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CITY OF WESTLAKE, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 1998

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Release Date MAR 10 1999

CITY OF WESTLAKE, LOUISIANA

ANNUAL FINANCIAL REPORT  
Year Ended June 30, 1998

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CITY OF WESTLAKE, LOUISIANA

June 30, 1998

**MAYOR**

The Honorable Dudley R. Dixon  
Mrs. Alma G. "Peggy" Meche, Mayor Pro-Tempore

**CITY COUNCIL**

Mr. Carl "Skip" Chisholm  
Mr. John Cradure  
Mr. Hal McMillin

Mrs. Alma G. "Peggy" Meche  
Mr. Gerald "Wash" Washington

**LEGAL COUNSEL**

Mr. John Van Norman - City Attorney

**CITY CLERK**

Mrs. Holly Fontenot

# McELROY, QUIRK & BURCH

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



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

Mollie C. Broussard, CPA

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

## INDEPENDENT AUDITOR'S REPORT

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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, 1998, 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.

Except as discussed in the following paragraph, 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The City of Westlake has included such disclosures in Note 17. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the City of Westlake's disclosures with respect to the year 2000 issue made in Note 17. Further, we do not provide assurance that the City of Westlake is or will be year 2000 ready, that the City of Westlake's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City of Westlake does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, 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, 1998 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, 1998, 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.

As discussed in Note 1 to the financial statements, in 1998 the method of presenting investments has been changed.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 1998, 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.

*M: Elroy, Quind & Birch*

Lake Charles, Louisiana  
December 18, 1998

**COMBINED STATEMENTS - OVERVIEW**



CITY OF WESTLAKE, LOUISIANA

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS  
June 30, 1998

<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	\$ 148,852	\$ 4,845	\$ 1,675,532	\$ 148,143
Investments	82,649	-	-	1,489,058
Receivables:				
Accounts	154,338	-	-	-
Special assessments	-	-	179,712	-
Prepaid insurance, interest	69,192	-	54,188	-
Due from other funds (Note 6)	677,419	-	-	1,762,552
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	-	-	-	-
<b>Total assets</b>	<b><u>\$ 1,132,450</u></b>	<b><u>\$ 4,845</u></b>	<b><u>\$ 1,909,432</u></b>	<b><u>\$ 3,399,753</u></b>

Proprietary Fund Type	Account Groups		Totals	
	General	General	(Memorandum Only)	
	Fixed	Long-Term	1998	1997
Enterprise	Assets	Debt		
\$ 60,085	\$ -	\$ -	\$ 2,037,457	\$ 1,102,463
985,642	-	-	2,557,349	2,351,546
232,654	-	-	386,992	382,564
-	-	-	179,712	81,142
47,519	-	-	170,899	1,837,136
617,324	-	-	3,057,295	1,439,824
13,332	-	-	13,332	13,582
253,826	-	-	253,826	254,591
7,872,314	8,046,489	-	15,918,803	10,131,932
538	-	-	538	1,077
-	-	97,249	97,249	-
-	-	4,152,751	4,152,751	-
<u>\$ 10,083,234</u>	<u>\$ 8,046,489</u>	<u>\$ 4,250,000</u>	<u>\$ 28,826,203</u>	<u>\$ 17,595,857</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS  
 June 30, 1998  
 (Continued)

LIABILITIES, OTHER CREDITS AND FUND EQUITY	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities:				
Accounts payable	\$ 131,039	\$ -	\$ -	\$ 355,003
Payable from restricted assets:				
Accrued interest	-	-	37,630	-
Revenue bonds (Note 5)	-	-	-	-
Deposits	-	-	-	-
Deferred revenues	-	-	-	119,878
Due to other funds (Note 6)	474,878	-	1,774,553	-
General obligation bonds, notes payable (Note 5)	-	-	-	-
Total liabilities	<u>605,917</u>	<u>-</u>	<u>1,812,183</u>	<u>474,881</u>
Fund equity:				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Reserve for revenue bond retirement	-	-	-	-
Unreserved	-	-	-	-
Fund balance:				
Reserved for contingencies	-	-	-	-
Reserve for prepaid insurance	69,192	-	-	-
Unreserved:				
Designated for subsequent years expenditures	<u>457,341</u>	<u>4,845</u>	<u>97,249</u>	<u>2,924,872</u>
Total retained earnings/ fund balance	<u>526,533</u>	<u>4,845</u>	<u>97,249</u>	<u>2,924,872</u>
Total fund equity	<u>526,533</u>	<u>4,845</u>	<u>97,249</u>	<u>2,924,872</u>
Total liabilities and fund equity	<u>\$ 1,132,450</u>	<u>\$ 4,845</u>	<u>\$ 1,909,432</u>	<u>\$ 3,399,753</u>

See accompanying notes to financial statements

Proprietary Fund Type	Account Groups		Totals	
	General	General	(Memorandum Only)	
	Fixed Assets	Long-Term Debt	1998	1997
Enterprise				
\$ 164,349	\$ -	\$ -	\$ 650,391	\$ 323,863
512	-	-	38,142	1,005
53,000	-	-	53,000	50,000
113,019	-	-	113,019	118,467
-	-	-	119,878	-
807,864	-	-	3,057,295	1,439,824
-	-	4,250,000	4,250,000	54,000
<u>1,138,744</u>	<u>-</u>	<u>4,250,000</u>	<u>8,281,725</u>	<u>1,987,159</u>
6,905,434	-	-	6,905,434	6,941,953
-	8,046,489	-	8,046,489	3,497,534
64,690	-	-	64,690	76,582
1,974,366	-	-	1,974,366	1,491,096
-	-	-	-	27,871
-	-	-	69,192	69,273
-	-	-	<u>3,484,307</u>	<u>3,504,389</u>
<u>2,039,056</u>	<u>-</u>	<u>-</u>	<u>5,592,555</u>	<u>5,169,211</u>
<u>8,944,490</u>	<u>8,046,489</u>	<u>-</u>	<u>20,544,478</u>	<u>15,608,698</u>
<u>\$ 10,083,234</u>	<u>\$ 8,046,489</u>	<u>\$ 4,250,000</u>	<u>\$ 28,826,203</u>	<u>\$ 17,595,857</u>

CITY OF WESTLAKE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
 Year Ended June 30, 1998

	<u>General</u>
Revenues:	
Taxes and special assessments	\$ 348,149
Licenses and permits	192,755
Intergovernmental	125,600
Charges for services	172,187
Fines and forfeits	74,562
Interest income	17,508
Miscellaneous	27,787
Bingo revenues	30,098
Distribution-gaming industry	-
Grant proceeds	36,947
Donations	<u>11,728</u>
Total revenues	<u>1,037,321</u>
Expenditures:	
Current:	
General government	325,950
Police	827,229
Fire	303,558
Street	313,350
Sanitation	180,679
Cemeteries	3,406
Civil defense	13,038
Relief	54,965
Emergency preparedness	159,598
Capital outlay	-
Debt service:	
Interest and administrative	<u>-</u>
Total expenditures	<u>2,181,773</u>
Excess (deficiency) of revenues over expenditures	<u>(1,144,452)</u>
Other financing sources (uses):	
Proceeds from bond sale	-
Operating transfers in	763,068
Operating transfers out	<u>-</u>
Total other financing sources (uses)	<u>763,068</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(381,384)
Fund balance at beginning of year	<u>910,597</u>
Fund balance at end of year	<u>\$ 529,213</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>1998</u>	<u>1997</u>
\$ 1,337,477	\$ -	\$ -	\$ 1,685,626	\$ 1,651,943
-	-	-	192,755	190,826
-	-	-	125,600	539,834
-	-	-	172,187	170,143
-	-	-	74,562	86,366
1,435	3,219	178,164	200,326	125,245
-	2,607	6,309	36,703	60,102
-	-	-	30,098	2,291
-	-	1,824,771	1,824,771	1,282,996
-	-	-	36,947	202,243
-	-	-	11,728	64,288
<u>1,338,912</u>	<u>5,826</u>	<u>2,009,244</u>	<u>4,391,303</u>	<u>4,376,277</u>
16,932	-	4,700,859	5,042,541	358,177
-	-	-	818,000	742,577
-	-	-	302,058	262,998
-	-	-	311,350	343,538
-	-	-	179,369	150,077
-	-	-	2,906	3,070
-	-	-	12,678	22,791
-	-	-	54,965	9,278
-	-	-	159,598	698,524
-	-	1,436,858	1,436,858	1,258,090
-	144,500	5,712	150,212	2,110
<u>16,932</u>	<u>144,500</u>	<u>6,143,429</u>	<u>8,470,535</u>	<u>3,851,230</u>
<u>1,321,980</u>	<u>(138,674)</u>	<u>(4,134,185)</u>	<u>(4,079,232)</u>	<u>525,047</u>
-	-	4,250,000	4,250,000	-
-	161,057	572,704	1,496,829	2,355,248
<u>(1,357,399)</u>	<u>-</u>	<u>(325,508)</u>	<u>(1,682,907)</u>	<u>(1,932,687)</u>
<u>(1,357,399)</u>	<u>161,057</u>	<u>4,497,196</u>	<u>4,063,922</u>	<u>422,561</u>
(35,419)	22,383	363,011	(15,310)	947,608
<u>40,264</u>	<u>74,866</u>	<u>2,575,806</u>	<u>3,601,533</u>	<u>2,653,925</u>
<u>\$ 4,845</u>	<u>\$ 97,249</u>	<u>\$ 2,938,817</u>	<u>\$ 3,586,223</u>	<u>\$ 3,601,533</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, 1998

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Taxes (Note 2)	\$ 322,300	\$ 348,149	\$ 25,849
Licenses and permits	155,000	192,755	37,755
Intergovernmental	90,000	125,600	35,600
Charges for services	161,600	172,187	10,587
Fines and forfeits	100,000	74,562	(25,438)
Interest income	10,000	17,508	7,508
Miscellaneous	14,690	27,787	13,097
Bingo revenues	34,000	30,098	(3,902)
Grant proceeds	2,175	36,947	34,772
Donations	<u>17,700</u>	<u>11,728</u>	<u>(5,972)</u>
Total revenues	<u>907,465</u>	<u>1,037,321</u>	<u>129,856</u>
Expenditures:			
General government	368,534	325,950	42,584
Police	744,025	827,229	(83,204)
Fire	340,591	303,558	37,033
Street	325,181	313,350	11,831
Sanitation	160,766	180,679	(19,913)
Cemeteries	13,748	3,406	10,342
Civil defense	3,742	13,038	(9,296)
Relief	8,550	54,965	(46,415)
Emergency preparedness	<u>50,000</u>	<u>159,598</u>	<u>(109,598)</u>
Total expenditures	<u>2,015,137</u>	<u>2,181,773</u>	<u>(166,636)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,107,672)</u>	<u>(1,144,452)</u>	<u>(36,780)</u>
Other financing sources (uses):			
Operating transfers in	1,022,215	763,068	(259,147)
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,022,215</u>	<u>763,068</u>	<u>(259,147)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(85,457)	(381,384)	(295,927)
Fund balance at beginning of year	<u>910,597</u>	<u>910,597</u>	<u>-</u>
Fund balance at end of year	<u>\$ 825,140</u>	<u>\$ 529,213</u>	<u>\$ (295,927)</u>

See accompanying notes to financial statements

<u>Special Revenue Fund</u>		
<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
\$ 1,160,000	\$ 1,337,477	\$ 177,477
-	-	-
-	-	-
-	-	-
-	-	-
-	1,435	1,435
-	-	-
-	-	-
-	-	-
<u>1,160,000</u>	<u>1,338,912</u>	<u>178,912</u>
-	16,932	(16,932)
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>16,932</u>	<u>(16,932)</u>
<u>1,160,000</u>	<u>1,321,980</u>	<u>161,980</u>
-	-	-
<u>(1,160,000)</u>	<u>(1,357,399)</u>	<u>(197,399)</u>
<u>(1,160,000)</u>	<u>(1,357,399)</u>	<u>(197,399)</u>
-	(35,419)	(35,419)
<u>40,264</u>	<u>40,264</u>	<u>-</u>
<u>\$ 40,264</u>	<u>\$ 4,845</u>	<u>\$ (35,419)</u>



## CITY OF WESTLAKE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
 Years Ended June 30, 1998 and 1997

	<u>Enterprise Fund</u>	
	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for services	<u>\$ 2,500,498</u>	<u>\$ 2,390,469</u>
Operating expenses:		
Personal services	623,882	547,426
Contractual services	76,795	67,488
Supplies and other expenses	619,184	704,148
Heat, light and power	70,567	70,948
Natural gas for resale	624,972	648,001
Depreciation and amortization	<u>415,030</u>	<u>410,432</u>
Total operating expenses	<u>2,430,430</u>	<u>2,448,443</u>
Operating income	<u>70,068</u>	<u>(57,974)</u>
Nonoperating revenues (expenses):		
Tap fees	11,530	10,403
Interest income	129,214	153,866
Miscellaneous	4,525	197
Interest and fiscal charges	<u>(4,060)</u>	<u>(8,471)</u>
Total nonoperating revenues	<u>141,209</u>	<u>155,995</u>
Income before operating transfers	211,277	98,021
Operating transfers in (out)	<u>186,078</u>	<u>(422,561)</u>
Net income (loss)	397,355	(324,540)
Retained earnings at beginning of year	1,567,678	1,778,300
Add (subtract):		
Depreciation on fixed assets acquired with federal and state grants	<u>91,501</u>	<u>113,918</u>
Retained earnings at end of year	<u>\$ 2,056,534</u>	<u>\$ 1,567,678</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA  
 COMBINED STATEMENTS OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES  
 Years Ended June 30, 1998 and 1997

	<u>Enterprise Fund</u>	
	<u>1998</u>	<u>1997</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 2,521,066	\$ 2,407,069
Cash payments to suppliers for goods and services	(1,299,489)	(1,479,111)
Cash payments to employees for services	<u>(623,882)</u>	<u>(547,426)</u>
Net cash provided by operating activities	<u>597,695</u>	<u>380,532</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Net operating transfers in	186,078	130,643
Tap fees received	7,050	6,648
Operating transfers out to other funds	-	(553,204)
Other nonoperating income	<u>9,005</u>	<u>3,942</u>
Net cash provided by (used in) noncapital financing activities	<u>202,133</u>	<u>(411,961)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal received from other funds	-	159,192
Principal payments to other funds	(626,773)	-
Principal paid on revenue bond maturities and equipment contracts	(51,000)	(50,000)
Interest paid on revenue bonds and equipment contracts	(1,597,425)	(8,471)
Acquisition and construction of fixed assets	<u>(4,060)</u>	<u>(281,882)</u>
Net cash (used in) capital and related financing activities	<u>(2,279,258)</u>	<u>(181,161)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends on investments	129,214	157,665
Unrealized loss on fair market value of investments	<u>(17,478)</u>	<u>-</u>
Net cash provided by investing activities	<u>111,736</u>	<u>157,665</u>
Net (decrease) in cash and cash equivalents	(1,367,694)	(54,925)
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>2,667,247</u>	<u>2,722,172</u>
End of year	<u>\$ 1,299,553</u>	<u>\$ 2,667,247</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA  
 COMBINED STATEMENTS OF CASH FLOWS  
 ALL PROPRIETARY FUND TYPES  
 Years Ended June 30, 1998 and 1997

	Enterprise Fund	
	1998	1997
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 70,068	\$ (57,974)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	415,030	410,432
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	13,155	16,502
Decrease in inventory	(250)	7,473
Decrease in prepaid insurance	(250)	8,420
(Decrease) in accounts payable	99,942	(4,321)
Net cash provided by operating activities	\$ 597,695	\$ 380,532

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1998

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 \$4,250,000 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

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 cost for the year ended June 30, 1997 and fair market value for the year ended June 30, 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 1997 financial statements have been reclassified to conform with the 1998 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, 1998. 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, 1998:

	<u>Reserved</u>
Enterprise funds - Reserve for public utility revenue bond retirement	\$ 64,690
General fund - Reserve for prepaid insurance	<u>69,192</u>
	<u>\$ 133,882</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, 1998 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.

	Category			Bank Amount	Carrying Balance
	1	2	3		
Deposits:					
Demand deposits, interest bearing	\$ -	\$ -	\$ -	\$ 2,202,401	\$ 2,291,283
Certificates of deposit	-	2,291,283	-	-	-
	<u>\$ -</u>	<u>\$ 2,291,283</u>	<u>\$ -</u>	<u>\$ 2,202,401</u>	<u>\$ 2,291,283</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 was not applicable to any deposits or investments at any time during the fiscal year ended June 30, 1998.

Investments held at June 30, 1998, consist of \$752,272 in the Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool (see Summary of Significant Accounting Policies). LAMP investments at June 30, 1997 totaled \$2,351,546. In accordance with GASB Codification Section I50.165 the investment in LAMP at June 30, 1998, is not categorized in the three risk categories provided by GASB Codification Section I50.164 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.

	<u>Category</u>			<u>Cost</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Investments:					
U.S. Treasury Securities	\$ -	\$ 1,839,180	\$ -	\$ 1,839,180	\$ 1,805,077
LAMP	-	-	-	752,272	752,272
	<u>\$ -</u>	<u>\$ 1,839,180</u>	<u>\$ -</u>	<u>\$ 2,591,452</u>	<u>\$ 2,557,349</u>

The City had unrealized losses on certain investments at June 30, 1998 in the amount of \$34,103. 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, 1998:

Carrying value of bank deposits	\$ 2,291,283
Fair value of investments	<u>2,557,349</u>
	<u>\$ 4,848,632</u>
Per comparative balance sheets:	
Cash and cash equivalents	\$ 2,037,457
Investments	2,557,349
Restricted cash and cash equivalents	<u>253,826</u>
	<u>\$ 4,848,632</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	\$ 80,178

4) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>7-1-97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-98</u>
Land	\$ 492,568	\$ 3,088,449	\$ 2,464	\$ 3,578,553
Building	1,498,720	1,372,199	-	2,870,919
Equipment	<u>1,506,246</u>	<u>113,931</u>	<u>23,160</u>	<u>1,597,017</u>
	<u>\$ 3,497,534</u>	<u>\$ 4,574,579</u>	<u>\$ 25,624</u>	<u>\$ 8,046,489</u>

A summary of proprietary fund type property, plant and equipment at June 30, 1998 and 1997 follows:

	<u>Enterprise Fund</u>	
	<u>1998</u>	<u>1997</u>
Land	\$ 54,429	\$ 54,429
Production and distribution	13,433,012	11,629,479
Buildings	93,384	93,383
Machinery, equipment, vehicles	929,960	842,093
Construction in progress	-	<u>238,995</u>
Total	14,510,785	12,858,379
Less accumulated depreciation	<u>6,638,471</u>	<u>6,223,981</u>
Net	<u>\$ 7,872,314</u>	<u>\$ 6,634,398</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, 1998:

Proprietary fund:

Bonds and other obligations payable at July 1, 1997	\$ 104,000
Bonds retired	<u>(51,000)</u>

Bonds and other obligations payable at June 30, 1998	<u>\$ 53,000</u>
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General long-term debt:

Certificates of indebtedness payable at June 30, 1998	<u>\$ 4,250,000</u>
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Bonds payable at June 30, 1998 are comprised of the following individual issues:

Revenue bonds:

\$775,000 1968 Gas Utility serial bonds due in annual installments varying in amounts through November 1, 1998; interest at 5.9%	<u>\$ 53,000</u>
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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% \$ 4,250,000

The annual requirements to amortize all debt outstanding as of June 30, 1998, including interest payments of \$1,145,559 are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
1999	\$ 535,530	\$ 56,074	\$ 591,604
2000	538,020	-	538,020
2001	534,660	-	534,660
2002	540,195	-	540,195
2003	539,625	-	539,625
2004	538,035	-	538,035
2005	540,255	-	540,255
2006	541,200	-	541,200
2007	540,870	-	540,870
2008	<u>544,095</u>	<u>-</u>	<u>544,095</u>
	<u>\$ 5,392,485</u>	<u>\$ 56,074</u>	<u>\$ 5,448,559</u>

6) Interfund receivables and payables were as follows at June 30, 1998:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	\$ 677,419	\$ 474,878
Debt Service	-	1,774,553
Capital Projects	1,762,552	-
Enterprise	<u>617,324</u>	<u>807,864</u>
	<u>\$ 3,057,295</u>	<u>\$ 3,057,295</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, 1998 was \$17,971.

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, 1998:

	<u>1998</u>	<u>1997</u>
Customer deposits	\$ 135,624	\$ 147,338
Revenue bond redemption account	54,843	42,419
Revenue bond reserve account	<u>63,359</u>	<u>64,834</u>
	<u>\$ 253,826</u>	<u>\$ 254,591</u>



## 11) Retirement Commitments

Substantially all employees are covered by retirement plans. One plan is the Municipal Police Employees Retirement System (MPERS), the other is the Louisiana Municipal Employees Retirement System, which are administered by the State of Louisiana. Generally all classified employees are required to participate.

### Municipal Police Employees Retirement System

The Municipal and State Police Employee's Retirement System of Louisiana is the administrator of a cost-sharing multiple employer plan of which the City of Westlake, Louisiana is a member. 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 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.

The amount of current year covered payroll for the City of Westlake for members of the State Plan was \$403,494. The City's total payroll for current year was \$1,246,046.

The Municipal and State Police Employee's Retirement System provides retirement benefits for municipal and state police officers. There are 160 contributing municipalities.

Membership is mandatory for any full time police officer, employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing they do not have to pay social security and providing they meet the statutory criteria.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 33:2371.

Any member is eligible for normal retirement after he has been a member of the System for one year, if he has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55.

Benefit rates are three and one-third percent of final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years creditable service not to exceed one hundred percent.

The total pension benefit obligation of the Municipal and State Police Retirement System of Louisiana as of June 30, 1998 was \$930,382,205. The total net assets available for benefits at June 30, 1997 was \$929,844,223.

Contributions for all members are established by statute at 7.50% of earnable compensation and are deducted from the member's salary and remitted by the participating municipality.

Contributions for all employees are established by statute at 8% of employee's earnable compensation excluding overtime but including state supplemental pay. The system also receives a portion of the gross direct premiums received by the Louisiana Insurance Rating Commission and is used as an additional employer contribution. The system receives four-tenths of one percent of premiums paid.

Because the purpose of the Municipal and State Police Retirement System is to provide specific benefits to a group of employees at various times in the future, actuarial valuations and assumptions are made regularly. The latest actuarial valuation available is as of June 30, 1998. For financial reporting purposes, the primary focus of this information is the pension benefit obligation which is the actuarial present value of credited projected benefits. This can be defined as a standardized disclosure measure of the present value of pension benefits, adjusted for effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The intent of this measure is three-fold:

- To help users assess the system's funding status on a going concern basis.
- To assess progress made in accumulating sufficient assets to pay benefits, and
- To make comparisons among other systems.

The actuarial method used to compute the pension benefit obligation for reporting purposes is not necessarily the same used to determine adequate funding for the System. Although the Projected Unit Credit Method was used for reporting purposes, the Entry Age Normal Cost Method was used to arrive at a total contribution rate of 18.52% necessary to bring the system to a fully funded status.

The total actual contributions amounted to \$66,576, which represents approximately 7.5% member contributions of \$30,262, 9% employer contributions of \$36,314 of the total covered payroll of \$403,494.

Historical trend information for this Plan is included in the separately issued report for the Municipal Police Employees Retirement System for the period ended June 30, 1997.

## Municipal Employee's Retirement System

The Municipal Employee's Retirement System, State of Louisiana is the administrator of a cost-sharing multiple-employer plan.

The System provides retirement benefits to employees of all incorporated villages, towns and cities within the state which do not have their own retirement system and which elect to become members of the System.

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.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week, not participating in another public funded retirement system and under age sixty (60) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System.

The amount of current year covered payroll for the City of Westlake for members of the State Plan was \$842,552. The City's total payroll for the current year was \$1,246,046.

As noted above, the City of Westlake is a member of Plan "B" retirement system. Any member of Plan "B" can retire providing he meets one of the following criteria:

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require twenty (20) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan "B" shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Because the purpose of the Municipal Employees Retirement System is to provide specific benefits to a group of employees at various times in the future, actuarial valuations and assumptions are made regularly. The latest actuarial valuation available is as of June 30, 1998. For financial reporting purposes, the primary focus of this information is the pension benefit obligation which is the actuarial present value of credited projected benefits. This can be defined as a standardized disclosure measure of the present value of pension benefits, adjusted for effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The intent of this measure is threefold:

- To help users assess the system's funding status on a going concern basis,
- To assess progress made in accumulating sufficient assets to pay benefits, and
- To make comparisons among other systems.

The actuarial method used to compute the pension benefit obligation for reporting purposes is not necessarily the same used to determine adequate funding for the System. Although the Projected Unit Credit Method was used for reporting purposes, the Frozen Attained Age Normal Cost Method was used to arrive at a total contribution rate of 12.61% for the Plan "B" necessary to bring the plan to a fully funded status.

The total pension obligation of Plan "B" of the Municipal Employee's Retirement System as of June 30, 1997 (latest report available) was \$76,546,238. The total net assets of Plan "B" available for benefits at June 30, 1997 was \$76,245,708.

The System's contribution requirements are not actuarially determined. Instead, the contribution requirements are currently established by statute. The System is fully aware of the actuarial implications of such a policy.

The total actual contributions amounted to \$126,315 which represents approximately 15.00% of current year covered payroll. The contributions consist of 9.25% member contributions and 5.75% employer contributions of the total covered payroll of \$842,552 for Plan "B".

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the system's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among other systems.

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, 1997.

#### 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, 1998 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	\$ 1,596,126	\$ 794,319	\$ 110,053	\$ 2,500,498
Depreciation and amortization	72,664	290,096	52,270	415,030
Operating income (loss)	312,584	(195,483)	(47,053)	70,068
Operating transfers in (out)	-	186,078	-	186,078
Net income (loss)	-	-	-	-
Interest costs:				
Total incurred	(4,060)	-	-	(4,060)
Net working capital	(299,199)	1,256,414	114,423	1,071,638
Total assets				
Bonds and long-term liabilities:				
Revenue bonds	53,000	-	-	53,000
Total equity	802,340	7,863,492	278,658	8,944,490

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	\$ 2,015,137	\$ 2,181,773	\$ (166,636)
Special revenue fund	-	16,932	(16,932)

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) Year 2000 Compliance (Unaudited)

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect operations in the year 1999 and beyond. As of the year ended June 30, 1998, the City of Westlake is in the assessment stage, identifying systems and their individual components that could be affected by the year 2000 issue. The stages that need to be completed are the assessment stage, remediation stage and validation-testing stage.

17) 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, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash	\$ 148,852	\$ 50,239
Investments	82,649	85,836
Accounts receivable	154,338	129,843
Prepaid insurance	69,192	69,273
Due from other funds	<u>677,419</u>	<u>944,540</u>
Total assets	<u>\$ 1,132,450</u>	<u>\$ 1,279,731</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 131,039	\$ 129,527
Due to other funds	<u>474,878</u>	<u>239,607</u>
Total liabilities	<u>605,917</u>	<u>369,134</u>
Fund balance:		
Reserved for prepaid insurance	69,192	69,273
Unreserved:		
Designated for subsequent year's expenditures	<u>457,341</u>	<u>841,324</u>
Total fund balance	<u>526,533</u>	<u>910,597</u>
Total liabilities and fund balance	<u>\$ 1,132,450</u>	<u>\$ 1,279,731</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, 1998

With Comparative Actual Amounts for Year Ended June 30, 1997

	<u>1998</u>		Variance Favorable (Unfavorable)	<u>1997</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes	\$ 322,300	\$ 348,149	\$ 25,849	\$ 345,945
Licenses and permits	155,000	192,755	37,755	190,826
Intergovernmental	90,000	125,600	35,600	97,597
Charges for services	161,600	172,187	10,587	170,143
Fines and forfeits	100,000	74,562	(25,438)	86,366
Interest income	10,000	17,508	7,508	16,592
Miscellaneous	14,690	27,787	13,097	60,102
Bingo/video poker revenues	34,000	30,098	(3,902)	39,613
Grant proceeds	2,175	36,947	34,772	2,291
Donations	<u>17,700</u>	<u>11,728</u>	<u>(5,972)</u>	<u>8,080</u>
Total revenues	<u>907,465</u>	<u>1,037,321</u>	<u>129,856</u>	<u>1,017,555</u>
Expenditures:				
General government	368,534	325,950	42,584	339,073
Police	744,025	827,229	(83,204)	742,577
Fire	340,591	303,558	37,033	262,998
Street	325,181	313,350	11,831	343,538
Sanitation	160,766	180,679	(19,913)	150,077
Cemeteries	13,748	3,406	10,342	3,070
Civil defense	3,742	13,038	(9,296)	22,791
Relief	8,550	54,965	(46,415)	9,278
Emergency preparedness	<u>50,000</u>	<u>159,598</u>	<u>(109,598)</u>	<u>698,524</u>
Total expenditures	<u>2,015,137</u>	<u>2,181,773</u>	<u>(166,636)</u>	<u>2,571,926</u>
Excess (deficiency) of revenues over expenditures	(1,107,672)	(1,144,452)	(36,780)	(1,554,371)
Other financing sources (uses):				
Operating transfers in	<u>1,022,215</u>	<u>763,068</u>	<u>(259,147)</u>	<u>1,627,962</u>
Excess (deficiency) of revenues and other sources over expenditures	(85,457)	(381,384)	(295,927)	73,591
Fund balance at beginning of year	<u>910,597</u>	<u>910,597</u>	-	<u>837,006</u>
Fund balance at end of year	<u>\$ 825,140</u>	<u>\$ 529,213</u>	<u>\$ (295,927)</u>	<u>\$ 910,597</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, 1998  
With Comparative Actual Amounts for Year Ended June 30, 1997

	1998		Variance Favorable (Unfavorable)	1997
	Budget	Actual		Actual
General government:				
Personal services	\$ 157,957	\$ 135,664	\$ 22,293	\$ 136,300
Supplies	22,275	31,101	(8,826)	26,974
Other services and charges	<u>188,302</u>	<u>159,185</u>	<u>29,117</u>	<u>175,799</u>
Total general government	<u>368,534</u>	<u>325,950</u>	<u>42,584</u>	<u>339,073</u>
Public safety:				
Police:				
Personal services	550,800	592,576	(41,776)	558,918
Supplies	17,650	21,441	(3,791)	17,587
Other services and charges	146,375	213,212	(66,837)	146,413
Capital outlay	<u>29,200</u>	<u>-</u>	<u>29,200</u>	<u>19,659</u>
Total police	<u>744,025</u>	<u>827,229</u>	<u>(83,204)</u>	<u>742,577</u>
Fire:				
Personal services	248,941	227,058	21,883	194,206
Supplies	16,800	14,042	2,758	11,240
Other services and charges	58,350	50,611	7,739	54,094
Capital outlay	<u>16,500</u>	<u>11,847</u>	<u>4,653</u>	<u>3,458</u>
Total fire	<u>340,591</u>	<u>303,558</u>	<u>37,033</u>	<u>262,998</u>
Streets:				
Personal services	101,521	170,129	(68,608)	153,809
Supplies	19,275	14,803	4,472	17,121
Other services and charges	196,272	128,418	67,854	127,510
Capital outlay	<u>8,113</u>	<u>-</u>	<u>8,113</u>	<u>45,098</u>
Total streets	<u>325,181</u>	<u>313,350</u>	<u>11,831</u>	<u>343,538</u>
Sanitation:				
Other services and charges	<u>160,766</u>	<u>180,679</u>	<u>(19,913)</u>	<u>150,077</u>
Cemeteries:				
Personal services	13,028	1,379	11,649	1,305
Other services and charges	<u>720</u>	<u>2,027</u>	<u>(1,307)</u>	<u>1,765</u>
Total cemeteries	<u>13,748</u>	<u>3,406</u>	<u>10,342</u>	<u>3,070</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA  
GENERAL FUND

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)  
Year Ended June 30, 1998  
With Comparative Actual Amounts for Year Ended June 30, 1997  
(Continued)

	1998		Variance	1997
	Budget	Actual	Favorable (Unfavorable)	Actual
Civil defense:				
Personal services	1,427	3,535	(2,108)	3,444
Other services and charges	2,315	9,503	(7,188)	19,347
Total civil defense	3,742	13,038	(9,296)	22,791
Relief:				
Other services and charges	8,550	54,965	(46,415)	9,278
Emergency preparedness:				
Other services and charges	50,000	159,598	(109,598)	698,524
	\$ 2,015,137	\$ 2,181,773	\$ (166,636)	\$2,571,926

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, 1998  
With Comparative Totals for June 30, 1997

<u>ASSETS</u>	<u>Totals</u>	
	<u>1998</u>	<u>1997</u>
Cash	<u>\$ 4,845</u>	<u>\$ 40,264</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	\$ -	\$ -
Fund balance:		
Reserved for contingencies	-	27,871
Unreserved:		
Designated for subsequent year's expenditures	<u>4,845</u>	<u>12,393</u>
Total liabilities and fund balance	<u>\$ 4,845</u>	<u>\$ 40,264</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, 1998  
With Comparative Totals for Year Ended June 30, 1997

	<u>1998</u>		Variance Favorable (Unfavorable)	<u>1997</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes	\$ 1,160,000	\$ 1,337,477	\$	\$ 1,305,998
Interest	<u>-</u>	<u>1,435</u>	<u>1,435</u>	<u>1,648</u>
Total revenues	1,160,000	1,338,912	178,912	1,307,646
Expenditures:				
General government	<u>-</u>	<u>16,932</u>	<u>(16,932)</u>	<u>19,104</u>
Excess of revenues over expenditures	1,160,000	1,321,980	161,980	1,288,542
Other financing (uses):				
Operating transfers out	<u>(1,160,000)</u>	<u>1,357,399</u>	<u>(197,399)</u>	<u>1,260,602</u>
Excess (deficiency) of revenues over expenditures and other uses	-	(35,419)	(35,419)	27,940
Fund balances at beginning of year	<u>40,264</u>	<u>40,264</u>	<u>-</u>	<u>12,324</u>
Fund balances at end of year	<u>\$ 40,264</u>	<u>\$ 4,845</u>	<u>\$ 35,419</u>	<u>\$ 40,264</u>

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, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash	\$ 1,675,532	\$ 26,287
Special assessments-receivable-current	161,741	73,028
Special assessments-receivable-delinquent	17,971	8,114
Prepaid interest	<u>54,188</u>	<u>-</u>
Total assets	<u>\$ 1,909,432</u>	<u>\$ 107,429</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Due to other funds	\$ 1,774,553	\$ 32,563
Interest payable	<u>37,630</u>	<u>-</u>
Total liabilities	1,812,183	32,563
Fund balance:		
Reserved for special assessments	<u>97,249</u>	<u>74,866</u>
Total liabilities and fund balance	<u>\$ 1,909,432</u>	<u>\$ 107,429</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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Revenues:		
Interest on investments	\$ 3,219	\$ 2,625
Miscellaneous income	<u>2,607</u>	<u>-</u>
Total revenues	<u>5,826</u>	<u>2,625</u>
Expenditures:		
Administrative charges	-	2,110
Interest expense	<u>144,500</u>	<u>-</u>
Total expenditures	<u>144,500</u>	<u>2,110</u>
Excess (deficiency) of revenues over expenditures before transfers	(138,674)	515
Transfers in (out)	<u>161,057</u>	<u>-</u>
Excess of revenues over expenditures	22,383	515
Fund balance at beginning of year	<u>74,866</u>	<u>74,351</u>
Fund balance at end of year	<u>\$ 97,249</u>	<u>\$ 74,866</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, 1998  
With Comparative Totals for June 30, 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Cash	\$ 148,143	\$ 838,727
Investments	1,489,058	1,728,005
Due from other funds	<u>1,762,552</u>	<u>137,143</u>
Total assets	<u>\$ 3,399,753</u>	<u>\$ 2,703,875</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 355,003	\$ 128,069
Deferred revenues	<u>119,878</u>	<u>-</u>
Total liabilities	474,881	128,069
Fund balance:		
Designated for construction	<u>2,924,872</u>	<u>2,575,806</u>
Total liabilities and fund balance	<u>\$ 3,399,753</u>	<u>\$ 2,703,875</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, 1998  
With Comparative Totals for Year Ended June 30, 1997

	<u>1998</u>	<u>1997</u>
<b>Revenues:</b>		
Distribution-gaming industry	\$ 1,824,771	\$ 1,282,996
Rental income	6,309	
Grant proceeds-Community Development Block Grant	-	194,163
Local contribution-block grant matching funds	-	24,675
Federal emergency assistance	-	442,237
Interest income	<u>178,164</u>	<u>104,380</u>
<b>Total revenues</b>	<u><b>2,009,244</b></u>	<u><b>2,048,451</b></u>
<b>Expenditures:</b>		
General government	-	202,328
North Westlake property	569,971	-
Radio system for city	224,211	-
Federal post office	390,362	330,094
Municipal complex	997,837	2,400
Water, street, fire	53,932	210,662
Gas department expenditures	1,050	-
Olin property purchase	2,518,478	-
Construction/Street Improvement	443,776	105,719
Construction/Holly Hill Circle	822,975	169,869
Construction in progress-CDBG, Sewer, Housing Rehab Program	-	219,847
Construction supplies-streets and water	115,125	-
Resident observation-CDBG, Sewer, Housing Rehab Program	-	528
Administrative costs-CDBG	26	2,748
Engineering-CDBG	-	2,450
Administrative costs	<u>5,686</u>	<u>11,445</u>
<b>Total expenditures</b>	<u><b>6,143,429</b></u>	<u><b>1,258,090</b></u>
<b>Excess (deficiency) of revenues over     expenditures before transfers</b>	<u><b>(4,134,185)</b></u>	<u><b>790,361</b></u>
<b>Other financing sources (uses):</b>		
Proceeds from bond sale	4,250,000	-
Transfers in	572,704	727,286
Transfers out	<u>(325,508)</u>	<u>(672,085)</u>
<b>Total other financing sources (uses)</b>	<u><b>4,497,196</b></u>	<u><b>55,201</b></u>
<b>Excess (deficiency) of revenues over     expenditures</b>	363,011	845,562
Fund balance at beginning of year	<u>2,575,806</u>	<u>1,730,244</u>
Fund balance at end of year	<u><b>\$ 2,938,817</b></u>	<u><b>\$ 2,575,806</b></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, 1998

With Comparative Totals for June 30, 1997

<u>ASSETS</u>	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>
Current assets:		
Cash	\$ 37,435	\$ 16,626
Investments	6,402	814,299
Accounts receivable	139,663	92,991
Prepaid insurance	19,689	14,795
Due from other funds	135,557	440,683
Inventory, at cost	<u>10,735</u>	<u>2,597</u>
Total current assets	<u>349,481</u>	<u>1,381,991</u>
Restricted assets, cash and investments:		
Customers' deposits	109,624	26,000
Revenue bond redemption account	54,843	-
Revenue bond reserve account	<u>63,359</u>	<u>-</u>
Total restricted assets	<u>227,826</u>	<u>26,000</u>
Property, plant and equipment:		
Land	-	54,429
Production and distribution system	2,094,656	11,338,356
Buildings	42,673	-
Machinery, equipment and vehicles	237,798	283,218
Construction in progress	<u>-</u>	<u>-</u>
	2,375,127	11,676,003
Less accumulated depreciation	<u>1,274,126</u>	<u>5,068,925</u>
Net property, plant and equipment	<u>1,101,001</u>	<u>6,607,078</u>
Other assets:		
Unamortized loan expense, net of accumulated amortization	<u>538</u>	<u>-</u>
Total assets	<u>\$ 1,678,846</u>	<u>\$ 8,015,069</u>



Data Processing Fund	Totals	
	1998	1997
\$ 6,024	\$ 60,085	\$ 161,976
164,941	985,642	2,250,680
-	232,654	252,721
13,035	47,519	39,858
41,084	617,324	358,141
-	13,332	13,582
<u>225,084</u>	<u>1,956,556</u>	<u>3,076,958</u>
-	135,624	147,338
-	54,843	42,419
-	63,359	64,834
-	<u>253,826</u>	<u>254,591</u>
-	54,429	54,429
-	13,433,012	11,629,479
50,711	93,384	93,383
408,944	929,960	842,093
-	-	238,995
459,655	14,510,785	12,858,379
<u>295,420</u>	<u>6,638,471</u>	<u>6,223,981</u>
<u>164,235</u>	<u>7,872,314</u>	<u>6,634,398</u>
-	538	1,077
<u>\$ 389,319</u>	<u>\$ 10,083,234</u>	<u>\$ 9,967,024</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA  
ENTERPRISE FUNDS

COMBINING BALANCE SHEET  
June 30, 1998  
With Comparative Totals for June 30, 1997  
(Continued)

<u>LIABILITIES AND FUND EQUITY</u>	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>
Current liabilities (payable from current assets):		
Accounts payable	\$ 43,444	\$ 118,907
Due to other funds	<u>677,419</u>	<u>21,782</u>
Total current liabilities (payable from current assets)	<u>720,863</u>	<u>140,689</u>
Current liabilities (payable from restricted assets):		
Current portion of revenue bonds	53,000	-
Matured revenue bond interest	512	-
Customer deposits	<u>102,131</u>	<u>10,888</u>
Total current liabilities (payable from restricted assets)	<u>155,643</u>	<u>10,888</u>
Long-term liabilities:		
Revenue bonds (net of current portion)	<u>-</u>	<u>-</u>
Total liabilities	<u>876,506</u>	<u>151,577</u>
Fund equity:		
Contributed capital	<u>131,420</u>	<u>6,655,883</u>
Retained earnings:		
Reserved for revenue bond retirement	64,690	-
Unreserved	<u>606,230</u>	<u>1,207,609</u>
Total retained earnings	<u>670,920</u>	<u>1,207,609</u>
Total fund equity	<u>802,340</u>	<u>7,863,492</u>
Total liabilities and fund equity	<u>\$ 1,678,846</u>	<u>\$ 8,015,069</u>

See accompanying notes to financial statements

Data Processing Fund	Totals	
	1998	1997
\$ 1,998	\$ 164,349	\$ 66,267
<u>108,663</u>	<u>807,864</u>	<u>1,167,654</u>
<u>110,661</u>	<u>972,213</u>	<u>1,233,921</u>
-	53,000	50,000
-	512	1,005
<u>-</u>	<u>113,019</u>	<u>118,467</u>
<u>-</u>	<u>166,531</u>	<u>169,472</u>
<u>-</u>	<u>-</u>	<u>54,000</u>
<u>110,661</u>	<u>1,138,744</u>	<u>1,457,393</u>
<u>118,131</u>	<u>6,905,434</u>	<u>6,941,953</u>
-	64,690	76,582
<u>160,527</u>	<u>1,974,366</u>	<u>1,491,096</u>
<u>160,527</u>	<u>2,039,056</u>	<u>1,567,678</u>
<u>278,658</u>	<u>8,944,490</u>	<u>8,509,631</u>
<u>\$ 389,319</u>	<u>\$ 10,083,234</u>	<u>\$ 9,967,024</u>

CITY OF WESTLAKE, LOUISIANA  
ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
Year Ended June 30, 1998  
With Comparative Totals for Year Ended June 30, 1997

	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>
Operating revenues:		
Charges for services	<u>\$ 1,596,126</u>	<u>\$ 794,319</u>
Operating expenses:		
Personal services	322,010	227,484
Contractual services	71,415	5,380
Supplies and other expenses	185,494	410,319
Heat, light and power	6,987	56,523
Natural gas for resale	624,972	-
Depreciation and amortization	<u>72,664</u>	<u>290,096</u>
Total operating expenses	<u>1,283,542</u>	<u>989,802</u>
Operating income (loss)	<u>312,584</u>	<u>(195,483)</u>
Nonoperating revenues (expenses):		
Tap fees	4,480	7,050
Interest income	21,268	95,539
Miscellaneous	4,525	-
Interest and fiscal charges	<u>(4,060)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>26,213</u>	<u>102,589</u>
Income (loss) before operating transfers	338,797	(92,894)
Operating transfers in (out)	<u>-</u>	<u>186,078</u>
Net income (loss)	338,797	93,184
Retained earnings at beginning of year	312,586	1,058,114
Add (subtract):		
Depreciation on fixed assets acquired with federal and state grants	<u>23,605</u>	<u>67,896</u>
Retained earnings at end of year	<u>\$ 674,988</u>	<u>\$ 1,219,194</u>

See accompanying notes to financial statements

Data Processing Fund	Totals	
	1998	1997
<u>\$ 110,053</u>	<u>\$ 2,500,498</u>	<u>\$ 2,390,469</u>
74,388	623,882	547,426
-	76,795	67,488
23,371	619,184	704,148
7,057	70,567	70,948
-	624,972	648,001
<u>52,270</u>	<u>415,030</u>	<u>410,432</u>
<u>157,086</u>	<u>2,430,430</u>	<u>2,448,443</u>
<u>(47,033)</u>	<u>70,068</u>	<u>(57,974)</u>
-	11,530	10,403
12,407	129,214	153,866
-	4,525	197
<u>-</u>	<u>(4,060)</u>	<u>(8,471)</u>
<u>12,407</u>	<u>141,209</u>	<u>155,995</u>
(34,626)	211,277	98,021
<u>-</u>	<u>186,078</u>	<u>(422,561)</u>
(34,626)	397,355	(324,540)
196,978	1,567,678	1,778,300
<u>-</u>	<u>91,501</u>	<u>113,918</u>
<u>\$ 162,352</u>	<u>\$ 2,056,534</u>	<u>\$ 1,567,678</u>

CITY OF WESTLAKE, LOUISIANA  
ENTERPRISE FUNDS

Exhibit K-3

COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 1998

	Gas Fund	Water and Sewer Fund	Data Processing Fund	Totals	
				1998	1997
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 1,615,367	\$ 795,646	\$ 110,053	\$ 2,521,066	\$ 2,407,069
Cash payments to suppliers for goods and services	(888,648)	(374,499)	(36,342)	(1,299,489)	(1,479,111)
Cash payments to employees for services	(322,010)	(227,484)	(74,388)	(623,882)	(547,426)
Net cash provided by (used in) operating activities	<u>404,709</u>	<u>193,663</u>	<u>(677)</u>	<u>597,695</u>	<u>380,532</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Net operating transfers in	-	186,078	-	186,078	130,643
Tap fees received	-	7,050	-	7,050	6,658
Operating transfers in (out)	-	-	-	-	(553,204)
Other nonoperating income	<u>9,005</u>	<u>-</u>	<u>-</u>	<u>9,005</u>	<u>3,942</u>
Net cash provided by (used in) noncapital financing activities	<u>9,005</u>	<u>193,128</u>	<u>-</u>	<u>202,133</u>	<u>(411,961)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Principal received from other funds, contributed capital	-	-	-	-	159,192
Principal payments to other funds	(476,796)	(131,469)	(18,508)	(626,773)	-
Principal paid on revenue bond maturities and equipment contracts	(51,000)	-	-	(51,000)	(50,000)
Acquisition and construction of fixed assets	(7,196)	(1,555,709)	(34,520)	(1,597,425)	(281,882)
Interest paid on revenue bonds and equipment contracts	<u>(4,060)</u>	<u>-</u>	<u>-</u>	<u>(4,060)</u>	<u>(8,471)</u>
Net cash provided by (used in) capital and related financing activities	<u>(539,052)</u>	<u>(1,687,178)</u>	<u>(53,028)</u>	<u>(2,279,258)</u>	<u>(181,161)</u>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>					
Interest and dividends on investments	21,268	95,539	12,407	129,214	157,665
Unrealized gain (loss) on fair market value of investments	<u>(4,068)</u>	<u>(11,585)</u>	<u>(1,825)</u>	<u>(17,478)</u>	<u>-</u>
Net cash provided by investment activities	<u>17,200</u>	<u>83,954</u>	<u>10,582</u>	<u>111,736</u>	<u>157,665</u>
Net increase in cash and cash equivalents	(108,138)	(1,216,433)	(43,123)	(1,367,694)	(54,925)
Cash and cash equivalents:					
Beginning of year	<u>379,801</u>	<u>2,073,358</u>	<u>214,088</u>	<u>2,667,247</u>	<u>2,624,790</u>
End of year	<u>\$ 271,663</u>	<u>\$ 856,925</u>	<u>\$ 170,965</u>	<u>\$ 1,299,553</u>	<u>\$ 2,667,247</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA  
ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 1998  
(Continued)

	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Data Processing Fund</u>	<u>Totals</u>	
				<u>1998</u>	<u>1997</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED OPERATING ACTIVITIES					
Operating income (loss)	\$ 312,584	\$ (195,483)	\$ (47,033)	\$ 70,068	\$ (57,974)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	72,664	290,096	52,270	415,030	410,432
Changes in assets and liabilities:					
(Increase) decrease in					
accounts receivable	19,490	1,577	(7,912)	13,155	16,502
Decrease in inventory	(125)	(125)	-	(250)	7,473
Decrease in prepaid insurance	(125)	(125)	-	(250)	8,420
Increase (decrease) in					
accounts payable	<u>221</u>	<u>97,723</u>	<u>1,998</u>	<u>99,942</u>	<u>(4,321)</u>
Net cash provided by (used in) operating activities	<u>\$ 404,709</u>	<u>\$ 193,663</u>	<u>\$ (677)</u>	<u>\$ 597,695</u>	<u>\$ 380,532</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA  
ENTERPRISE FUNDS

COMBINING STATEMENT OF CHANGES IN CONTRIBUTED CAPITAL  
Years Ended June 30, 1998 and 1997

	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Data Processing Fund</u>	<u>1998</u>	<u>1997</u>
Contributed capital, beginning of year	\$ 153,975	\$ 6,669,847	\$ 118,131	\$ 6,941,953	\$ 7,058,071
Contributions from other sources	1,050	53,932	-	54,982	(2,200)
Depreciation on fixed assets acquired with federal and state grants	<u>(23,605)</u>	<u>(67,896)</u>	<u>-</u>	<u>(91,501)</u>	<u>(113,918)</u>
Contributed capital, end of year	<u>\$ 131,420</u>	<u>\$ 6,655,883</u>	<u>\$ 118,131</u>	<u>\$ 6,905,434</u>	<u>\$ 6,941,953</u>

See accompanying notes to financial statements



CITY OF WESTLAKE, LOUISIANA  
GAS UTILITY FUND

COMPARATIVE BALANCE SHEET  
June 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Current assets:		
Cash	\$ 37,435	\$ 145,686
Investments	6,402	6,120
Accounts receivable	139,663	158,653
Prepaid insurance	19,689	19,814
Due from other funds	135,557	42,638
Inventory, at cost	<u>10,735</u>	<u>10,860</u>
Total current assets	<u>349,481</u>	<u>383,771</u>
Restricted assets, cash, and investments:		
Customer deposits	109,624	120,742
Revenue bond redemption account	54,843	42,419
Revenue bond reserve account	<u>63,359</u>	<u>64,834</u>
Total restricted assets, cash, and investments	<u>227,826</u>	<u>227,995</u>
Property, plant and equipment:		
Production and distribution system	2,094,656	2,094,656
Buildings	42,673	42,672
Machinery	<u>237,798</u>	<u>229,553</u>
	2,375,127	2,366,881
Less accumulated depreciation	<u>1,274,126</u>	<u>1,202,001</u>
Net property, plant and equipment	<u>1,101,001</u>	<u>1,164,880</u>
Other assets:		
Unamortized loan expense, net of accumulated amortization	<u>538</u>	<u>1,077</u>
Total assets	<u>\$ 1,678,846</u>	<u>\$ 1,777,723</u>

See accompanying notes to financial statements

<u>LIABILITIES AND FUND EQUITY</u>	<u>1998</u>	<u>1997</u>
Current liabilities (payable from current assets):		
Accounts payable	\$ 43,444	\$ 48,563
Due to other funds	<u>677,419</u>	<u>1,057,186</u>
Total current liabilities (payable from current assets)	<u>720,863</u>	<u>1,105,749</u>
Current liabilities (payable from restricted assets):		
Current portion of revenue bonds	53,000	50,000
Matured revenue bond interest	512	1,005
Customer deposits	<u>102,131</u>	<u>100,408</u>
Total current liabilities (payable from restricted assets)	<u>155,643</u>	<u>151,413</u>
Long-term liabilities:		
Revenue bonds (net of current portion)	<u>-</u>	<u>54,000</u>
Total liabilities	<u>876,506</u>	<u>1,311,162</u>
Fund equity:		
Contributed capital-municipality	<u>131,420</u>	<u>153,975</u>
Retained earnings:		
Reserved for revenue bond retirement	64,690	76,582
Unreserved	<u>606,230</u>	<u>236,004</u>
Total fund equity	<u>802,340</u>	<u>466,561</u>
Total liabilities and fund equity	<u>\$ 1,678,846</u>	<u>\$ 1,777,723</u>

CITY OF WESTLAKE, LOUISIANA  
GAS UTILITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS  
Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for services	\$ 1,596,126	\$ 1,542,039
Operating expenses:		
Personal services	322,010	284,486
Contractual services	71,415	63,138
Supplies and other expenses	185,494	214,525
Heat, light and power	6,987	9,194
Natural gas for resale	624,972	648,001
Depreciation and amortization	<u>72,664</u>	<u>60,392</u>
Total operating expenses	<u>1,283,542</u>	<u>1,279,736</u>
Operating income	<u>312,584</u>	<u>262,303</u>
Nonoperating revenues (expenses):		
Tap fees	4,480	3,745
Interest income	21,268	21,084
Miscellaneous revenues	4,525	197
Interest and fiscal charges	<u>(4,060)</u>	<u>(8,471)</u>
Total nonoperating revenues (expenses)	<u>26,213</u>	<u>16,555</u>
Income before operating transfers	338,797	278,858
Operating transfers in (out)	<u>-</u>	<u>(553,204)</u>
Net income (loss)	338,797	(274,346)
Retained earnings at beginning of year	312,586	563,327
Depreciation on fixed assets acquired with federal and state grants	<u>23,605</u>	<u>23,605</u>
Retained earnings at end of year	<u>\$ 674,988</u>	<u>\$ 312,586</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA  
GAS UTILITY FUND

COMPARATIVE STATEMENT OF CASH FLOWS  
Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 1,615,367	\$ 1,562,277
Cash payments to suppliers for goods and services	(888,648)	(943,948)
Cash payments to employees for services	<u>(322,010)</u>	<u>(284,486)</u>
Net cash provided by operating activities	<u>404,709</u>	<u>333,843</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Other nonoperating income	9,005	3,942
Operating transfer in (out) to other funds	<u>-</u>	<u>(553,204)</u>
Net cash provided by (used in) noncapital financing activities	<u>9,005</u>	<u>(549,262)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Loan to (from) other funds	(476,796)	341,442
Principal paid on revenue bond maturities and equipment contracts	(51,000)	(50,000)
Interest paid on revenue bonds	(4,060)	(8,471)
Acquisition and construction of fixed assets	<u>(7,196)</u>	<u>(43,832)</u>
Net cash provided by (used in) capital and related financing activities	<u>(539,052)</u>	<u>239,139</u>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Interest and dividends on investments	21,268	21,084
Unrealized gain (loss) on fair market value of investments	<u>(4,068)</u>	<u>-</u>
	<u>17,200</u>	<u>21,084</u>
Net increase (decrease) in cash and cash equivalents	(108,138)	44,804
Cash and cash equivalents:		
Beginning of year	<u>379,801</u>	<u>334,997</u>
End of year	<u>\$ 271,663</u>	<u>\$ 379,801</u>

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CITY OF WESTLAKE, LOUISIANA  
GAS UTILITY FUND

COMPARATIVE STATEMENT OF CASH FLOWS  
Years Ended June 30, 1998 and 1997  
(Continued)

	1998	1997
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 312,584	\$ 262,303
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	72,664	60,392
Changes in assets and liabilities:		
Decrease in accounts receivable	19,490	20,238
(Increase) in inventory	(125)	(2,333)
(Increase) decrease in prepaid insurance	(125)	6,049
(Decrease) in accounts payable	221	(12,806)
Net cash provided by operating activities	\$ 404,709	\$ 333,843

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA  
GAS UTILITY FUND

COMPARATIVE STATEMENT OF OPERATING EXPENSES BY DEPARTMENT  
Years Ended June 30, 1998 and 1997

	1998	1997
General and administrative:		
Personal services	\$ 169,010	\$ 158,091
Contractual services	71,415	63,138
Supplies and other expenses	85,244	57,320
Heat, light and power	6,987	9,194
Depreciation and amortization	538	539
Total general and administrative	333,194	288,282
Production:		
Personal services	153,000	126,395
Supplies and other expenses	100,251	157,205
Natural gas for resale	624,972	648,001
Depreciation	72,125	59,853
Total production	950,348	991,454
Total operating expenses	\$ 1,283,542	\$ 1,279,736

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA  
WATER AND SEWER FUND

COMPARATIVE BALANCE SHEET  
June 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Current assets:		
Cash	\$ 16,626	\$ 16,290
Investments, at cost	814,299	2,030,472
Accounts receivable	92,991	94,068
Prepaid insurance	14,795	14,920
Due from other funds	440,683	294,412
Inventory, at cost	<u>2,597</u>	<u>2,722</u>
Total current assets	<u>1,381,991</u>	<u>2,452,884</u>
Restricted assets, cash, and investments:		
Customer deposits	<u>26,000</u>	<u>26,596</u>
Property, plant and equipment:		
Land	54,429	54,429
Production and distribution system	11,338,356	9,534,823
Machinery, equipment and vehicles	283,218	238,116
Construction in progress	<u>-</u>	<u>238,995</u>
	11,676,003	10,066,363
Less accumulated depreciation	<u>5,068,925</u>	<u>4,778,829</u>
Net property, plant and equipment	<u>6,607,078</u>	<u>5,287,534</u>
Total assets	<u>\$ 8,015,069</u>	<u>\$ 7,767,014</u>

<u>LIABILITIES AND FUND EQUITY</u>	<u>1998</u>	<u>1997</u>
Current liabilities (payable from current assets):		
Accounts payable	\$ 118,907	\$ 17,704
Due to other funds	<u>21,782</u>	<u>3,290</u>
Total current liabilities (payable from current assets)	140,689	20,994
 Current liabilities (payable from restricted assets):		
Customer deposits	<u>10,888</u>	<u>18,059</u>
Total liabilities	151,577	39,053
 Fund equity:		
Contributed capital-municipality	6,655,883	6,669,847
Retained earnings:		
Unreserved	<u>1,207,609</u>	<u>1,058,114</u>
Total liabilities and fund equity	<u>\$ 8,015,069</u>	<u>\$ 7,767,014</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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for services	\$ <u>794,319</u>	\$ <u>723,011</u>
Operating expenses:		
Personal services	227,484	197,495
Contractual services	5,380	4,350
Supplies and other expenses	410,319	461,716
Heat, light and power	56,523	54,516
Depreciation	<u>290,096</u>	<u>299,506</u>
Total operating expenses	<u>989,802</u>	<u>1,017,583</u>
Operating (loss)	<u>(195,483)</u>	<u>(294,572)</u>
Nonoperating revenues (expenses):		
Tap fees	7,050	6,658
Interest income	<u>95,539</u>	<u>119,812</u>
Total nonoperating revenues (expenses)	<u>102,589</u>	<u>126,470</u>
(Loss) before operating transfers	(92,894)	(168,102)
Operating transfers in (out)	<u>186,078</u>	<u>130,643</u>
Net income (loss)	93,184	(37,459)
Retained earnings at beginning of year	1,058,114	1,005,260
Depreciation on fixed assets acquired with federal and state grants	<u>67,896</u>	<u>90,313</u>
Retained earnings at end of year	<u>\$ 1,219,194</u>	<u>\$ 1,058,114</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA  
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS  
Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 795,646	\$ 719,373
Cash payments to suppliers for goods and services	(374,499)	(498,684)
Cash payments to employees for services	<u>(227,484)</u>	<u>(197,495)</u>
Net cash provided by operating activities	<u>193,663</u>	<u>23,194</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating transfers in	186,078	130,643
Tap fees received	<u>7,050</u>	<u>6,658</u>
Net cash provided by noncapital financing activities	<u>193,128</u>	<u>137,301</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(1,555,709)	(87,432)
Principal received from other funds, contributed capital	<u>(131,469)</u>	<u>(272,092)</u>
Net cash (used in) capital and related financing activities	<u>(1,687,178)</u>	<u>(359,524)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends on investments	95,539	123,611
Unrealized (loss) on fair market value of investments	<u>(11,585)</u>	<u>-</u>
Net cash provided by investing activities	<u>83,954</u>	<u>123,611</u>
Net (decrease) in cash and cash equivalents	(1,216,433)	(75,418)
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>2,073,358</u>	<u>2,148,776</u>
End of year	<u>\$ 856,925</u>	<u>\$ 2,073,358</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA  
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS  
Years Ended June 30, 1998 and 1997  
(Continued)

	1998	1997
RECONCILIATION OF OPERATING INCOME TO NET CASH (USED IN) OPERATING ACTIVITIES		
Operating (loss)	\$ (195,483)	\$ (294,572)
Adjustments to reconcile operating income to net cash (used in) operating activities:		
Depreciation	290,096	299,506
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	1,577	(3,638)
Decrease in inventory	(125)	9,806
(Increase) decrease in prepaid insurance	(125)	2,371
Increase (decrease) in accounts payable	97,723	9,721
Net cash provided by operating activities	\$ 193,663	\$ 23,194

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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
General and administrative:		
Personal services	\$ 10,519	\$ 10,655
Contractual services	5,380	4,350
Supplies and other expenses	<u>22,027</u>	<u>22,857</u>
Total general and administrative	<u>37,926</u>	<u>37,862</u>
 Production:		
Personal services	216,966	186,840
Supplies and other expenses	388,307	438,859
Heat, light and power	56,507	54,516
Depreciation	<u>290,096</u>	<u>299,506</u>
Total production	<u>951,876</u>	<u>979,721</u>
 Total operating expenses	 <u>\$ 989,802</u>	 <u>\$ 1,017,583</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA  
DATA PROCESSING FUND

COMPARATIVE BALANCE SHEET  
June 30, 1998 and 1997

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Current assets:		
Cash	\$ 6,024	\$ -
Investments, at cost	164,941	214,088
Prepaid expenses	13,035	5,124
Due from other funds	<u>41,084</u>	<u>21,091</u>
Total current assets	<u>225,084</u>	<u>240,303</u>
Property, plant and equipment:		
Computer programs and equipment	364,294	329,774
Vehicles	23,577	23,577
Office equipment	21,073	21,073
Building	<u>50,711</u>	<u>50,711</u>
	459,655	425,135
Less accumulated depreciation	<u>295,420</u>	<u>243,151</u>
Net property, plant and equipment	<u>164,235</u>	<u>181,984</u>
 Total assets	 <u>\$ 389,319</u>	 <u>\$ 422,287</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Current liabilities (payable from current assets):		
Accounts payable	\$ 1,998	\$ -
Due to other funds	<u>108,663</u>	<u>107,178</u>
Total current liabilities (payable from current assets)	<u>110,661</u>	<u>107,178</u>
Fund equity:		
Contributed capital - municipality	118,131	118,131
Retained earnings - unreserved	<u>160,527</u>	<u>196,978</u>
Total fund equity	<u>278,658</u>	<u>315,109</u>
 Total liabilities and fund equity	 <u>\$ 389,319</u>	 <u>\$ 422,287</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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for services	\$ <u>110,053</u>	\$ <u>125,419</u>
Operating expenses:		
Personal services	74,388	65,445
Supplies and other expenses	23,371	27,907
Heat, light and power	7,057	7,238
Depreciation and amortization	<u>52,270</u>	<u>50,534</u>
Total operating expenses	<u>157,086</u>	<u>151,124</u>
Operating (loss)	(47,033)	(25,705)
Nonoperating revenues (expenses):		
Interest	<u>12,407</u>	<u>12,970</u>
Net (loss)	(34,626)	(12,735)
Retained earnings at beginning of year	<u>196,978</u>	<u>209,713</u>
Retained earnings at end of year	<u>\$ 162,352</u>	<u>\$ 196,978</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA  
DATA PROCESSING FUND

COMPARATIVE STATEMENT OF CASH FLOWS  
Years Ended June 30, 1998 and 1997

	<u>1998</u>	<u>1997</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 110,053	\$ 125,419
Cash payments to suppliers for goods and services	(36,342)	(36,479)
Cash payments to employees for services	<u>(74,389)</u>	<u>(65,445)</u>
Net cash provided by (used in) operating activities	<u>(677)</u>	<u>23,495</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal received from (paid to) other funds	(18,508)	89,842
Fixed asset acquisitions	<u>(34,520)</u>	<u>(150,618)</u>
Net cash (used in) capital and related financing activities	<u>(53,028)</u>	<u>(60,776)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends on investments	12,407	12,970
Unrealized (loss) on fair market value of investments	<u>(1,825)</u>	<u>-</u>
Net cash provided by investing activities	<u>10,582</u>	<u>12,970</u>
Net (decrease) in cash and cash equivalents	(43,123)	(24,311)
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>214,088</u>	<u>238,399</u>
End of year	<u>\$ 170,965</u>	<u>\$ 214,088</u>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating (loss)	\$ (47,033)	\$ (25,705)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	52,270	50,534
Changes in assets and liabilities:		
(Increase) in accounts receivable, prepaid, inventory	(7,912)	(98)
Increase (decrease) in accounts payable	<u>1,998</u>	<u>(1,236)</u>
Net cash provided by (used in) operating activities	<u>\$ (677)</u>	<u>\$ 23,495</u>

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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
General fixed assets, at cost:		
Land, land improvements	\$ 3,578,553	\$ 492,568
Building	2,870,919	1,498,720
Equipment	<u>1,597,017</u>	<u>1,506,246</u>
Total general fixed assets	<u>\$ 8,046,489</u>	<u>\$ 3,497,534</u>
Investment in general fixed assets:		
General Fund revenues	\$ 6,923,550	\$ 2,374,595
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>\$ 8,046,489</u>	<u>\$ 3,497,534</u>

See accompanying notes to financial statements

## CITY OF WESTLAKE, LOUISIANA

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
Year Ended June 30, 1998

	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>
General fixed assets, beginning of year	\$ 3,497,534	\$ 492,568	\$ 1,498,720	\$ 1,506,246
Additions:				
General fund revenue	<u>4,548,955</u>	<u>3,085,985</u>	<u>1,372,199</u>	<u>90,771</u>
General fixed assets, end of year	<u>\$ 8,046,489</u>	<u>\$ 3,578,553</u>	<u>\$ 2,870,919</u>	<u>\$ 1,597,017</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  
June 30, 1998 AND 1997

	<u>1998</u>	<u>1997</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT		
Amount available in debt service fund for debt retirement	\$ 97,249	\$ -
Amount to be provided for retirement of long-term debt - river boat development fees	<u>4,152,751</u>	<u>-</u>
	<u>\$ 4,250,000</u>	<u>\$ -</u>
GENERAL LONG-TERM DEBT PAYABLE		
General obligation bonds - certificates of indebtedness	<u>\$ 4,250,000</u>	<u>\$ -</u>

See accompanying notes to financial statements

**SUPPORTING SCHEDULE**

## CITY OF WESTLAKE, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO MAYOR AND CITY COUNCIL MEMBERS  
 Years Ended June 30, 1998 and 1997

<u>Name and Title</u>	<u>Compensation</u>	
	<u>1998</u>	<u>1997</u>
Dudley R. Dixon, Mayor	\$ 40,951	\$ 40,224
Mr. Percy Meche, Alderman, Mayor Pro-Tem	2,379	6,186
Mrs. Alma G. Meche, Mayor Pro-Tem	2,250	-
Mr. Gerald Washington, Alderman	5,040	4,781
Mr. Carl Chisholm, Alderman	4,078	4,781
Mr. Charles Harold McMillin, Alderman	4,078	4,781
Mr. John Cradure, Alderman	4,078	1,406

**COMPLIANCE, INTERNAL CONTROL REPORTS**

# McELROY, QUIRK & BURCH

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## 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, 1998, and have issued our report thereon dated December 18, 1998. 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 98-1 and 98-2 of the reportable conditions.

98-1 - The expenditures exceeded appropriations in the general fund department of police by more than 5%. 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 in 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.



Management response - We concur with this recommendation. Additional review procedures will be implemented to monitor on a monthly basis actual versus budget expenditures to insure that this problem is not repeated.

98-2 - The City's audit report was not issued by the six month statutory issue date. This was due to the fact that a new computer software system was installed which resulted in significant delays in obtaining reliable data. The delay in reliable data from the computer delayed City personnel from performing their end of year procedures which forced the delay of field work which did not conclude until late December, 1998. We recommend steps be taken to insure all audit reports be issued in a timely manner.

Management response - We concur with this recommendation. The computer software conversion which caused the delays should be resolved and not cause any further future delays. Management will take necessary steps to insure records are complete and available more timely.

#### 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:

98-3 - 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. Management of the City has considered this weakness and determined that it would not be cost effective to employ sufficient personnel to obtain adequate segregation of duties. To every extent possible segregation of duties has been achieved. This combined with supervision and review procedures have all been used to mitigate this inherent weakness in this very small accounting staff.

98-4 - During our review of cash it was noted that bank reconciliations were not being prepared on a timely basis. Reconciling bank accounts is a vital part of monthly financial reporting. We recommend bank statements be reconciled on a monthly basis and reviewed by appropriate management.

Management response - We concur with this recommendation. Steps required to accomplish the recommendation above will be implemented.

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. However, we consider items 98-4 to be a material weakness.

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. However, this report is a matter of public record and its distribution is not limited.

*Ms. Elroy, Quirk & Burch*

Lake Charles, Louisiana  
December 18, 1998

CITY OF WESTLAKE, LOUISIANA

SCHEDULE OF PRIOR YEAR MANAGEMENT COMMENTS AND SUGGESTIONS  
June 30, 1998

**97-1 POLICE TICKET ACCOUNTABILITY**

During our review of the control log for police tickets issued, it was noted that when tickets are lost or voided, entries are not always made in the control log to indicate the status of the tickets. It is recommended that all ticket books be issued sequentially and that a log be maintained by one person to identify who is responsible for each ticket book. Unissued ticket books should be stored in a secure location. All tickets need to be accounted for in the control log regardless of their status.

Management response - This finding has been addressed by management.

**97-2 FIXED ASSET ACCOUNTABILITY**

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 asset 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 - This finding will be addressed during fiscal year 1999.

**97-3 UTILITY BILLING ADJUSTMENTS**

During our review of the utility billing procedures it was noted that many personnel have the authority to make credit or debit adjustments to utility billings. It is recommended that all adjustments be reviewed by a manager independent of the personnel making the adjustment. A policy should be developed to document the adjustment process as well as detailing authority levels and review procedures.

Management response - This finding has been addressed by management.

#### **97-4 ACCOUNTS RECEIVABLE BALANCES**

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, 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 - This finding will be addressed during fiscal year 1999.

#### **97-5 ORDINANCE PROCEDURES**

It is recommended that the City Clerk and City Attorney develop a matrix and time line to identify all ordinance expiration dates in order to identify expiring items and thereby allowing enough lead time for the Council to act on such issues prior to their expiration.

Management response - this finding has been addressed by management.

#### **97-6 ACCOUNTING 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 - This finding is in the process of being addressed and should be completed during 1999.

#### 97-7 BANK RECONCILIATIONS

As an enhancement to the existing control system, we recommend that bank statements and reconciliation be reviewed by management independent of personnel preparing the reconciliations. Procedures would need to be developed to document the review process and identify key controls.

Management response - This finding will be addressed during fiscal year 1999.

#### 97-8 INTERFUND RECEIVABLES AND PAYABLES

During our review of the various intercompany payables and receivables, it was noted that several funds had large receivables and payables. It is recommended that the interfund payables and receivables be reviewed on a regular basis and that those payables and receivables be liquidated in a timely manner.

Management response - This finding will be addressed during fiscal year 1999.

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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, 1998, 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 December 18, 1998, 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 done and will convert this documentation into an accounting procedure manual.

**Year 2000 Issue** - The Year 2000 Issue results from a computer's inability to process year-date data accurately beyond the year 1999. Except in recently introduced Year 2000 compliant programs, computer programmers consistently have abbreviated dates by eliminating the first two digits of the year, with the assumption that these two digits would always be 19. Thus January 1, 1965, became 01/01/65. Unless corrected, this shortcut is expected to create widespread problems when the clock strikes 12:00:01 A.M. on January 1, 2000. On that date, some computer programs may recognize the date as January 1, 1900, and process data inaccurately or stop processing altogether.

Having discussed the issue with City personnel, it has come to our attention that an awareness of the Year 2000 Issue is present and steps are being taken to deal with the situation; however, a detailed project plan which would document the City's handling of the Year 2000 Issue has not been completed. We recommend that you take the necessary actions to immediately begin the documentation of identifying, modifying and testing all systems that may be negatively affected by the Year 2000 Issue, particularly mission-critical systems.

Also, the City should implement additional verification procedures to test the accuracy of information received from its vendors, service providers, bankers, customers, and other third-party organizations with whom it exchanges date-dependent information, because these organizations also must become year 2000 compliant.



**Management response** - Management of the City is aware of the Year 2000 Issue and will begin testing of its systems during the current year and will request confirmation from its vendors, service providers, bankers, and other third-party organizations with whom it exchanges date-dependent information that they are, or will be, year 2000 compliant.

**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. All enterprise funds were profitable and the general fund experienced excess revenues. This has taken many years to achieve and management is to be commended.

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, 1998, 1997, 1996, 1995, 1994 and 1993

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
<b>GAS FUND</b>						
Revenues	\$ 1,596,126	\$ 1,542,039	\$ 1,875,087	\$ 1,494,036	\$ 1,729,383	\$ 1,671,256
Expenses	<u>1,283,542</u>	<u>1,279,736</u>	<u>1,274,537</u>	<u>996,921</u>	<u>1,183,379</u>	<u>1,129,204</u>
Operating income	312,584	262,303	600,550	497,115	546,004	542,052
Nonoperating revenue (expense)	<u>26,213</u>	<u>16,555</u>	<u>25,152</u>	<u>17,625</u>	<u>24,773</u>	<u>68,085</u>
Net income before transfers	338,797	280,451	625,702	514,740	570,777	610,137
Transfers	<u>-</u>	<u>(553,204)</u>	<u>(379,700)</u>	<u>(1,000,068)</u>	<u>(627,866)</u>	<u>(700,329)</u>
Net income (loss)	<u>\$ 338,797</u>	<u>\$ (274,346)</u>	<u>\$ 246,002</u>	<u>\$ (485,328)</u>	<u>\$ (57,089)</u>	<u>\$ (90,192)</u>

SUMMARY OF REVENUES AND EXPENSES  
Six Years Ended June 30, 1998, 1997, 1996, 1995, 1994 and 1993

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
<b>WATER FUND</b>						
Revenues	\$ 794,319	\$ 723,011	\$ 707,064	\$ 551,103	\$ 553,859	\$ 532,546
Expenses	<u>989,802</u>	<u>1,017,583</u>	<u>914,783</u>	<u>948,971</u>	<u>890,331</u>	<u>854,432</u>
Operating (loss)	(195,483)	(294,572)	(207,719)	(397,868)	(336,472)	(321,886)
Nonoperating revenue	<u>102,589</u>	<u>126,470</u>	<u>105,757</u>	<u>76,896</u>	<u>61,441</u>	<u>51,612</u>
Net loss before transfers	(92,894)	(168,102)	(101,962)	(320,972)	(275,031)	(270,274)
Transfers	<u>186,078</u>	<u>130,643</u>	<u>191,109</u>	<u>397,553</u>	<u>189,142</u>	<u>257,230</u>
Net income (loss)	<u>\$ 93,184</u>	<u>\$ (37,459)</u>	<u>\$ 89,147</u>	<u>\$ 76,581</u>	<u>\$ (85,889)</u>	<u>\$ (13,044)</u>
<b>GENERAL FUND</b>						
Revenues	\$ 1,037,321	\$ 1,017,555	\$ 1,028,351	\$ 1,006,444	\$ 989,608	\$ 885,059
Expenses	<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>	<u>1,734,612</u>
Excess (deficiency)	(1,144,452)	(1,554,371)	(932,169)	(922,376)	(707,400)	(849,553)
Transfers in	763,068	1,627,962	1,001,447	1,079,220	915,428	969,839
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency)	<u>\$ (381,384)</u>	<u>\$ 73,591</u>	<u>\$ 69,278</u>	<u>\$ 156,844</u>	<u>\$ 208,028</u>	<u>\$ 120,286</u>
<b>SALES TAX RECEIPTS</b>	<u>\$ 1,337,477</u>	<u>\$ 1,305,998</u>	<u>\$ 1,622,581</u>	<u>\$ 951,435</u>	<u>\$ 963,123</u>	<u>\$ 1,055,128</u>

SUMMARY OF UNRESERVED RETAINED EARNINGS/FUND BALANCE (GENERAL FUND)  
 Six Years Ended June 30, 1998, 1997, 1996, 1995, 1994 and 1993

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
GAS FUND	\$ 606,230	\$ 236,004	\$ 563,327	\$ 293,720	\$ 696,172	\$ 733,105
WATER FUND	\$ 1,207,609	\$ 1,058,114	\$ 1,005,260	\$ 825,800	\$ 657,919	\$ 652,633
GENERAL FUND	\$ 457,341	\$ 841,324	\$ 767,960	\$ 701,686	\$ 610,884	\$ 402,857

SUMMARY OF CASH AND INVESTMENTS  
 Six Years Ended June 30, 1998, 1997, 1996, 1995, 1994 and 1993

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
GAS FUND						
Cash	\$ 37,435	\$ 145,686	\$ 106,681	\$ 44,163	\$ 406,858	\$ 299,342
Investments	<u>6,402</u>	<u>6,120</u>	<u>5,707</u>	<u>166,660</u>	<u>154,276</u>	<u>143,214</u>
Total	<u>\$ 43,837</u>	<u>\$ 151,806</u>	<u>\$ 112,308</u>	<u>\$ 210,823</u>	<u>\$ 561,134</u>	<u>\$ 442,556</u>
WATER FUND						
Cash	\$ 16,626	\$ 16,290	\$ 183,399	\$ 51,798	\$ 89,346	\$ 105,628
Investments	<u>814,299</u>	<u>2,030,472</u>	<u>1,942,817</u>	<u>1,446,123</u>	<u>1,477,742</u>	<u>1,089,116</u>
Total	<u>\$ 830,925</u>	<u>\$ 2,046,762</u>	<u>\$ 2,126,216</u>	<u>\$ 1,497,921</u>	<u>\$ 1,567,088</u>	<u>\$ 1,194,744</u>
GENERAL FUND						
Cash	\$ 148,852	\$ 50,239	\$ 256,341	\$ 184,544	\$ 112,636	\$ 152,467
Investments	<u>82,649</u>	<u>85,836</u>	<u>80,169</u>	<u>56,712</u>	<u>53,202</u>	<u>193,088</u>
Total	<u>\$ 231,501</u>	<u>\$ 136,075</u>	<u>\$ 336,510</u>	<u>\$ 241,256</u>	<u>\$ 165,838</u>	<u>\$ 345,555</u>

Management response:

No response required.

Honorable Mayor and City Council  
City of Westlake  
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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.

*M. Elroy, Smith & Burch*

Lake Charles, Louisiana  
December 18, 1998