	443,776
Construction/Holly Hill Circle	18,102	822,975
Construction supplies-streets and water	12,800	115,125
Administrative costs-CDBG	-	26
Administrative costs	<u>2,038</u>	<u>5,686</u>
Total expenditures	<u>2,498,700</u>	<u>6,143,429</u>
(Deficiency) of revenues over expenditures before transfers	<u>(101,480)</u>	<u>(4,148,130)</u>
Other financing sources (uses):		
Proceeds from bond sale	-	4,250,000
Transfers in	648,962	572,704
Transfers out	<u>(753,460)</u>	<u>(325,508)</u>
Total other financing sources (uses)	<u>(104,498)</u>	<u>4,497,196</u>
Excess (deficiency) of revenues over expenditures	(205,978)	349,066
Fund balance at beginning of year	<u>2,924,872</u>	<u>2,575,806</u>
Fund balance at end of year	<u>\$ 2,718,894</u>	<u>\$ 2,924,872</u>

See accompanying notes to financial statements

ENTERPRISE FUND

GAS UTILITY FUND - to account for the natural gas service to the residents of the City and some residents of the parish. 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, billing and collection.

WATER AND SEWER FUND - to account for water and sewer services to the residents of the City and some residents of the parish. 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, billing and collections.

DATA PROCESSING FUND - to account for computer billing and meter reading for customers which are composed of six neighboring municipalities or governmental units and the City of Westlake. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, billing and collection.

CITY OF WESTLAKE, LOUISIANA
ENTERPRISE FUNDS

COMBINING BALANCE SHEET
June 30, 1999
With Comparative Totals for June 30, 1998

<u>ASSETS</u>	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>
Current assets:		
Cash	\$ 142,219	\$ 99,165
Investments	78,407	848,471
Accounts receivable	144,824	76,290
Prepaid insurance	33,873	17,368
Due from other funds	126,646	539,739
Inventory, at cost	<u>10,587</u>	<u>2,670</u>
Total current assets	<u>536,556</u>	<u>1,583,703</u>
Restricted assets, cash and investments:		
Customers' deposits	111,389	27,566
Revenue bond redemption account	-	-
Revenue bond reserve account	<u>-</u>	<u>-</u>
Total restricted assets	<u>111,389</u>	<u>27,566</u>
Property, plant and equipment:		
Land	-	54,429
Production and distribution system	2,134,281	11,971,681
Buildings	42,673	-
Machinery, equipment and vehicles	<u>265,378</u>	<u>261,484</u>
	2,442,332	12,287,594
Less accumulated depreciation	<u>1,371,437</u>	<u>5,331,503</u>
Net property, plant and equipment	<u>1,070,895</u>	<u>6,956,091</u>
Other assets:		
Unamortized loan expense, net of accumulated amortization	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,718,840</u>	<u>\$ 8,567,360</u>

Data Processing Fund	Totals	
	1999	1998
\$ -	\$ 241,384	\$ 60,085
169,882	1,096,760	985,642
-	221,114	232,654
5,898	57,139	47,519
52,009	718,394	617,324
-	13,257	13,332
<u>227,789</u>	<u>2,348,048</u>	<u>1,956,556</u>
-	138,955	135,624
-	-	54,843
-	-	63,359
-	<u>138,955</u>	<u>253,826</u>
-	54,429	54,429
-	14,105,962	13,433,012
50,711	93,384	93,384
<u>438,850</u>	<u>965,712</u>	<u>929,960</u>
489,561	15,219,487	14,510,785
<u>343,017</u>	<u>7,045,957</u>	<u>6,638,471</u>
<u>146,544</u>	<u>8,173,530</u>	<u>7,872,314</u>
-	-	538
<u>\$ 374,333</u>	<u>\$ 10,660,533</u>	<u>\$ 10,083,234</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA
ENTERPRISE FUNDS

COMBINING BALANCE SHEET
June 30, 1999
With Comparative Totals for June 30, 1998
(Continued)

<u>LIABILITIES AND FUND EQUITY</u>	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>
Current liabilities (payable from current assets):		
Bank overdraft	\$ -	\$ -
Accounts payable	4,100	16,975
Due to other funds	<u>921,339</u>	<u>540,470</u>
Total current liabilities (payable from current assets)	<u>925,439</u>	<u>557,445</u>
Current liabilities (payable from restricted assets):		
Current portion of revenue bonds	-	-
Matured revenue bond interest	-	-
Customer deposits	<u>107,500</u>	<u>16,658</u>
Total current liabilities (payable from restricted assets)	<u>107,500</u>	<u>16,658</u>
Total liabilities	<u>1,032,939</u>	<u>574,103</u>
Fund equity:		
Contributed capital	<u>107,815</u>	<u>6,587,230</u>
Retained earnings:		
Reserved for revenue bond retirement	-	-
Unreserved	<u>578,086</u>	<u>1,406,027</u>
Total retained earnings	<u>578,086</u>	<u>1,406,027</u>
Total fund equity	<u>685,901</u>	<u>7,993,257</u>
Total liabilities and fund equity	<u>\$ 1,718,840</u>	<u>\$ 8,567,360</u>

See accompanying notes to financial statements

Data Processing Fund	Totals	
	1999	1998
\$ 13,765	\$ 13,765	\$ -
632	21,707	164,349
<u>101,843</u>	<u>1,563,652</u>	<u>807,864</u>
<u>116,240</u>	<u>1,599,124</u>	<u>972,213</u>
-	-	53,000
-	-	512
<u>-</u>	<u>124,158</u>	<u>113,019</u>
<u>-</u>	<u>124,158</u>	<u>166,531</u>
<u>116,240</u>	<u>1,723,282</u>	<u>1,138,744</u>
<u>118,131</u>	<u>6,813,176</u>	<u>6,905,434</u>
-	-	64,690
<u>139,962</u>	<u>2,124,075</u>	<u>1,974,366</u>
<u>139,962</u>	<u>2,124,075</u>	<u>2,039,056</u>
<u>258,093</u>	<u>8,937,251</u>	<u>8,944,490</u>
<u>\$ 374,333</u>	<u>\$ 10,660,533</u>	<u>\$ 10,083,234</u>

CITY OF WESTLAKE, LOUISIANA
ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
Year Ended June 30, 1999
With Comparative Totals for Year Ended June 30, 1998

	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>
Operating revenues:		
Charges for services	<u>\$ 1,398,280</u>	<u>\$ 763,300</u>
Operating expenses:		
Personal services	305,796	168,045
Contractual services	66,963	5,000
Supplies and other expenses	273,434	361,385
Heat, light and power	7,885	58,203
Natural gas for resale	495,131	-
Depreciation and amortization	<u>99,272</u>	<u>289,443</u>
Total operating expenses	<u>1,248,481</u>	<u>882,076</u>
Operating income (loss)	<u>149,799</u>	<u>(118,776)</u>
Nonoperating revenues (expenses):		
Tap fees	3,789	5,185
Investment income	12,976	39,930
Miscellaneous	2,722	-
Interest and fiscal charges	<u>(1,025)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>18,462</u>	<u>45,115</u>
Income (loss) before operating transfers	168,261	(73,661)
Operating transfers in (out)	<u>(284,700)</u>	<u>203,426</u>
Net income (loss)	(116,439)	129,765
Retained earnings at beginning of year	670,920	1,207,609
Add (subtract):		
Depreciation on fixed assets acquired with federal and state grants	<u>23,605</u>	<u>68,653</u>
Retained earnings at end of year	<u>\$ 578,086</u>	<u>\$ 1,406,027</u>

See accompanying notes to financial statements

Data Processing Fund	Totals	
	1999	1998
<u>\$ 107,025</u>	<u>\$ 2,268,605</u>	<u>\$ 2,500,498</u>
76,767	550,608	623,882
-	71,963	76,795
30,893	665,712	619,184
7,028	73,116	70,567
-	495,131	624,972
<u>48,217</u>	<u>436,932</u>	<u>415,030</u>
<u>162,905</u>	<u>2,293,462</u>	<u>2,430,430</u>
<u>(55,880)</u>	<u>(24,857)</u>	<u>70,068</u>
-	8,974	11,530
35,295	88,201	111,736
20	2,742	4,525
-	(1,025)	(4,060)
<u>35,315</u>	<u>98,892</u>	<u>123,731</u>
(20,565)	74,035	193,799
<u>-</u>	<u>(81,274)</u>	<u>186,078</u>
(20,565)	(7,239)	379,877
160,527	2,039,056	1,567,678
<u>-</u>	<u>92,258</u>	<u>91,501</u>
<u>\$ 139,962</u>	<u>\$ 2,124,075</u>	<u>\$ 2,039,056</u>

CITY OF WESTLAKE, LOUISIANA
ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 1999

	Gas Fund	Water and Sewer Fund	Data Processing Fund	Totals	
				1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 1,392,869	\$ 779,751	\$ 107,025	\$ 2,279,645	\$ 2,521,066
Cash payments to suppliers for goods and services	(891,686)	(523,146)	(18,385)	(1,433,217)	(1,299,489)
Cash payments to employees for services	(305,796)	(168,045)	(76,767)	(550,608)	(623,882)
Net cash provided by (used in) operating activities	<u>195,387</u>	<u>88,560</u>	<u>11,873</u>	<u>295,820</u>	<u>597,695</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Net operating transfers in (out)	(284,700)	203,426	-	(81,274)	186,078
Tap fees received	3,789	5,185	-	8,974	7,050
Other nonoperating income	<u>2,722</u>	<u>-</u>	<u>20</u>	<u>2,742</u>	<u>9,005</u>
Net cash provided by (used in) noncapital financing activities	<u>(278,189)</u>	<u>208,611</u>	<u>20</u>	<u>(69,558)</u>	<u>202,133</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal received from other funds, contributed capital	252,832	419,631	-	672,463	-
Principal payments to other funds	-	-	(17,745)	(17,745)	(626,773)
Principal paid on revenue bond maturities and equipment contracts	(53,000)	-	-	(53,000)	(51,000)
Acquisition and construction of fixed assets	(68,629)	(638,455)	(31,456)	(738,540)	(1,597,425)
Proceeds from sale of assets	-	-	930	930	-
Interest paid on revenue bonds and equipment contracts	<u>(1,025)</u>	<u>-</u>	<u>-</u>	<u>(1,025)</u>	<u>(4,060)</u>
Net cash provided by (used in) capital and related financing activities	<u>130,178</u>	<u>(218,824)</u>	<u>(48,271)</u>	<u>(136,917)</u>	<u>(2,279,258)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Investment income	<u>12,976</u>	<u>39,930</u>	<u>35,295</u>	<u>88,201</u>	<u>111,736</u>
Net increase (decrease) in cash and cash equivalents	60,352	118,277	(1,083)	177,546	(1,367,694)
Cash and cash equivalents:					
Beginning of year	<u>271,663</u>	<u>856,925</u>	<u>170,965</u>	<u>1,299,553</u>	<u>2,667,247</u>
End of year	<u>\$ 332,015</u>	<u>\$ 975,202</u>	<u>\$ 169,882</u>	<u>\$ 1,477,099</u>	<u>\$ 1,299,553</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA
ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 1999
(Continued)

	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Data Processing Fund</u>	<u>Totals</u>	
				<u>1999</u>	<u>1998</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED OPERATING ACTIVITIES					
Operating income (loss)	\$ 149,799	\$ (118,776)	\$ (55,880)	\$ (24,857)	\$ 70,068
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	99,272	289,443	48,217	436,932	415,030
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(5,161)	16,701	-	11,540	13,155
(Increase) decrease in inventory	148	(73)	-	75	(250)
(Increase) decrease in prepaid insurance	(14,184)	(2,573)	7,137	(9,620)	(250)
Increase in bank overdraft	-	-	13,765	13,765	-
(Decrease) in accounts payable	<u>(34,487)</u>	<u>(96,162)</u>	<u>(1,366)</u>	<u>(132,015)</u>	<u>99,942</u>
 Net cash provided by operating activities	 <u>\$ 195,387</u>	 <u>\$ 88,560</u>	 <u>\$ 11,873</u>	 <u>\$ 295,820</u>	 <u>\$ 597,695</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
ENTERPRISE FUNDS

COMBINING STATEMENT OF CHANGES IN CONTRIBUTED CAPITAL
Years Ended June 30, 1999 and 1998

	<u>Gas</u> <u>Fund</u>	<u>Water and</u> <u>Sewer</u> <u>Fund</u>	<u>Data</u> <u>Processing</u> <u>Fund</u>	<u>1999</u>	<u>1998</u>
Contributed capital, beginning of year	\$ 131,420	\$ 6,655,883	\$ 118,131	\$ 6,905,434	\$ 6,941,953
Contributions from other sources	-	-	-	-	54,982
Depreciation on fixed assets acquired with federal and state grants	<u>23,605</u>	<u>68,653</u>	<u>-</u>	<u>92,258</u>	<u>(91,501)</u>
Contributed capital, end of year	<u>\$ 107,815</u>	<u>\$ 6,587,230</u>	<u>\$ 118,131</u>	<u>\$ 6,813,176</u>	<u>\$ 6,905,434</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
GAS UTILITY FUND

COMPARATIVE BALANCE SHEET
June 30, 1999 and 1998

<u>ASSETS</u>	<u>1999</u>	<u>1998</u>
Current assets:		
Cash	\$ 142,219	\$ 37,435
Investments	78,407	6,402
Accounts receivable	144,824	139,663
Prepaid insurance	33,873	19,689
Due from other funds	126,646	135,557
Inventory, at cost	<u>10,587</u>	<u>10,735</u>
Total current assets	<u>536,556</u>	<u>349,481</u>
Restricted assets, cash, and investments:		
Customer deposits	111,389	109,624
Revenue bond redemption account	-	54,843
Revenue bond reserve account	<u>-</u>	<u>63,359</u>
Total restricted assets, cash, and investments	<u>111,389</u>	<u>227,826</u>
Property, plant and equipment:		
Production and distribution system	2,134,281	2,094,656
Buildings	42,673	42,673
Machinery	<u>265,378</u>	<u>237,798</u>
	2,442,332	2,375,127
Less accumulated depreciation	<u>1,371,437</u>	<u>1,274,126</u>
Net property, plant and equipment	<u>1,070,895</u>	<u>1,101,001</u>
Other assets:		
Unamortized loan expense, net of accumulated amortization	<u>-</u>	<u>538</u>
Total assets	<u>\$ 1,718,840</u>	<u>\$ 1,678,846</u>

See accompanying notes to financial statements

<u>LIABILITIES AND FUND EQUITY</u>	<u>1999</u>	<u>1998</u>
Current liabilities (payable from current assets):		
Accounts payable	\$ 4,100	\$ 43,444
Due to other funds	<u>921,339</u>	<u>677,419</u>
Total current liabilities (payable from current assets)	<u>925,439</u>	<u>720,863</u>
Current liabilities (payable from restricted assets):		
Current portion of revenue bonds	-	53,000
Matured revenue bond interest	-	512
Customer deposits	<u>107,500</u>	<u>102,131</u>
Total current liabilities (payable from restricted assets)	<u>107,500</u>	<u>155,643</u>
 Total liabilities	 <u>1,032,939</u>	 <u>876,506</u>
Fund equity:		
Contributed capital-municipality	<u>107,815</u>	<u>131,420</u>
Retained earnings:		
Reserved for revenue bond retirement	-	64,690
Unreserved	<u>578,086</u>	<u>606,230</u>
	<u>578,086</u>	<u>670,920</u>
 Total fund equity	 <u>685,901</u>	 <u>802,340</u>
 Total liabilities and fund equity	 <u>\$ 1,718,840</u>	 <u>\$ 1,678,846</u>

CITY OF WESTLAKE, LOUISIANA
GAS UTILITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
Years Ended June 30, 1999 and 1998

	1999	1998
Operating revenues:		
Charges for services	\$ 1,398,280	\$ 1,596,126
Operating expenses:		
Personal services	305,796	322,010
Contractual services	66,963	71,415
Supplies and other expenses	273,434	185,494
Heat, light and power	7,885	6,987
Natural gas for resale	495,131	624,972
Depreciation and amortization	99,272	72,664
Total operating expenses	1,248,481	1,283,542
Operating income	149,799	312,584
Nonoperating revenues (expenses):		
Tap fees	3,789	4,480
Investment income	12,976	17,200
Miscellaneous revenues	2,722	4,525
Interest and fiscal charges	(1,025)	(4,060)
Total nonoperating revenues (expenses)	18,462	22,145
Income before operating transfers	168,261	334,729
Operating transfers (out)	(284,700)	-
Net income (loss)	(116,439)	334,729
Retained earnings at beginning of year	670,920	312,586
Depreciation on fixed assets acquired with federal and state grants	23,605	23,605
Retained earnings at end of year	\$ 578,086	\$ 670,920

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
GAS UTILITY FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,392,869	\$ 1,615,367
Cash payments to suppliers for goods and services	(891,686)	(888,648)
Cash payments to employees for services	<u>(305,796)</u>	<u>(322,010)</u>
Net cash provided by operating activities	<u>195,387</u>	<u>404,709</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Other nonoperating income	6,511	9,005
Operating transfer in (out) to other funds	<u>(284,700)</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>(278,189)</u>	<u>9,005</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Loan to (from) other funds	252,832	(476,796)
Principal paid on revenue bond maturities and equipment contracts	(53,000)	(51,000)
Interest paid on revenue bonds	(1,025)	(4,060)
Acquisition and construction of fixed assets	<u>(68,629)</u>	<u>(7,196)</u>
Net cash provided by (used in) capital and related financing activities	<u>130,178</u>	<u>(539,052)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Investment income	<u>12,976</u>	<u>17,200</u>
Net increase (decrease) in cash and cash equivalents	60,352	(108,138)
Cash and cash equivalents:		
Beginning of year	<u>271,663</u>	<u>379,801</u>
End of year	<u>\$ 332,015</u>	<u>\$ 271,663</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA
GAS UTILITY FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended June 30, 1999 and 1998
(Continued)

	1999	1998
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 149,799	\$ 312,584
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	99,272	72,664
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(5,161)	19,490
(Increase) decrease in inventory	148	(125)
(Increase) in prepaid insurance	(14,184)	(125)
Increase (decrease) in accounts payable	(34,487)	221
Net cash provided by operating activities	\$ 195,387	\$ 404,709

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
GAS UTILITY FUND

COMPARATIVE STATEMENT OF OPERATING EXPENSES BY DEPARTMENT
Years Ended June 30, 1999 and 1998

	1999	1998
General and administrative:		
Personal services	\$ 164,382	\$ 169,010
Contractual services	66,963	71,415
Supplies and other expenses	55,116	85,244
Heat, light and power	7,885	6,987
Depreciation and amortization	538	538
Total general and administrative	294,884	333,194
Production:		
Personal services	141,414	153,000
Supplies and other expenses	218,318	100,251
Natural gas for resale	495,131	624,972
Depreciation	98,734	72,125
Total production	953,597	950,348
Total operating expenses	\$ 1,248,481	\$ 1,283,542

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
WATER AND SEWER FUND

Exhibit M-1

COMPARATIVE BALANCE SHEET
June 30, 1999 and 1998

<u>ASSETS</u>	<u>1999</u>	<u>1998</u>
Current assets:		
Cash	\$ 99,165	\$ 16,626
Investments	848,471	814,299
Accounts receivable	76,290	92,991
Prepaid insurance	17,368	14,795
Due from other funds	539,739	440,683
Inventory, at cost	<u>2,670</u>	<u>2,597</u>
Total current assets	<u>1,583,703</u>	<u>1,381,991</u>
Restricted assets, cash, and investments:		
Customer deposits	<u>27,566</u>	<u>26,000</u>
Property, plant and equipment:		
Land	54,429	54,429
Production and distribution system	11,971,681	11,338,356
Machinery, equipment and vehicles	<u>261,484</u>	<u>283,218</u>
	12,287,594	11,676,003
Less accumulated depreciation	<u>5,331,503</u>	<u>5,068,925</u>
Net property, plant and equipment	<u>6,956,091</u>	<u>6,607,078</u>
Total assets	<u>\$ 8,567,360</u>	<u>\$ 8,015,069</u>
 <u>LIABILITIES AND FUND EQUITY</u>	 <u>1999</u>	 <u>1998</u>
Current liabilities (payable from current assets):		
Accounts payable	\$ 16,975	\$ 118,907
Due to other funds	<u>540,470</u>	<u>21,782</u>
Total current liabilities (payable from current assets)	557,445	140,689
Current liabilities (payable from restricted assets):		
Customer deposits	<u>16,658</u>	<u>10,888</u>
Total liabilities	574,103	151,577
Fund equity:		
Contributed capital-municipality	6,587,230	6,655,883
Retained earnings:		
Unreserved	<u>1,406,027</u>	<u>1,207,609</u>
Total liabilities and fund equity	<u>\$ 8,567,360</u>	<u>\$ 8,015,069</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Charges for services	\$ 763,300	\$ 794,319
Operating expenses:		
Personal services	168,045	227,484
Contractual services	5,000	5,380
Supplies and other expenses	361,385	410,319
Heat, light and power	58,203	56,523
Depreciation	<u>289,443</u>	<u>290,096</u>
Total operating expenses	<u>882,076</u>	<u>989,802</u>
Operating (loss)	<u>(118,776)</u>	<u>(195,483)</u>
Nonoperating revenues (expenses):		
Tap fees	5,185	7,050
Investment income	<u>39,930</u>	<u>83,954</u>
Total nonoperating revenues (expenses)	<u>45,115</u>	<u>91,004</u>
(Loss) before operating transfers	(73,661)	(104,479)
Operating transfers in (out)	<u>203,426</u>	<u>186,078</u>
Net income (loss)	129,765	81,599
Retained earnings at beginning of year	1,207,609	1,058,114
Depreciation on fixed assets acquired with federal and state grants	<u>68,653</u>	<u>67,896</u>
Retained earnings at end of year	<u>\$ 1,406,027</u>	<u>\$ 1,207,609</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 779,751	\$ 795,646
Cash payments to suppliers for goods and services	(523,146)	(374,499)
Cash payments to employees for services	<u>(168,045)</u>	<u>(227,484)</u>
Net cash provided by operating activities	<u>88,560</u>	<u>193,663</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	203,426	186,078
Tap fees received	<u>5,185</u>	<u>7,050</u>
Net cash provided by noncapital financing activities	<u>208,611</u>	<u>193,128</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(638,455)	(1,555,709)
Principal received from other funds, contributed capital	<u>419,631</u>	<u>(131,469)</u>
Net cash (used in) capital and related financing activities	<u>(218,824)</u>	<u>(1,687,178)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>39,930</u>	<u>83,954</u>
Net increase (decrease) in cash and cash equivalents	118,277	(1,216,433)
Cash and cash equivalents:		
Beginning of year	<u>856,925</u>	<u>2,073,358</u>
End of year	<u>\$ 975,202</u>	<u>\$ 856,925</u>

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CITY OF WESTLAKE, LOUISIANA
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended June 30, 1999 and 1998
(Continued)

	1999	1998
RECONCILIATION OF OPERATING INCOME TO NET CASH (USED IN) OPERATING ACTIVITIES		
Operating (loss)	\$ (118,776)	\$ (195,483)
Adjustments to reconcile operating income to net cash (used in) operating activities:		
Depreciation	289,443	290,096
Changes in assets and liabilities:		
Decrease in accounts receivable	16,701	1,577
(Increase) in inventory	(73)	(125)
(Increase) in prepaid insurance	(2,573)	(125)
Increase (decrease) in accounts payable	(96,162)	97,723
Net cash provided by operating activities	\$ 88,560	\$ 193,663

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF OPERATING EXPENSES BY DEPARTMENT
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
General and administrative:		
Personal services	\$ 9,898	\$ 10,519
Contractual services	5,000	5,380
Supplies and other expenses	<u>10,982</u>	<u>22,027</u>
Total general and administrative	<u>25,880</u>	<u>37,926</u>
 Production:		
Personal services	158,147	216,966
Supplies and other expenses	350,563	388,307
Heat, light and power	58,043	56,507
Depreciation	<u>289,443</u>	<u>290,096</u>
Total production	<u>856,196</u>	<u>951,876</u>
 Total operating expenses	<u>\$ 882,076</u>	<u>\$ 989,802</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
DATA PROCESSING FUND

COMPARATIVE BALANCE SHEET
June 30, 1999 and 1998

<u>ASSETS</u>	<u>1999</u>	<u>1998</u>
Current assets:		
Cash	\$ -	\$ 6,024
Investments	169,882	164,941
Prepaid expenses	5,898	13,035
Due from other funds	<u>52,009</u>	<u>41,084</u>
Total current assets	<u>227,789</u>	<u>225,084</u>
Property, plant and equipment:		
Computer programs and equipment	394,200	364,294
Vehicles	23,577	23,577
Office equipment	21,073	21,073
Building	<u>50,711</u>	<u>50,711</u>
	489,561	459,655
Less accumulated depreciation	<u>343,017</u>	<u>295,420</u>
Net property, plant and equipment	<u>146,544</u>	<u>164,235</u>
 Total assets	 <u>\$ 374,333</u>	 <u>\$ 389,319</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Current liabilities (payable from current assets):		
Bank overdraft	\$ 13,765	\$ -
Accounts payable	632	1,998
Due to other funds	<u>101,843</u>	<u>108,663</u>
Total current liabilities (payable from current assets)	<u>116,240</u>	<u>110,661</u>
Fund equity:		
Contributed capital - municipality	118,131	118,131
Retained earnings - unreserved	<u>139,962</u>	<u>160,527</u>
Total fund equity	<u>258,093</u>	<u>278,658</u>
 Total liabilities and fund equity	 <u>\$ 374,333</u>	 <u>\$ 389,319</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
DATA PROCESSING FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Charges for services	\$ <u>107,025</u>	\$ <u>110,053</u>
Operating expenses:		
Personal services	76,767	74,388
Supplies and other expenses	30,893	23,371
Heat, light and power	7,028	7,057
Depreciation and amortization	<u>48,217</u>	<u>52,270</u>
Total operating expenses	<u>162,905</u>	<u>157,086</u>
Operating (loss)	<u>(55,880)</u>	<u>(47,033)</u>
Nonoperating revenues (expenses):		
Investment income	35,295	10,582
Gain on sale of equipment	<u>20</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>35,315</u>	<u>10,582</u>
Net (loss)	(20,565)	(36,451)
Retained earnings at beginning of year	<u>160,527</u>	<u>196,978</u>
Retained earnings at end of year	<u>\$ 139,962</u>	<u>\$ 160,527</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
DATA PROCESSING FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 107,025	\$ 110,053
Cash payments to suppliers for goods and services	(18,385)	(36,342)
Cash payments to employees for services	<u>(76,767)</u>	<u>(74,388)</u>
Net cash provided by (used in) operating activities	<u>11,873</u>	<u>(677)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Miscellaneous nonoperating income	<u>20</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal received from (paid to) other funds	(17,745)	(18,508)
Fixed asset acquisitions	(31,456)	(34,520)
Proceeds from sale of assets	<u>930</u>	<u>-</u>
Net cash (used in) capital and related financing activities	<u>(48,271)</u>	<u>(53,028)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>35,295</u>	<u>10,582</u>
Net (decrease) in cash and cash equivalents	(1,083)	(43,123)
Cash and cash equivalents:		
Beginning of year	<u>170,965</u>	<u>214,088</u>
End of year	<u>\$ 169,882</u>	<u>\$ 170,965</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA
DATA PROCESSING FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended June 30, 1999 and 1998
(Continued)

	1999	1998
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating (loss)	\$ (55,880)	\$ (47,033)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	48,217	52,270
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable, prepaid, inventory	7,137	(7,912)
Increase in bank overdraft	13,765	-
Increase (decrease) in accounts payable	(1,366)	1,998
Net cash provided by (used in) operating activities	\$ 11,873	\$ (677)

See accompanying notes to financial statements

**GENERAL FIXED ASSETS
ACCOUNT GROUP**

To account for fixed assets not used in
proprietary fund operations.

CITY OF WESTLAKE, LOUISIANA

COMPARATIVE STATEMENT OF GENERAL FIXED ASSETS
BY SOURCES
June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
General fixed assets, at cost:		
Land, land improvements	\$ 3,578,553	\$ 3,578,553
Building	5,144,192	2,870,919
Equipment	1,711,923	1,597,017
Construction in progress	<u>223,389</u>	<u>-</u>
Total general fixed assets	<u>\$ 10,658,057</u>	<u>\$ 8,046,489</u>
Investment in general fixed assets:		
General Fund revenues	\$ 9,535,118	\$ 6,923,550
Special Revenue Fund revenues	767,148	767,148
Special Assessments	89,826	89,826
Grant proceeds	1,538	1,538
Public donation	<u>264,427</u>	<u>264,427</u>
Total investment in general fixed assets	<u>\$ 10,658,057</u>	<u>\$ 8,046,489</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Year Ended June 30, 1999

	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Construction In Progress</u>
General fixed assets, beginning of year	\$ 8,046,489	\$ 3,578,553	\$ 2,870,919	\$ 1,597,017	\$ -
Additions:					
General fund revenue	2,641,613	-	2,273,273	144,951	223,389
Deletions:					
General fund revenue	<u>30,045</u>	<u>-</u>	<u>-</u>	<u>30,045</u>	<u>-</u>
General fixed assets, end of year	<u>\$ 10,658,057</u>	<u>\$ 3,578,553</u>	<u>\$ 5,144,192</u>	<u>\$ 1,711,923</u>	<u>\$ 223,389</u>

See accompanying notes to financial statements

**GENERAL LONG-TERM DEBT
ACCOUNT GROUP**

To account for long-term debt not used in
proprietary fund operations.

CITY OF WESTLAKE, LOUISIANA

COMPARATIVE STATEMENT OF GENERAL LONG-TERM DEBT
 BY SOURCES
 June 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT		
Amount available in debt service fund for debt retirement	\$ 206,996	\$ 97,249
Amount to be provided for retirement of long-term debt - river boat development fees	<u>3,713,004</u>	<u>4,152,751</u>
	<u>\$ 3,920,000</u>	<u>\$ 4,250,000</u>
GENERAL LONG-TERM DEBT PAYABLE		
General obligation bonds - certificates of indebtedness	<u>\$ 3,920,000</u>	<u>\$ 4,250,000</u>
See accompanying notes to financial statements		

SUPPORTING SCHEDULE

CITY OF WESTLAKE, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION-
YEAR 2000 SUPPLEMENTARY INFORMATION

June 30, 1999

See Independent Auditors' Report

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year ended December 31, 1999.

The City has recognized the potential for problems that may be presented for certain technological systems on and after January 1, 2000. A strategic plan was developed and implemented to address Year 2000 compliance modifications to technical systems owned and used by the City. New Year 2000 compliant computer hardware and software systems have been purchased to handle all accounting and office functions. Other areas containing date sensitive chips have also been tested for compliance. As of October, 1999 the City had completed installation and testing of its systems.

Because of the unprecedented nature of the Year 2000 issue, the effects of the Year 2000 issue and the success of related remediation efforts cannot be absolutely determined until January 1, 2000, and therefore, management has taken every possible action within its control to implement and verify Year 2000 compatibility. No one can anticipate all the possible associated with Year 2000 incompatibilities of the various agencies and vendors with which the City must, by virtue of their business, have contact, and although the City has made all remediation efforts within its control, the success of the remediation efforts cannot be verified until such time as full interaction and verification is made as a result of cooperation with the various agencies and vendors in the Year 2000.

CITY OF WESTLAKE, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO MAYOR AND CITY COUNCIL MEMBERS
 Years Ended June 30, 1999 and 1998

<u>Name and Title</u>	<u>Compensation</u>	
	<u>1999</u>	<u>1998</u>
Dudley R. Dixon, Mayor	\$ 40,959	\$ 40,951
Mr. Percy Meche, Councilman, Mayor Pro-Tem	-	2,379
Mrs. Alma G. Meche, Councilman	2,109	2,250
Mr. Gerald Washington, Councilman, Mayor Pro-Tem	6,037	5,040
Mr. Carl Chisholm, Councilman	2,109	4,078
Mr. Charles Harold McMillin, Councilman	4,359	4,078
Mr. John Cradure, Councilman	4,218	4,078
Mr. Daniel Cupit, Councilman	2,250	-
Mr. Walter Hayes, Councilman	2,250	-

COMPLIANCE, INTERNAL CONTROL REPORTS

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800 Kirby Street • P.O. Box 3070 • Lake Charles, LA 70602-3070
318 433-1063 • Fax 318 436-6618 • E-mail: mqb@iamerica.net

Carl W. Comeaux, CPA
Barbara Hutson Gonzales, CPA
Judson J. McCann Jr., CPA
Martin L. Chehotsky, CPA, CFT
Robert M. Gani, CPA
Tina L. Demarest, CPA



Mollie C. Broussard, CPA

Charles P. Quirk, CPA
Otray J. Woods Jr., CPA
Robert E. Cargile, CPA
William A. Mancuso, CPA

Charles I. McElroy, CPA (1917-1997)
Patrick J. Reddin, CPA (1926-1995)
Frank D. Burch, CPA (1921-1991)

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Dudley R. Dixon, Mayor
and City Council Members
Westlake, Louisiana

We have audited the financial statements of the City of Westlake, Louisiana as of and for the year ended June 30, 1999, and have issued our report thereon dated October 18, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Audit Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Westlake'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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described below in 99-1 and 99-2.

99-1 - Over the years the City has acquired a substantial amount of fixed assets, however, there is no specific detailed listing of individual assets as required by Louisiana law. A complete inventory of all City owned property, buildings, equipment and vehicles should be maintained by the City. A complete inventory should be taken of all City owned property, buildings, equipment and vehicles to specifically identify all fixed assets of the City. This procedure would require an inventory process, as well as tagging and identifying fixed assets by type and location. Management would need to adopt a capitalization policy to determine what dollar level of assets are to be accounted for. Once the inventory process is complete, it is recommended that a procedure be implemented to tag and identify new fixed assets as they are acquired to insure that the inventory process will not have to be repeated.

Management response - We concur with this recommendation. The City will take the necessary steps to begin the inventory process.

99-2 - It was noted during our review of investments that the City was invested in the Corporate Bond Fund and Government B Fund through New York Life. These investments are not invested totally in direct US Treasury obligations or various other investments issued or guaranteed by federal agencies which are backed by the full faith and credit of the United States of America. Management should review these investments to insure that they are in compliance with state law.

Management response - The City will review these investments to insure compliance and implement a policy to review all investments of the City.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Westlake's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Westlake's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described below:

Reportable conditions:

99-3 - Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control. Effective internal control requires adequate segregation of duties among client personnel. Without proper segregation of duties, errors within the financial records or fraud could go undetected. To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Management response - We concur with this recommendation. However, it is not cost effective to hire additional personnel to insure proper segregation of duties.

99-4 - It was noted during our review of accounts receivable for the utility funds that a significant portion of the utility receivables were not current. Accounts receivable should be kept current in order to limit the risk of loss to the City. A formal policy for delinquent accounts receivable should be

adopted and enforced. The policy should address collection, cutoff procedures, and opening and closing accounts. It is further recommended that a review of all accounts be made on a monthly basis and that proper actions be taken on delinquent accounts. Any accounts that are currently considered uncollectible should be written off.

Management response - We concur with this recommendation. Procedures will be developed to address this issue.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

We also noted other matters involving internal control and its operation that we have reported to the City in our report of management comments and suggestions.

This report is intended for the information of the City, management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Mc Elroy, Quirk & Burch

Lake Charles, Louisiana
October 18, 1999

CITY OF WESTLAKE, LOUISIANA

SCHEDULE OF PRIOR YEAR MANAGEMENT COMMENTS AND SUGGESTIONS
June 30, 1999

98-1 EXPENDITURES EXCEEDING APPROPRIATIONS

Condition: The expenditures exceeded appropriations in the general fund department of police by more than 5% for the year ending June 30, 1998.

Recommendation: Elected officials of the municipality need to advise the municipal governing authority in writing when the actual expenditures plus projected expenditures for the remainder of the year within their department exceed the total budgeted expenditures by 5% or more. They also need to make recommendations writing to the governing authority for responsive action. Future budgets need to be reviewed on a monthly basis by the appropriate department heads to insure that expenditures do not exceed appropriations.

Current status: There were no instances of expenditures exceeding appropriations by more than 5% for the year ending June 30, 1999.

98-2 AUDIT REPORT ISSUED AFTER STATUTORY DEADLINE

Condition: The City's audit report was not issued by the six month statutory issue date for the year ending June 30, 1998.

Recommendation: Steps should be taken to insure all audit reports be issued in a timely manner.

Current status: The audit report was issued in prior to the six month statutory issue date for the year ending June 30, 1999.

98-3 SEGREGATION OF DUTIES

Condition: Because of the entity's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Current status: See current year reportable conditions 99-3.

98-4 BANK RECONCILIATIONS

Condition: During our review of cash for the year ending June 30, 1998 it was noted that bank reconciliations were not being prepared on a timely basis.

Recommendation: Bank statements should be reconciled on a monthly basis and reviewed by appropriate management.

Current status: Bank reconciliations were performed timely for the year ending June 30, 1999.

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Carl W. Comeaux, CPA
Barbara Hutson Gonzales, CPA
Judson J. McCann Jr., CPA
Martin L. Chehotsky, CPA, CFE*
Robert M. Gani, CPA, MT**
Tina L. Demarest, CPA, CVA***
Mollie C. Broussard, CPA

* Certified Fraud Examiner
** Masters of Taxation
*** Certified Valuation Analyst



Charles P. Quirk, CPA, Retired
William A. Mancuso, CPA, Retired
Orray J. Woods Jr., CPA, Inactive
Robert F. Cargile, CPA, Inactive

Charles L. McElroy, CPA (1917-1997)
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Honorable Dudley R. Dixon, Mayor
and City Council Members
City of Westlake
Westlake, Louisiana

In planning and performing our audit of the financial statements of the City of Westlake, Louisiana, and the combining, individual fund and account group financial statements of the City as of June 30, 1999, and for the year then ended, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control structure.

In that connection, we present the following comments and suggestions for your consideration. This letter does not affect our report dated October 18, 1999, on the financial statements of the City of Westlake, Louisiana.

Utility Receivables - During our review of accounts receivable for the utility funds, it was noted that a significant portion of the utility receivables were not current. It is recommended that a formal policy for delinquent accounts receivable be adopted and enforced. The policy should address collection, cutoff procedures, writing off uncollectible accounts and opening and closing accounts. It is further recommended that a review of all accounts be made on a monthly basis and that proper actions be taken on delinquent accounts.

Management response - We concur with this recommendation. A formal policy for delinquent accounts receivable will be adopted and enforced which includes all of the items outlined above.

Interfund Payables and Receivables - During our review of the various interfund payables and receivables, it was noted that several funds had large receivables and payables. It is recommended that the interfund payables and receivables be liquidated in a timely manner.

Management response - We concur with this recommendation and interfund payables and receivables will be liquidated timely.

Capital Projects Fund - During our review of the Capital Projects Fund it was noted that there is only one fund for all projects. We recommend that a separate fund be set up for each significant project in order to provide better records of these larger projects.

Management response - We will set up a separate fund for all significant project in the future.

Fixed Assets - Over the years the City has acquired a substantial amount of fixed assets, however, there is no specific detailed listing of individual assets. It is recommended that a complete inventory of all City owned property, buildings, equipment and vehicles be conducted to specifically identify all fixed assets of the City. This procedure would require an inventory process, as well as tagging and identifying fixed assets by type and location. Management would need to adopt a capitalization policy to determine what dollar level of assets are to be accounted for. This procedure would be important for two reasons: first for insurance purposes to insure that in the event of a loss, assets can be specifically identified and second to improve controls over accountability of all City owned assets. Additionally, once the inventory process is complete, it is recommended that a procedure be implemented to tag and identify new fixed assets as they are acquired to insure that the inventory process will not have to be repeated.

Management response - We concur with this recommendation. We will begin the process of completing an inventory of fixed assets, however, this process will take some time to complete.

Accounting Procedures Manual - We noted that the City does not have an accounting procedures manual. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records. A well devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper, and that records are produced in the form desired by management. A good accounting manual should aid in the training of new employees and possibly allow for delegation to other employees of some accounting functions management performs. It will take some time and effort for management to develop a manual; however, we believe this time will be more than offset by time saved later in training and supervising accounting personnel. Also, in the process of the comprehensive review of existing accounting procedures for the purpose of developing the manual, management might discover procedures that can be eliminated or improved to make the system more efficient and effective.

Management response - We concur with the recommendation. During our training with the new computer software we have begun to document procedures that are performed during 1999, the process of drafting the accounting procedure manual has begun.

Investment securities - It was noted during our review of investments that the City was invested in the Corporate Bond Fund and Government B Fund through New York Life. These investments are not invested totally in direct US Treasury obligations or various other investments issued or guaranteed by federal agencies which are backed by the full faith and credit of the United States of America. Management should review these investments to insure that they are in compliance with state law.

Management response - The City will review these investments to insure compliance and implement a policy to review all investments of the City.

FINANCIAL CONDITION OF THE CITY

The following information will present a comparison of several areas of importance to the City. For the fiscal year under review, the City experienced an outstanding year of operations.

The City is very strong financially and should be able to continue this success for many years to come.

SUMMARY OF REVENUES AND EXPENSES
 Six Years Ended June 30, 1999, 1998, 1997, 1996, 1995 and 1994

	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
GAS FUND						
Revenues	\$ 1,398,280	\$ 1,596,126	\$ 1,542,039	\$ 1,875,087	\$ 1,494,036	\$ 1,729,383
Expenses	<u>1,248,481</u>	<u>1,283,542</u>	<u>1,279,736</u>	<u>1,274,537</u>	<u>996,921</u>	<u>1,183,379</u>
Operating income	149,799	312,584	262,303	600,550	497,115	546,004
Nonoperating revenue (expense)	<u>18,462</u>	<u>22,145</u>	<u>16,555</u>	<u>25,152</u>	<u>17,625</u>	<u>24,773</u>
Net income before transfers	168,261	334,729	280,451	625,702	514,740	570,777
Transfers	<u>(284,700)</u>	<u>-</u>	<u>(553,204)</u>	<u>(379,700)</u>	<u>(1,000,068)</u>	<u>(627,866)</u>
Net income (loss)	<u>\$ (116,439)</u>	<u>\$ 334,729</u>	<u>\$ (274,346)</u>	<u>\$ 246,002</u>	<u>\$ (485,328)</u>	<u>\$ (57,089)</u>

SUMMARY OF REVENUES AND EXPENSES
 Six Years Ended June 30, 1999, 1998, 1997, 1996, 1995 and 1994

	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
WATER FUND						
Revenues	\$ 763,300	\$ 794,319	\$ 723,011	\$ 707,064	\$ 551,103	\$ 553,859
Expenses	<u>882,076</u>	<u>989,802</u>	<u>1,017,583</u>	<u>914,783</u>	<u>948,971</u>	<u>890,331</u>
Operating (loss)	(118,776)	(195,483)	(294,572)	(207,719)	(397,868)	(336,472)
Nonoperating revenue	<u>45,115</u>	<u>91,004</u>	<u>126,470</u>	<u>105,757</u>	<u>76,896</u>	<u>61,441</u>
Net loss before transfers	(73,661)	(104,479)	(168,102)	(101,962)	(320,972)	(275,031)
Transfers	<u>203,426</u>	<u>186,078</u>	<u>130,643</u>	<u>191,109</u>	<u>397,553</u>	<u>189,142</u>
Net income (loss)	<u>\$ 129,765</u>	<u>\$ 81,599</u>	<u>\$ (37,459)</u>	<u>\$ 89,147</u>	<u>\$ 76,581</u>	<u>\$ (85,889)</u>
GENERAL FUND						
Revenues	\$ 1,361,312	\$ 1,034,641	\$ 1,017,555	\$ 1,028,351	\$ 1,006,444	\$ 989,608
Expenses	<u>2,167,828</u>	<u>2,181,773</u>	<u>2,571,926</u>	<u>1,960,520</u>	<u>1,928,820</u>	<u>1,697,008</u>
Excess (deficiency)	(806,516)	(1,147,132)	(1,554,371)	(932,169)	(922,376)	(707,400)
Transfers in	1,103,100	763,068	1,627,962	1,001,447	1,079,220	915,428
Transfers out	<u>(67,625)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency)	<u>\$ 228,959</u>	<u>\$ (384,064)</u>	<u>\$ 73,591</u>	<u>\$ 69,278</u>	<u>\$ 156,844</u>	<u>\$ 208,028</u>
CAPITAL PROJECTS						
Revenues	\$ 2,397,220	\$ 1,995,299	\$ 2,048,451	\$ 1,533,441	\$ 49,020	\$ 23,761
Expenses	<u>2,498,700</u>	<u>6,143,429</u>	<u>1,258,090</u>	<u>993,861</u>	<u>192,894</u>	<u>553,517</u>
Excess (deficiency)	(101,480)	(4,148,130)	790,361	539,580	(143,874)	(529,756)
Bond proceeds	-	4,250,000	-	-	-	-
Transfers in	648,962	572,704	727,286	806,526	476,837	476,704
Transfers out	<u>(753,460)</u>	<u>(325,508)</u>	<u>(672,085)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency)	<u>\$ (205,978)</u>	<u>\$ 349,066</u>	<u>\$ 55,201</u>	<u>\$ 1,346,106</u>	<u>\$ 332,963</u>	<u>\$ (53,052)</u>
SALES TAX RECEIPTS	<u>\$ 1,501,320</u>	<u>\$ 1,337,477</u>	<u>\$ 1,305,998</u>	<u>\$ 1,622,581</u>	<u>\$ 951,435</u>	<u>\$ 963,123</u>

SUMMARY OF UNRESERVED RETAINED EARNINGS/FUND BALANCE (GENERAL FUND)
 Six Years Ended June 30, 1999, 1998, 1997, 1996, 1995 and 1994

	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
GAS FUND	\$ 578,086	\$ 606,230	\$ 236,004	\$ 563,327	\$ 293,720	\$ 696,172
WATER FUND	\$ 1,406,027	\$ 1,207,609	\$ 1,058,114	\$ 1,005,260	\$ 825,800	\$ 657,919
GENERAL FUND	\$ 684,359	\$ 457,341	\$ 841,324	\$ 767,960	\$ 701,686	\$ 610,884

SUMMARY OF CASH AND INVESTMENTS
 Six Years Ended June 30, 1999, 1998, 1997, 1996, 1995 and 1994

	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
GAS FUND						
Cash	\$ 142,219	\$ 37,435	\$ 145,686	\$ 106,681	\$ 44,163	\$ 406,858
Investments	<u>78,407</u>	<u>6,402</u>	<u>6,120</u>	<u>5,707</u>	<u>166,660</u>	<u>154,276</u>
Total	<u>\$ 220,626</u>	<u>\$ 43,837</u>	<u>\$ 151,806</u>	<u>\$ 112,308</u>	<u>\$ 210,823</u>	<u>\$ 561,134</u>
WATER FUND						
Cash	\$ 99,165	\$ 16,626	\$ 16,290	\$ 183,399	\$ 51,798	\$ 89,346
Investments	<u>848,471</u>	<u>814,299</u>	<u>2,030,472</u>	<u>1,942,817</u>	<u>1,446,123</u>	<u>1,477,742</u>
Total	<u>\$ 947,636</u>	<u>\$ 830,925</u>	<u>\$ 2,046,762</u>	<u>\$ 2,126,216</u>	<u>\$ 1,497,921</u>	<u>\$ 1,567,088</u>
GENERAL FUND						
Cash	\$ 295,392	\$ 148,852	\$ 50,239	\$ 256,341	\$ 184,544	\$ 112,636
Investments	<u>85,519</u>	<u>82,649</u>	<u>85,836</u>	<u>80,169</u>	<u>56,712</u>	<u>53,202</u>
Total	<u>\$ 380,911</u>	<u>\$ 231,501</u>	<u>\$ 136,075</u>	<u>\$ 336,510</u>	<u>\$ 241,256</u>	<u>\$ 165,838</u>

Honorable Mayor and City Council
City of Westlake
Page 6

	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
CAPITAL PROJECTS FUND						
Cash	\$ 782,963	\$ 148,143	\$ 838,727	\$ 184,817	\$ 315,079	\$ 73,161
Investments	<u>1,067,982</u>	<u>1,489,058</u>	<u>1,728,005</u>	<u>1,494,874</u>	<u>35,496</u>	<u>-</u>
Total	<u>\$ 1,850,945</u>	<u>\$ 1,637,201</u>	<u>\$ 2,566,732</u>	<u>\$ 1,679,691</u>	<u>\$ 350,575</u>	<u>\$ 73,161</u>

Management response:

No response required.

This report is intended solely for the use of management and should not be used for any other purpose. We are available to discuss any questions you may have concerning the above items.

Ms Elroy, Quirk & Burch

Lake Charles, Louisiana
October 18, 1999