

2335

CITY OF WESTLAKE, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 1996

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CITY OF WESTLAKE, LOUISIANA

ANNUAL FINANCIAL REPORT
Year Ended June 30, 1996

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CITY OF WESTLAKE, LOUISIANA

June 30, 1996

MAYOR

The Honorable Dudley R. Dixon
Mr. Percy Meche, Mayor Pro-Tempore

CITY COUNCIL

Mr. Carl "Skip" Chisholm
Mr. Robert A. "Bobby" LeTard
Mr. Hal McMillin

Mr. Percy Meche
Mr. Gerald "Wash" Washington

LEGAL COUNSEL

Mr. John Van Norman - City Attorney

TOWN CLERK

Mrs. Holly Fontenot

MCELROY, QUIRK & BURCH

(A PROFESSIONAL CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

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F:\USER\BECT\AUDIT\WESTLAKE CITY OF.WPD

INDEPENDENT AUDITOR'S REPORT

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

We have audited the general purpose financial statements of the City of Westlake, Louisiana, and the combining, individual fund and account group financial statements of the City as of and for the year ended June 30, 1996, as set forth in the foregoing table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these statements based on our audit.

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

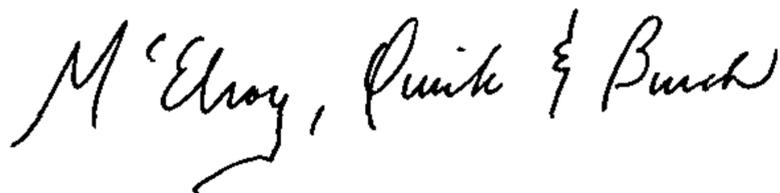
In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Westlake, Louisiana at June 30, 1996, and the results of its operations and changes in financial position of its proprietary fund types for the year 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, 1996, and the results of operations of such funds and changes in financial position of individual proprietary funds for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole, and on the combining, individual fund and account group financial statements. The accompanying information listed as supporting schedules in the table of contents is presented for purpose of additional analysis and is not a required part of the general purpose, combining, individual fund and account group financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining, individual fund and account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose, combining, individual fund and account group financial statements taken as a whole.

As discussed in Note 14 to the financial statements, the City of Westlake, Louisiana, for the year ended June 30, 1995, expended certain federal grant funds in a manner that may have violated certain of the restrictive provisions of the related grants. The possible outcome of these matters is uncertain at this time. Accordingly, no provision for any liability has been made in the financial statements for possible federal claims for refund of these grant monies.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 28, 1996, on our consideration of the Town of Westlake's internal control structure, and report dated October 28, 1996, on its compliance with laws and regulations.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the combined, combining, individual fund, and account group financial statements of the City of Westlake, Louisiana.

A handwritten signature in cursive script that reads "M'Elroy, Quirk & Burch". The signature is written in dark ink and is positioned above the typed name and date.

Lake Charles, Louisiana
October 28, 1996

COMBINED STATEMENTS - OVERVIEW

CITY OF WESTLAKE, LOUISIANA

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1996

ASSETS	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash	\$ 256,341	\$ 10,708	\$ 20,326	\$ 184,817
Investments, at cost	80,169	-	-	1,469,874
Receivables:				
Accounts	85,376	-	-	-
Special assessments	-	-	86,589	-
Prepaid insurance	69,046	-	-	1,882
Due from other funds (Note 6)	647,318	1,616	-	73,671
Inventory, at cost	-	-	-	-
Restricted assets:				
Cash and investments, at cost	-	-	-	-
Fixed assets (net of accumulated depreciation) (Note 4)	-	-	-	-
Unamortized loan expense (net of accumulated amortization)	-	-	-	-
Total assets	\$ 1,138,250	\$ 12,324	\$ 106,915	\$ 1,730,244

Proprietary Fund Type	Account Groups		Totals	
	General	General	(Memorandum Only)	
	Fixed	Long-Term	1996	1995
Enterprise	Assets	Debt		
\$ 311,528	\$ -	\$ -	\$ 783,720	\$ 668,697
2,165,475	-	-	3,715,518	1,823,514
269,321	-	-	354,697	300,796
-	-	-	86,589	104,781
48,180	-	-	119,108	116,417
63,572	-	-	786,177	1,075,254
21,055	-	-	21,055	21,055
245,169	-	-	245,169	231,519
6,765,123	3,285,266	-	10,050,389	9,748,812
<u>1,615</u>	<u>-</u>	<u>-</u>	<u>1,615</u>	<u>-</u>
<u>\$ 9,891,038</u>	<u>\$ 3,285,266</u>	<u>\$ -</u>	<u>\$ 16,164,037</u>	<u>\$ 14,096,595</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 1996
 (Continued)

<u>LIABILITIES AND FUND EQUITY</u>	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Liabilities:				
Accounts payable	\$ 278,838	\$ -	\$ -	\$ -
Payable from restricted assets:				
Accrued interest	-	-	-	-
Revenue bonds (Note 5)	-	-	-	-
Deposits	-	-	-	-
Due to other funds (Note 6)	22,406	-	32,563	-
General obligation bonds, notes payable (Note 5)	-	-	-	-
Revenue bonds payable (Note 5)	-	-	-	-
Total liabilities	<u>301,244</u>	<u>-</u>	<u>32,563</u>	<u>-</u>
Fund equity:				
Contributed capital	-	-	-	-
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Reserve for revenue bond retirement	-	-	-	-
Unreserved	-	-	-	-
Fund balance:				
Reserve for prepaid insurance	69,046	-	-	-
Unreserved:				
Designated for subsequent years expenditures	<u>767,960</u>	<u>12,324</u>	<u>74,352</u>	<u>1,730,244</u>
Total retained earnings/ fund balance	<u>837,006</u>	<u>12,324</u>	<u>74,352</u>	<u>1,730,244</u>
Total fund equity	<u>837,006</u>	<u>12,324</u>	<u>74,352</u>	<u>1,730,244</u>
Total liabilities and fund equity	<u>\$ 1,138,250</u>	<u>\$ 12,324</u>	<u>\$ 106,915</u>	<u>\$ 1,730,244</u>

See accompanying notes to financial statements

Proprietary Fund Type	Account Groups		Totals	
	General Fixed Assets	General Long-Term Debt	(Memorandum Only)	
			1996	1995
Enterprise				
\$ 70,588	\$ -	\$ -	\$ 349,426	\$ 256,824
1,489	-	-	1,489	3,617
50,000	-	-	50,000	50,000
97,382	-	-	97,382	100,992
731,208	-	-	786,177	1,075,254
104,000	-	-	104,000	-
-	-	-	-	152,000
<u>1,054,667</u>	<u>-</u>	<u>-</u>	<u>1,388,474</u>	<u>1,638,687</u>
7,058,071	-	-	7,058,071	7,158,101
-	3,285,266	-	3,285,266	2,768,636
62,053	-	-	62,053	54,189
1,716,247	-	-	1,716,247	1,239,498
-	-	-	69,046	66,295
-	-	-	<u>2,584,880</u>	<u>1,171,179</u>
<u>1,778,300</u>	<u>-</u>	<u>-</u>	<u>4,432,226</u>	<u>2,531,161</u>
<u>8,836,371</u>	<u>3,285,266</u>	<u>-</u>	<u>14,775,563</u>	<u>12,457,898</u>
<u>\$ 9,891,038</u>	<u>\$ 3,285,266</u>	<u>\$ -</u>	<u>\$ 16,164,037</u>	<u>\$ 14,096,585</u>

CITY OF WESTLAKE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
 Year Ended June 30, 1996

	<u>General</u>
Revenues:	
Taxes and special assessments	\$ 333,533
Licenses and permits	193,083
Intergovernmental	73,044
Charges for services	168,947
Fines and forfeits	100,618
Interest income	32,420
Miscellaneous	39,520
Bingo revenues	37,219
Distribution-gaming industry	-
Grant proceeds	38,043
Donations	11,924
Total revenues	<u>1,028,351</u>
Expenditures:	
Current:	
General government	457,464
Police	728,549
Fire	261,135
Street	321,801
Sanitation	169,916
Cemeteries	16,982
Civil defense	4,170
Relief	503
Capital outlay	-
Debt service:	
Principal retirement	-
Interest and fiscal charges	-
Administrative, residual transfer	-
Total expenditures	<u>1,960,520</u>
Excess (deficiency) of revenues over expenditures	<u>(932,169)</u>
Other financing sources (uses):	
Operating transfers in	1,001,447
Operating transfers out	-
Total other financing sources (uses)	<u>1,001,447</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	69,278
Fund balance at beginning of year	<u>767,728</u>
Fund balance at end of year	<u>\$ 837,006</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>1996</u>	<u>1995</u>
\$ 1,622,581	\$ -	\$ -	\$ 1,956,114	\$ 1,258,660
-	-	-	193,083	177,088
-	-	-	73,044	54,471
-	-	-	168,947	166,724
-	-	-	100,618	161,187
2,508	2,672	36,103	73,703	16,719
-	-	-	39,520	24,152
-	-	-	37,219	40,163
-	-	1,000,000	1,000,000	-
-	-	361,694	399,737	64,248
-	-	135,644	147,568	7,738
<u>1,625,089</u>	<u>2,672</u>	<u>1,533,441</u>	<u>4,189,553</u>	<u>1,971,150</u>
6,898	-	-	464,362	331,746
-	-	-	728,549	814,554
-	-	-	261,135	255,038
-	-	-	321,801	365,443
-	-	-	169,916	161,055
-	-	-	16,982	11,122
-	-	-	4,170	3,484
-	-	-	503	4,347
-	-	993,861	993,861	137,194
-	-	-	-	1,000
-	-	-	-	160
-	247	-	247	175
<u>6,898</u>	<u>247</u>	<u>993,861</u>	<u>2,961,526</u>	<u>2,085,318</u>
<u>1,618,191</u>	<u>2,425</u>	<u>539,580</u>	<u>1,228,027</u>	<u>(114,168)</u>
-	2,761	806,526	1,810,734	1,556,057
(1,613,052)	(9,091)	-	(1,622,143)	(953,674)
<u>(1,613,052)</u>	<u>(6,330)</u>	<u>806,526</u>	<u>188,591</u>	<u>602,383</u>
5,139	(3,905)	1,346,106	1,416,618	488,215
<u>7,185</u>	<u>78,256</u>	<u>384,138</u>	<u>1,237,307</u>	<u>749,092</u>
<u>\$ 12,324</u>	<u>\$ 74,351</u>	<u>\$ 1,730,244</u>	<u>\$ 2,653,925</u>	<u>\$ 1,237,307</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, 1996

	General Fund			Special Revenue Funds
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Taxes (Note 2)	\$ 315,800	\$ 333,533	\$ 17,733	\$ 1,622,581
Licenses and permits	154,000	193,083	39,083	-
Intergovernmental	55,400	73,044	17,644	-
Charges for services	151,550	168,947	17,397	-
Fines and forfeits	100,000	100,618	618	-
Interest income	19,000	32,420	13,420	2,508
Miscellaneous	33,770	39,520	5,750	-
Donations	12,014	11,924	(90)	-
Bingo revenues	36,500	37,219	719	-
Grant proceeds	11,587	38,043	26,456	-
Total revenues	<u>889,621</u>	<u>1,028,351</u>	<u>138,730</u>	<u>1,625,089</u>
Expenditures:				
General government	300,134	457,464	(157,330)	6,898
Police	739,568	728,549	11,019	-
Fire	262,018	261,135	883	-
Street	314,267	321,801	(7,534)	-
Sanitation	162,129	169,916	(7,787)	-
Cemeteries	11,678	16,982	(5,304)	-
Civil defense	3,799	4,170	(371)	-
Relief	402	503	(101)	-
Total expenditures	<u>1,793,955</u>	<u>1,960,520</u>	<u>(166,525)</u>	<u>6,898</u>
Excess (deficiency) of revenues over expenditures	<u>(904,334)</u>	<u>(932,169)</u>	<u>(27,835)</u>	<u>1,618,191</u>
Other financing sources (uses):				
Operating transfers in	906,700	1,001,447	94,747	-
Operating transfers out	-	-	-	(1,613,052)
Total other financing sources (uses)	<u>906,700</u>	<u>1,001,447</u>	<u>94,747</u>	<u>(1,613,052)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	2,366	69,278	66,912	5,139
Fund balance at beginning of year	<u>767,728</u>	<u>767,728</u>	-	<u>7,185</u>
Fund balance at end of year	<u>\$ 770,094</u>	<u>\$ 837,006</u>	<u>\$ 66,912</u>	<u>\$ 12,324</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
 RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
 Years Ended June 30, 1996 and 1995

	<u>Enterprise Fund</u>	
	<u>1996</u>	<u>1995</u>
Operating revenues:		
Charges for services	\$ 2,692,586	\$ 2,144,143
Operating expenses:		
Personal services	531,594	551,824
Contractual services	70,842	66,194
Supplies and other expenses	574,443	569,147
Heat, light and power	78,447	85,686
Natural gas for resale	637,206	368,418
Depreciation and amortization	<u>381,489</u>	<u>385,302</u>
Total operating expenses	<u>2,274,021</u>	<u>2,026,571</u>
Operating income	<u>418,565</u>	<u>117,572</u>
Nonoperating revenues (expenses):		
Tap fees	12,503	6,870
Interest income	136,593	106,207
Miscellaneous	1,485	92
Interest and fiscal charges	<u>(9,860)</u>	<u>(12,737)</u>
Total nonoperating revenues	<u>140,721</u>	<u>100,432</u>
Income before operating transfers	559,286	218,004
Operating transfers in (out)	<u>(188,591)</u>	<u>(602,383)</u>
Net (loss)	370,695	(384,379)
Retained earnings at beginning of year	1,293,687	1,563,161
Add (subtract):		
Depreciation on fixed assets acquired with federal and state grants	<u>113,918</u>	<u>114,905</u>
Retained earnings at end of year	<u>\$ 1,778,300</u>	<u>\$ 1,293,687</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
 COMBINED STATEMENTS OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 Years Ended June 30, 1996 and 1995

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>Enterprise Fund</u>	
	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,657,200	\$ 2,221,194
Cash payments to suppliers for goods and services	(1,423,174)	(1,204,157)
Cash payments to employees for services	<u>(531,594)</u>	<u>(551,824)</u>
Net cash provided by operating activities	<u>702,432</u>	<u>465,213</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net operating transfers in	195,728	397,553
Tap fees received	9,239	5,745
Operating transfers out to other funds	-	(1,000,068)
Other nonoperating income	<u>(379,570)</u>	<u>1,217</u>
Net cash (used in) noncapital financing activities	<u>(174,603)</u>	<u>(595,553)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal received from other funds	426,088	609,557
Principal payments to other funds	(246,674)	(340,059)
Principal paid on revenue bond maturities and equipment contracts	(212,429)	(622,965)
Interest paid on revenue bonds and equipment contracts	<u>(9,860)</u>	<u>(12,605)</u>
Net cash (used in) capital and related financing activities	<u>(42,875)</u>	<u>(366,072)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	<u>136,593</u>	<u>106,207</u>
Net increase (decrease) in cash and cash equivalents	621,547	(390,205)
Cash and cash equivalents:		
Beginning of year	<u>2,003,243</u>	<u>2,393,448</u>
End of year	<u>\$ 2,624,790</u>	<u>\$ 2,003,243</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA

COMBINED STATEMENTS OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 Years Ended June 30, 1996 and 1995

	<u>Enterprise Fund</u>	
	<u>1996</u>	<u>1995</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 418,565	\$ 117,572
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	381,489	385,302
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(35,386)	56,570
Decrease in prepaid insurance	1,942	2,511
(Decrease) in accounts payable	<u>(64,178)</u>	<u>(96,742)</u>
Net cash provided by operating activities	<u>\$ 702,432</u>	<u>\$ 465,213</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 1996

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-Board of Aldermen 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 Fund).

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 fund is 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 fund presents increases or decreases in net total assets.

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 no general long-term debt.

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 Board of Aldermen 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 Board of Aldermen 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 Board of Aldermen.

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.

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. 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.

K. Cash, Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and certificates of deposit. Certificates of deposit are stated at cost.

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.

L. 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, 1996:

	<u>Reserved</u>
Enterprise funds:	
Reserve for public utility revenue bond retirement	\$ 62,053
General fund:	
Reserve for prepaid insurance	<u>69,046</u>
	<u>\$ 131,099</u>

M. Restricted Assets

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

N. Accumulated Unpaid Sick Pay

Accumulated unpaid sick pay was not considered material at June 30, 1996 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.

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Balances at June 30, 1996 were as follows:		
Demand deposits, interest bearing	\$ 783,720	\$ 888,909
Time deposits, interest bearing	<u>3,960,687</u>	<u>3,960,687</u>
 Total	 <u>\$ 4,744,407</u>	 <u>\$ 4,849,596</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. Categories 2 and 3 were not applicable to any deposits or investments at any time during the fiscal year ended June 30, 1996.

	<u>Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U.S. Government secured mortgages (GNMA)	<u>\$ 4,744,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,744,407</u>	<u>\$ 4,849,596</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 6.96 divided as follows:

	<u>Millage</u>	<u>Tax Collected</u>
General purpose tax	6.96	\$ 74,072

4) Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 7-1-95</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6-30-96</u>
Land	\$ 290,240	\$ -	\$ -	\$ 290,240
Building	1,155,996	-	-	1,155,996
Equipment	1,322,400	39,346	15,300	1,346,446
Construction in progress	-	492,584	-	492,584
	<u>\$ 2,768,636</u>	<u>\$ 531,930</u>	<u>\$ 15,300</u>	<u>\$ 3,285,266</u>

A summary of proprietary fund type property, plant and equipment at June 30, 1996 and 1995 follows:

	<u>Enterprise Fund</u>	
	<u>1996</u>	<u>1995</u>
Land	\$ 54,429	\$ 54,429
Production and distribution	11,589,233	11,562,873
Buildings	93,383	93,383
Machinery, equipment, vehicles	665,092	663,374
Construction in progress	177,044	41,400
Total	<u>12,579,181</u>	<u>12,415,459</u>
Less accumulated depreciation	<u>5,814,058</u>	<u>5,435,283</u>
Net	<u>\$ 6,765,123</u>	<u>\$ 6,980,176</u>

5) Changes in Proprietary 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, 1996:

Bonds and other obligations payable at July 1, 1995	\$ 202,000
Bonds retired	<u>(48,000)</u>
Bonds and other obligations payable at June 30, 1996	<u>\$ 154,000</u>

Bonds payable at June 30, 1996 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>\$ 154,000</u>
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The annual requirements to amortize all debt outstanding as of June 30, 1996, including interest payments of \$23,896 are as follows:

<u>Year Ending</u> <u>June 30.</u>	<u>Revenue</u>	<u>Total</u>
1997	\$ 58,932	\$ 58,932
1998	57,032	57,032
1999	<u>56,074</u>	<u>56,074</u>
	<u>\$ 172,038</u>	<u>\$ 172,038</u>

6) Interfund receivables and payables were as follows at June 30, 1996:

<u>Fund</u>	<u>Interfund</u> <u>Receivables</u>	<u>Interfund</u> <u>Payables</u>
General	\$ 647,318	\$ 22,406
Special Revenue	1,616	-
Debt Service	-	32,563
Capital Projects	73,671	-
Enterprise	<u>63,572</u>	<u>731,208</u>
	<u>\$ 786,177</u>	<u>\$ 786,177</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.

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, 1996 was \$8,660.

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.
- B. An amount equal to .20 of one percent is transferred to the General Fund Street Department.
- C. An amount equal to .20 of one percent is transferred to the General Fund Police Department.
- D. An amount equal to .30 of one percent is distributed to the General Fund Fire Department.
- E. An amount equal to .30 of one percent is distributed to the Water Works Enterprise Fund.

Proceeds of the one-half percent sales tax, which was passed on July 23, 1992 and is to run for five years is dedicated to the following:

- A. One-half of the sales tax is to be used for any city capital improvements project and one-half 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, 1996:

	<u>1996</u>	<u>1995</u>
Customer deposits	\$ 131,687	\$ 123,713
Revenue bond redemption account	49,771	44,375
Revenue bond reserve account	<u>63,711</u>	<u>63,431</u>
	<u>\$ 245,169</u>	<u>\$ 231,519</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 \$410,058. The City's total payroll for current year was \$1,155,409.

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, 1996 was \$777,717,671. The total net assets available for benefits at June 30, 1996 was \$839,234,664.

Contributions for all members are established by statute at 8% 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, 1996. 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 actuarial contribution requirement for the City of Westlake was \$67,659, the total actual contributions amounted to \$67,659, which represents approximately 7.5% member contributions of \$30,754, 9% employer contributions of \$36,905 of the total covered payroll of \$410,058.

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, 1996.

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 \$760,430. The City's total payroll for the current year was \$1,155,409.

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, 1996. 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, 1995 (latest report available) was \$65,581,563. The total net assets of Plan "B" available for benefits at June 30, 1996 was \$59,345,360.

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.

Although the actuarial contribution requirement for the City of Westlake members was \$121,606 for Plan B, the total actual contributions amounted to \$121,606 which represents approximately 15.25% of current year covered payroll. The contributions consist of 5.50% member contributions and 9.25% employer contributions of the total covered payroll of \$760,430 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, 1995.

12) Litigation

There were no claims or pending litigation outstanding against the City as of the close of the fiscal year which was not fully covered by 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, 1996 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	\$ 1,875,087	\$ 707,064	\$ 110,435	\$ 2,692,586
Depreciation and amortization	57,823	297,821	25,845	381,489
Operating income (loss)	600,550	(207,719)	25,734	418,565
Operating grants, entitlements, and shared revenues	-	-	-	-

(continued on next page)

	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Data Processing Fund</u>	<u>Total Enterprise Funds</u>
Operating transfers in (out)	(379,700)	191,109	-	(188,591)
Net income (loss)	246,002	89,147	35,546	370,695
Interest costs:				
Total incurred	9,860	-	-	9,860
Net working capital	(426,092)	2,257,483	245,944	2,077,335
Total assets	1,746,202	7,813,033	331,803	9,891,038
Bonds and long-term liabilities:				
Revenue bonds	154,000	-	-	154,000
Total equity	743,107	7,765,420	327,844	8,836,371

14) Contingencies

The City of Westlake has entered into an agreement with the Louisiana Community Development Block Grant Program to provide sewer collection system improvements for the City. This project is budgeted to cost \$737,000. The City will share in \$154,000 of this cost, while grant proceeds, or \$583,000, will provide the rest. During the current fiscal year the City spent \$41,400 on this project. These amounts were recorded as construction in progress within the Water Utility Enterprise Fund.

In connection with a pass-through grant from the Louisiana Housing Finance Agency - Health and Safety Rehabilitation (CFDA Number 14.239), the City has expended certain federal funds in a manner that may have violated certain of the restrictive provisions of the grant for the year ended June 30, 1995. Questioned costs of \$78,000 were identified for the year ended June 30, 1995. The possible outcome of these matters, which are known to appropriate federal officials, is uncertain at this time. Accordingly, no provision for any liability has been made in the financial statements for possible federal claims for refunds of those grant monies.

Significant deficiencies in certain areas of the grant program management were identified during the monitoring process by the Louisiana Housing Finance Agency and a final determination has not been made as to the amount, if any, of ineligible projects costs the City may have to repay to the grantor. The City has contracted with a Housing Consultant to (1) perform inspections and work write-ups, (2) reorganize files to comply with state agency demands, and (3) review material and labor invoices for the City's Home Rehabilitation Program. The possible outcome of these matters is uncertain at this time.

15) 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</u> <u>(Unfavorable)</u>
General fund	\$ 1,793,995	\$ 1,960,520	\$ (166,525)

16) 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 riverboat 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 riverboat 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 riverboat 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 riverboat berthed in the City.

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

**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, 1996 and 1995

<u>ASSETS</u>	<u>1996</u>	<u>1995</u>
Cash	\$ 256,341	\$ 184,544
Investments	80,169	56,712
Accounts receivable	85,376	66,861
Prepaid insurance	69,046	66,295
Due from other funds	<u>647,318</u>	<u>595,119</u>
Total assets	<u>\$ 1,138,250</u>	<u>\$ 969,531</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Accounts payable	\$ 278,838	\$ 123,674
Due to other funds	<u>22,406</u>	<u>77,876</u>
Total liabilities	<u>301,244</u>	<u>201,550</u>
Fund balance:		
Reserved for prepaid insurance	69,046	66,295
Unreserved:		
Designated for subsequent year's expenditures	<u>767,960</u>	<u>701,686</u>
Total fund balance	<u>837,006</u>	<u>767,981</u>
Total liabilities and fund balance	<u>\$ 1,138,250</u>	<u>\$ 969,531</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, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995

	<u>1996</u>		Variance Favorable (Unfavorable)	<u>1995</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:				
Taxes	\$ 315,800	\$ 333,533	\$ 17,733	\$ 307,225
Licenses and permits	154,000	193,083	39,083	176,406
Intergovernmental	55,400	73,044	17,644	54,471
Charges for services	151,550	168,947	17,397	166,724
Fines and forfeits	100,000	100,618	618	161,187
Interest income	19,000	32,420	13,420	4,130
Miscellaneous	33,770	39,520	5,750	24,152
Bingo/video poker revenues	36,500	37,219	719	40,163
Grant proceeds	11,587	38,043	26,456	64,248
Donations	<u>12,014</u>	<u>11,924</u>	<u>(90)</u>	<u>7,738</u>
Total revenues	<u>889,621</u>	<u>1,028,351</u>	<u>138,730</u>	<u>1,006,444</u>
Expenditures:				
General government	300,134	457,464	(157,330)	313,777
Police	739,568	728,549	11,019	814,554
Fire	262,018	261,135	883	255,038
Street	314,267	321,801	(7,534)	365,443
Sanitation	162,129	169,916	(7,787)	161,055
Cemeteries	11,678	16,982	(5,304)	11,122
Civil defense	3,799	4,170	(371)	3,484
Relief	<u>402</u>	<u>503</u>	<u>(101)</u>	<u>4,347</u>
Total expenditures	<u>1,793,995</u>	<u>1,960,520</u>	<u>(166,525)</u>	<u>1,928,820</u>
Excess (deficiency) of revenues over expenditures	(904,374)	(932,169)	(27,795)	(922,376)
Other financing sources (uses):				
Operating transfers in	<u>906,700</u>	<u>1,001,447</u>	<u>94,747</u>	<u>1,079,220</u>
Excess (deficiency) of revenues and other sources over expenditures	2,326	69,278	66,952	156,844
Fund balance at beginning of year	<u>767,728</u>	<u>767,728</u>	<u>-</u>	<u>610,884</u>
Fund balance at end of year	<u>\$ 770,054</u>	<u>\$ 837,006</u>	<u>\$ 66,952</u>	<u>\$ 767,728</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, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995

	<u>1996</u>		Variance Favorable (Unfavorable)	<u>1995</u>
	<u>Budget</u>	<u>Actual</u>		<u>Actual</u>
General government:				
Personal services	\$ 143,982	\$ 143,462	\$ 520	\$ 133,141
Supplies	21,290	20,714	576	14,040
Other services and charges	<u>134,862</u>	<u>293,288</u>	<u>(158,426)</u>	<u>166,596</u>
Total general government	<u>300,134</u>	<u>457,464</u>	<u>(157,330)</u>	<u>296,858</u>
Public safety:				
Police:				
Personal services	541,849	535,117	6,732	472,225
Supplies	16,650	16,997	(347)	14,129
Other services and charges	162,060	151,430	10,630	300,927
Capital outlay	<u>19,009</u>	<u>25,005</u>	<u>(5,996)</u>	<u>27,273</u>
Total police	<u>739,568</u>	<u>728,549</u>	<u>11,019</u>	<u>814,554</u>
Fire:				
Personal services	196,563	186,726	9,837	176,574
Supplies	15,975	15,574	401	5,539
Other services and charges	49,480	58,835	(9,355)	67,843
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,082</u>
Total fire	<u>262,018</u>	<u>261,135</u>	<u>883</u>	<u>255,038</u>
Streets:				
Personal services	160,742	163,314	(2,572)	152,252
Supplies	29,450	29,570	(120)	16,875
Other services and charges	<u>124,075</u>	<u>128,917</u>	<u>(4,842)</u>	<u>196,316</u>
Total streets	<u>314,267</u>	<u>321,801</u>	<u>(7,534)</u>	<u>365,443</u>
Sanitation:				
Other services and charges	<u>162,129</u>	<u>169,916</u>	<u>(7,787)</u>	<u>161,055</u>
Cemeteries:				
Personal services	11,115	16,120	(5,005)	10,627
Other services and charges	<u>563</u>	<u>862</u>	<u>(299)</u>	<u>495</u>
Total cemeteries	<u>11,678</u>	<u>16,982</u>	<u>(5,304)</u>	<u>11,122</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA
GENERAL FUND

STATEMENT OF EXPENDITURES, COMPARED TO BUDGET (GAAP BASIS)
Year Ended June 30, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995
(Continued)

	1996			1995
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Civil defense:				
Personal services	1,342	1,319	23	1,200
Other services and charges	2,457	2,851	(394)	2,284
Total civil defense	3,799	4,170	(371)	3,484
Relief:				
Other services and charges	402	503	(101)	4,347
	<u>\$1,793,995</u>	<u>\$1,960,520</u>	<u>\$ (166,525)</u>	<u>\$1,928,820</u>

See accompanying notes to financial statements

SPECIAL REVENUE FUNDS

SALES TAX FUND - to account for the collection of the 2% Sales and Use tax which is to be used for purposes specified by City ordinance #332.

CITY OF WESTLAKE, LOUISIANA
SALES TAX SPECIAL REVENUE FUND

BALANCE SHEET
June 30, 1996
With Comparative Totals for June 30, 1995

	<u>Totals</u>	
<u>ASSETS</u>	<u>1996</u>	<u>1995</u>
Cash	\$ 10,708	\$ 5,569
Due from water fund	<u>1,616</u>	<u>1,616</u>
Total assets	<u>\$ 12,324</u>	<u>\$ 7,185</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	\$ -	\$ -
Fund balance:		
Unreserved:		
Designated for subsequent year's expenditures	<u>12,324</u>	<u>7,185</u>
Total liabilities and fund balance	<u>\$ 12,324</u>	<u>\$ 7,185</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
SALES TAX SPECIAL REVENUE FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Year Ended June 30, 1996
With Comparative Totals for Year Ended June 30, 1995

	Totals	
	1996	1995
Revenues:		
Taxes	\$ 1,622,581	\$ 951,435
Interest	2,508	682
Total revenues	1,625,089	952,117
Expenditures:		
General government	6,898	3,593
Excess of revenues over expenditures	1,618,191	948,524
Other financing (uses):		
Operating transfers out	1,613,052	(953,674)
Excess (deficiency) of revenues over expenditures and other uses	5,139	(5,150)
Fund balances at beginning of year	7,185	12,335
Fund balances at end of year	\$ 12,324	\$ 7,185

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, 1996 and 1995

<u>ASSETS</u>	<u>1996</u>	<u>1995</u>
Cash	\$ 20,326	\$ 22,171
Special assessments-receivable-current	77,929	93,870
Special assessments-receivable-delinquent	<u>8,660</u>	<u>10,911</u>
Total assets	<u>\$ 106,915</u>	<u>\$ 126,952</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities:		
Due to other funds	\$ 32,563	\$ 48,696
Fund balance:		
Reserved for special assessments	<u>74,352</u>	<u>78,256</u>
Total liabilities and fund balance	<u>\$ 106,915</u>	<u>\$ 126,952</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, 1996 and 1995

	1996	1995
Revenues:		
Interest on investments	\$ 2,672	\$ 4,969
Expenditures:		
Principal retirement	-	1,000
Interest and fiscal charges	-	160
Administrative charges	247	175
Total expenditures	247	1,335
Excess of revenues over expenditures before transfers	2,425	3,634
Transfers in (out)	(6,330)	-
Excess (deficiency) of revenues over expenditures	(3,905)	3,634
Fund balance at beginning of year	78,256	74,622
Fund balance at end of year	\$ 74,351	\$ 78,256

See accompanying notes to financial statements

CAPITAL PROJECTS FUNDS

Water/Street Improvement Fund - to account for the construction of improvements to water lines (replacement) and to replace all asphalt and shell roads with concrete.

CITY OF WESTLAKE, LOUISIANA
CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET
June 30, 1996
With Comparative Totals for June 30, 1995

<u>ASSETS</u>	<u>1996</u>	<u>1995</u>
Cash	\$ 184,817	\$ 315,079
Investments	1,494,874	35,496
Prepaid insurance	1,882	-
Due from other funds	<u>48,671</u>	<u>33,563</u>
Total assets	<u>\$ 1,730,244</u>	<u>\$ 384,138</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
Liabilities	\$ -	\$ -
Fund balance:		
Designated for construction	<u>1,730,244</u>	<u>384,138</u>
Total liabilities and fund balance	<u>\$ 1,730,244</u>	<u>\$ 384,138</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, 1996
With Comparative Totals for Year Ended June 30, 1995

	1996	1995
Revenues:		
Distribution-gaming industry	\$ 1,000,000	\$ -
Grant proceeds-Community Development Block Grant	361,694	-
Local contribution-block grant matching funds	135,644	41,400
Interest income	36,103	7,620
Total revenues	1,533,441	49,020
Expenditures:		
General government	9,727	75,138
Construction/Water, Sewer Fund	-	62,056
Construction/Holly Hill Circle	491,550	-
Construction in progress-CDBG, Sewer, Housing Rehab Program	450,062	-
Resident observation-CDBG, Sewer, Housing Rehab Program	15,972	-
Administrative costs-CDBG	14,820	18,950
Engineering-CDBG	9,800	36,750
Administrative costs	1,930	-
Total expenditures	993,861	192,894
Excess (deficiency) of revenues over expenditures before transfers	539,580	(143,874)
Other financing sources (uses):		
Transfers in	806,526	476,837
Excess of revenues over expenditures	1,346,106	332,963
Fund balance at beginning of year	384,138	51,175
Fund balance at end of year	\$ 1,730,244	\$ 384,138

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, 1996

With Comparative Totals for June 30, 1995

<u>ASSETS</u>	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>
Current assets:		
Cash	\$ 106,681	\$ 183,399
Investments, at cost	5,707	1,942,817
Accounts receivable	178,891	90,430
Prepaid insurance	25,863	17,291
Due from other funds	12,723	44,371
Inventory, at cost	<u>8,527</u>	<u>12,528</u>
Total current assets	<u>338,392</u>	<u>2,290,836</u>
Restricted assets, cash and investments:		
Customers' deposits	109,127	22,560
Revenue bond redemption account	49,771	-
Revenue bond reserve account	<u>63,711</u>	<u>-</u>
Total restricted assets	<u>222,609</u>	<u>22,560</u>
Property, plant and equipment:		
Land	-	54,429
Production and distribution system	2,069,077	9,520,156
Buildings	42,672	-
Machinery, equipment and vehicles	213,984	227,302
Construction in progress	<u>-</u>	<u>177,044</u>
	2,325,733	9,978,931
Less accumulated depreciation	<u>1,142,147</u>	<u>4,479,294</u>
Net property, plant and equipment	<u>1,183,586</u>	<u>5,499,637</u>
Other assets:		
Unamortized loan expense, net of accumulated amortization	<u>1,615</u>	<u>-</u>
Total assets	<u>\$ 1,746,202</u>	<u>\$ 7,813,033</u>

Data Processing Fund	Totals	
	1996	1995
\$ 21,448	\$ 311,528	\$ 141,410
216,951	2,165,475	1,731,306
-	269,321	233,935
5,026	48,180	50,122
6,478	63,572	444,956
-	21,055	21,055
<u>249,903</u>	<u>2,879,131</u>	<u>2,622,784</u>
-	131,687	123,713
-	49,771	44,375
-	63,711	63,431
-	<u>245,169</u>	<u>231,519</u>
-	54,429	54,429
-	11,589,233	11,562,873
50,711	93,383	93,383
223,806	665,092	663,374
-	177,044	41,400
274,517	12,579,181	12,415,459
192,617	5,814,058	5,435,283
81,900	6,765,123	6,980,176
-	1,615	5,750
<u>\$ 331,803</u>	<u>\$ 9,891,038</u>	<u>\$ 9,840,229</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA
ENTERPRISE FUNDS

COMBINING BALANCE SHEET
June 30, 1996
With Comparative Totals for June 30, 1995
(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	\$ 61,369	\$ 7,983
Due to other funds	<u>703,115</u>	<u>25,370</u>
Total current liabilities (payable from current assets)	<u>764,484</u>	<u>33,353</u>
Current liabilities (payable from restricted assets):		
Current portion of revenue bonds	50,000	-
Matured revenue bond interest	1,489	-
Customer deposits	<u>83,122</u>	<u>14,260</u>
Total current liabilities (payable from restricted assets)	<u>134,611</u>	<u>14,260</u>
Long-term liabilities:		
Revenue bonds (net of current portion)	<u>104,000</u>	<u>-</u>
Total liabilities	<u>1,003,095</u>	<u>47,613</u>
Fund equity:		
Contributed capital	<u>179,780</u>	<u>6,760,160</u>
Retained earnings:		
Reserved for revenue bond retirement	62,053	-
Unreserved	<u>501,274</u>	<u>1,005,260</u>
Total retained earnings	<u>563,327</u>	<u>1,005,260</u>
Total fund equity	<u>743,107</u>	<u>7,765,420</u>
Total liabilities and fund equity	<u>\$ 1,746,202</u>	<u>\$ 7,813,033</u>

See accompanying notes to financial statements

Data Processing Fund	Totals	
	1996	1995
\$ 1,236	\$ 70,588	\$ 134,766
<u>2,723</u>	<u>731,208</u>	<u>947,066</u>
<u>3,959</u>	<u>801,796</u>	<u>1,081,832</u>
-	50,000	50,000
-	1,489	3,617
<u>-</u>	<u>97,382</u>	<u>100,992</u>
<u>-</u>	<u>148,871</u>	<u>154,609</u>
<u>-</u>	<u>104,000</u>	<u>152,000</u>
<u>3,959</u>	<u>1,054,667</u>	<u>1,388,441</u>
<u>118,131</u>	<u>7,058,071</u>	<u>7,158,101</u>
-	62,053	54,189
<u>209,713</u>	<u>1,716,247</u>	<u>1,239,498</u>
<u>209,713</u>	<u>1,778,300</u>	<u>1,293,687</u>
<u>327,844</u>	<u>8,836,371</u>	<u>8,451,788</u>
<u>\$ 331,803</u>	<u>\$ 9,891,038</u>	<u>\$ 9,840,229</u>

CITY OF WESTLAKE, LOUISIANA
ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS
Year Ended June 30, 1996
With Comparative Totals for Year Ended June 30, 1995

	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>
Operating revenues:		
Charges for services	\$ 1,875,087	\$ 707,064
Operating expenses:		
Personal services	301,756	203,403
Contractual services	61,842	4,000
Supplies and other expenses	208,517	345,206
Heat, light and power	7,393	64,353
Natural gas for resale	637,206	-
Depreciation and amortization	<u>57,823</u>	<u>297,821</u>
Total operating expenses	<u>1,274,537</u>	<u>914,783</u>
Operating income (loss)	<u>600,550</u>	<u>(207,719)</u>
Nonoperating revenues (expenses):		
Tap fees	3,264	9,239
Interest income	30,393	96,388
Miscellaneous	1,355	130
Interest and fiscal charges	<u>(9,860)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>25,152</u>	<u>105,757</u>
Income (loss) before operating transfers	625,702	(101,962)
Operating transfers in (out)	<u>(379,700)</u>	<u>191,109</u>
Net (loss)	246,002	89,147
Retained earnings at beginning of year	293,720	825,800
Add (subtract):		
Depreciation on fixed assets acquired with federal and state grants	<u>23,605</u>	<u>90,313</u>
Retained earnings at end of year	<u>\$ 563,327</u>	<u>\$ 1,005,260</u>

See accompanying notes to financial statements

Data Processing Fund	Totals	
	1996	1995
<u>\$ 110,435</u>	<u>\$ 2,692,586</u>	<u>\$ 2,144,143</u>
26,435	531,594	551,824
5,000	70,842	66,194
20,720	574,443	569,147
6,701	78,447	85,686
-	637,206	368,418
<u>25,845</u>	<u>381,489</u>	<u>385,302</u>
<u>84,701</u>	<u>2,274,021</u>	<u>2,026,571</u>
<u>25,734</u>	<u>418,565</u>	<u>117,572</u>
-	12,503	6,870
9,812	136,593	106,207
-	1,485	92
-	(9,860)	(12,605)
<u>9,812</u>	<u>140,721</u>	<u>100,564</u>
35,546	559,286	218,136
<u>-</u>	<u>(188,591)</u>	<u>(602,515)</u>
35,546	370,695	(384,379)
174,167	1,293,687	1,563,161
<u>-</u>	<u>113,918</u>	<u>114,905</u>
<u>\$ 209,713</u>	<u>\$ 1,778,300</u>	<u>\$ 1,293,687</u>

CITY OF WESTLAKE, LOUISIANA
ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 1996

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Data Processing Fund</u>	<u>Totals</u>	
				<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 1,863,466	\$ 680,487	\$ 113,247	\$ 2,657,200	\$ 2,221,194
Cash payments to suppliers for goods and services	(965,918)	(427,070)	(30,186)	(1,423,174)	(1,204,157)
Cash payments to employees for services	(301,756)	(203,403)	(26,435)	(531,594)	(551,824)
Net cash provided by (used in) operating activities	<u>595,792</u>	<u>50,014</u>	<u>56,626</u>	<u>702,432</u>	<u>465,213</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Net operating transfers in	4,619	191,109	-	195,728	397,553
Tap fees received	-	9,239	-	9,239	5,745
Operating transfers in (out)	-	-	-	-	(1,000,068)
Other nonoperating income	(379,700)	130	-	(379,570)	1,217
Net cash provided by (used in) noncapital financing activities	<u>(375,081)</u>	<u>200,478</u>	<u>-</u>	<u>(174,603)</u>	<u>(595,553)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal received from other funds, contributed capital	-	416,381	9,707	426,088	609,557
Principal payments to other funds	(246,674)	-	-	(246,674)	(340,059)
Principal paid on revenue bond maturities and equipment contracts	(75,038)	(135,673)	(1,718)	(212,429)	(622,965)
Interest paid on revenue bonds and equipment contracts	(9,860)	-	-	(9,860)	(12,605)
Net cash provided by (used in) capital and related financing activities	<u>(331,572)</u>	<u>280,708</u>	<u>7,989</u>	<u>(42,875)</u>	<u>(366,072)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES					
Interest and dividends on investments	30,393	96,388	9,812	136,593	106,207
Net increase (decrease) in cash and cash equivalents	(80,468)	627,588	74,427	621,547	(390,205)
Cash and cash equivalents:					
Beginning of year	<u>332,343</u>	<u>1,506,928</u>	<u>163,972</u>	<u>2,003,243</u>	<u>2,393,448</u>
End of year	<u>\$ 251,875</u>	<u>\$ 2,134,516</u>	<u>\$ 238,399</u>	<u>\$ 2,624,790</u>	<u>\$ 2,003,243</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA
ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 1996
(Continued)

	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Data Processing Fund</u>	<u>Totals</u>	
				<u>1996</u>	<u>1995</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED OPERATING ACTIVITIES					
Operating income (loss)	\$ 600,550	\$ (207,719)	\$ 25,734	\$ 418,565	\$ 117,572
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	57,823	297,821	25,845	381,489	385,302
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(11,621)	(26,577)	2,812	(35,386)	56,570
(Increase) decrease in prepaid insurance	(165)	340	1,767	1,942	2,511
Increase (decrease) in accounts payable	<u>(50,795)</u>	<u>(13,851)</u>	<u>468</u>	<u>(64,178)</u>	<u>(96,742)</u>
Net cash provided by (used in) operating activities	<u>\$ 595,792</u>	<u>\$ 50,014</u>	<u>\$ 56,626</u>	<u>\$ 702,432</u>	<u>\$ 465,213</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
ENTERPRISE FUNDS

COMBINING STATEMENT OF CHANGES IN CONTRIBUTED CAPITAL
Years Ended June 30, 1996 and 1995

	<u>Gas Fund</u>	<u>Water and Sewer Fund</u>	<u>Data Processing Fund</u>	<u>1996</u>	<u>1995</u>
Contributed capital, beginning of year	\$ 203,385	\$6,836,585	\$ 118,131	\$7,158,101	\$7,196,613
Contributions from other sources	-	13,888	-	13,888	76,393
Depreciation on fixed assets acquired with federal and state grants	<u>(23,605)</u>	<u>(90,313)</u>	<u>-</u>	<u>(113,918)</u>	<u>(114,905)</u>
Contributed capital, end of year	<u>\$ 179,780</u>	<u>\$6,760,160</u>	<u>\$ 118,131</u>	<u>\$7,058,071</u>	<u>\$7,158,101</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
GAS UTILITY FUND

COMPARATIVE BALANCE SHEET
June 30, 1996 and 1995

<u>ASSETS</u>	<u>1996</u>	<u>1995</u>
Current assets:		
Cash	\$ 106,681	\$ 44,163
Investments, at cost	5,707	166,660
Accounts receivable	178,891	167,270
Prepaid insurance	25,863	25,698
Due from other funds	12,723	10,000
Inventory, at cost	<u>8,527</u>	<u>8,527</u>
Total current assets	<u>338,392</u>	<u>422,318</u>
Restricted assets, cash, and investments:		
Customer deposits	109,127	100,315
Revenue bond redemption account	49,771	44,375
Revenue bond reserve account	<u>63,711</u>	<u>63,431</u>
Total restricted assets, cash, and investments	<u>222,609</u>	<u>208,121</u>
Property, plant and equipment:		
Production and distribution system	2,069,077	2,042,717
Buildings	42,672	42,672
Machinery	<u>213,984</u>	<u>213,984</u>
	2,325,733	2,299,373
Less accumulated depreciation	<u>1,142,147</u>	<u>1,087,009</u>
Net property, plant and equipment	<u>1,183,586</u>	<u>1,212,364</u>
Other assets:		
Unamortized loan expense, net of accumulated amortization	<u>1,615</u>	<u>5,750</u>
Total assets	<u>\$ 1,746,202</u>	<u>\$ 1,848,553</u>

See accompanying notes to financial statements

<u>LIABILITIES AND FUND EQUITY</u>	<u>1996</u>	<u>1995</u>
Current liabilities (payable from current assets):		
Accounts payable	\$ 61,369	\$ 112,164
Due to other funds	<u>703,115</u>	<u>947,066</u>
Total current liabilities (payable from current assets)	<u>764,484</u>	<u>1,059,230</u>
Current liabilities (payable from restricted assets):		
Current portion of revenue bonds	50,000	50,000
Matured revenue bond interest	1,489	3,617
Customer deposits	<u>83,122</u>	<u>86,601</u>
Total current liabilities (payable from restricted assets)	<u>134,611</u>	<u>140,218</u>
Long-term liabilities:		
Revenue bonds (net of current portion)	<u>104,000</u>	<u>152,000</u>
Total liabilities	<u>1,003,095</u>	<u>1,351,448</u>
Fund equity:		
Contributed capital-municipality	<u>179,780</u>	<u>203,385</u>
Retained earnings:		
Reserve for revenue bond retirement		54,189
Unreserved		<u>239,531</u>
Total retained earnings	<u>563,327</u>	<u>293,720</u>
Total fund equity	<u>743,107</u>	<u>497,105</u>
Total liabilities and fund equity	<u>\$ 1,746,202</u>	<u>\$ 1,848,553</u>

CITY OF WESTLAKE, LOUISIANA
GAS UTILITY FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS

Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Operating revenues:		
Charges for services	\$ 1,875,087	\$ 1,494,036
Operating expenses:		
Personal services	301,756	326,545
Contractual services	61,842	62,694
Supplies and other expenses	208,517	177,416
Heat, light and power	7,393	7,268
Natural gas for resale	637,206	368,418
Depreciation and amortization	<u>57,823</u>	<u>54,580</u>
Total operating expenses	<u>1,274,537</u>	<u>996,921</u>
Operating income	<u>600,550</u>	<u>497,115</u>
Nonoperating revenues (expenses):		
Tap fees	3,264	1,125
Interest income	30,393	29,105
Miscellaneous revenues	1,355	-
Interest and fiscal charges	<u>(9,860)</u>	<u>(12,605)</u>
Total nonoperating revenues (expenses)	<u>25,152</u>	<u>17,625</u>
Income before operating transfers	625,702	514,740
Operating transfers (out)	<u>(379,700)</u>	<u>(1,000,068)</u>
Net (loss)	246,002	(485,328)
Retained earnings at beginning of year	293,720	755,443
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>\$ 563,327</u>	<u>\$ 293,720</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
GAS UTILITY FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended June 30, 1996 and 1995

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,863,466	\$ 1,563,834
Cash payments to suppliers for goods and services	(965,918)	(646,597)
Cash payments to employees for services	<u>(301,756)</u>	<u>(326,545)</u>
Net cash provided by operating activities	<u>595,792</u>	<u>590,692</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Other nonoperating income	4,619	1,125
Operating transfer out to other funds	<u>(379,700)</u>	<u>(1,000,068)</u>
Net cash (used in) noncapital financing activities	<u>(375,081)</u>	<u>(998,943)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Loan to other funds	(246,674)	533,164
Principal paid on revenue bond maturities and equipment contracts	(75,038)	(486,073)
Interest paid on revenue bonds	<u>(9,860)</u>	<u>(12,605)</u>
Net cash provided by (used in) capital and related financing activities	<u>(331,572)</u>	<u>34,486</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Interest and dividends on investments	<u>30,393</u>	<u>29,105</u>
Net (decrease) in cash and cash equivalents	(80,468)	(344,660)
Cash and cash equivalents:		
Beginning of year	<u>332,343</u>	<u>677,003</u>
End of year	<u>\$ 251,875</u>	<u>\$ 332,343</u>

(continued on next page)

CITY OF WESTLAKE, LOUISIANA
GAS UTILITY FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended June 30, 1996 and 1995
(Continued)

	1996	1995
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 600,550	\$ 497,115
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	57,823	54,580
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(11,621)	47,572
(Increase) decrease in prepaid insurance	(165)	4,601
(Decrease) in accounts payable	(50,795)	(13,176)
	\$ 595,792	\$ 590,692
Net cash provided by operating activities	\$ 595,792	\$ 590,692

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
GAS UTILITY FUND

COMPARATIVE STATEMENT OF OPERATING EXPENSES BY DEPARTMENT
Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
General and administrative:		
Personal services	\$ 138,316	\$ 137,241
Contractual services	61,842	62,694
Supplies and other expenses	69,631	53,343
Heat, light and power	7,393	7,268
Depreciation and amortization	<u>3,450</u>	<u>1,879</u>
Total general and administrative	<u>280,632</u>	<u>262,425</u>
 Production:		
Personal services	163,440	189,304
Supplies and other expenses	143,747	122,194
Natural gas for resale	637,206	368,418
Depreciation	<u>54,373</u>	<u>54,580</u>
Total production	<u>998,766</u>	<u>734,496</u>
 Total operating expenses	 <u>\$ 1,279,398</u>	 <u>\$ 996,921</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
WATER AND SEWER FUND

COMPARATIVE BALANCE SHEET
June 30, 1996 and 1995

<u>ASSETS</u>	<u>1996</u>	<u>1995</u>
Current assets:		
Cash	\$ 183,399	\$ 51,798
Investments, at cost	1,942,817	1,446,123
Accounts receivable	90,430	63,853
Prepaid insurance	17,291	17,631
Due from other funds	44,371	421,494
Inventory, at cost	<u>12,528</u>	<u>12,528</u>
Total current assets	<u>2,290,836</u>	<u>2,013,427</u>
Restricted assets, cash, and investments:		
Customer deposits	<u>22,560</u>	<u>23,398</u>
Property, plant and equipment:		
Land	54,429	54,429
Production and distribution system	9,520,156	9,520,156
Machinery, equipment and vehicles	227,302	227,302
Construction in progress	<u>177,044</u>	<u>41,400</u>
	9,978,931	9,843,287
Less accumulated depreciation	<u>4,479,294</u>	<u>4,181,502</u>
Net property, plant and equipment	<u>5,499,637</u>	<u>5,661,785</u>
Total assets	<u>\$ 7,813,033</u>	<u>\$ 7,698,610</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Current liabilities (payable from current assets):		
Accounts payable	\$ 7,983	\$ 21,834
Due to other funds	<u>25,370</u>	<u>-</u>
Total current liabilities (payable from current assets)	33,353	21,834
Current liabilities (payable from restricted assets):		
Customer deposits	<u>14,260</u>	<u>14,391</u>
Total liabilities	47,613	36,225
Fund equity:		
Contributed capital-municipality	6,760,160	6,836,585
Retained earnings:		
Unreserved	<u>1,005,260</u>	<u>825,800</u>
Total liabilities and fund equity	<u>\$ 7,813,033</u>	<u>\$ 7,698,610</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, 1996 and 1995

	1996	1995
Operating revenues:		
Charges for services	\$ 707,064	\$ 551,103
Operating expenses:		
Personal services	203,403	201,494
Contractual services	4,000	3,500
Supplies and other expenses	345,206	371,413
Heat, light and power	64,353	72,113
Depreciation	297,821	300,451
Total operating expenses	914,783	948,971
Operating (loss)	(207,719)	(397,868)
Nonoperating revenues (expenses):		
Tap fees	9,239	5,745
Interest income	96,388	71,059
Miscellaneous	130	92
Total nonoperating revenues (expenses)	105,757	76,896
(Loss) before operating transfers	(101,962)	(320,972)
Operating transfers in (out)	191,109	397,553
Net income (loss)	89,147	76,581
Retained earnings at beginning of year	825,800	657,919
Depreciation on fixed assets acquired with federal and state grants	90,313	91,300
Retained earnings at end of year	\$ 1,005,260	\$ 825,800

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended June 30, 1996 and 1995

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 680,487	\$ 558,356
Cash payments to suppliers for goods and services	(427,070)	(529,321)
Cash payments to employees for services	<u>(203,403)</u>	<u>(201,494)</u>
Net cash provided by (used in) operating activities	<u>50,014</u>	<u>(172,459)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	191,109	397,553
Tap fees received	9,239	5,745
Miscellaneous nonoperating income	<u>130</u>	<u>92</u>
Net cash provided by noncapital financing activities	<u>200,478</u>	<u>403,390</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments due to other funds	-	(328,097)
Acquisition and construction of capital assets	(135,673)	(118,911)
Principal received from other funds, contributed capital	<u>416,381</u>	<u>76,393</u>
Net cash provided by (used in) capital and related financing activities	<u>280,708</u>	<u>(370,615)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	<u>96,388</u>	<u>71,059</u>
Net increase (decrease) in cash and cash equivalents	627,588	(68,625)
Cash and cash equivalents:		
Beginning of year	<u>1,506,928</u>	<u>1,575,553</u>
End of year	<u>\$ 2,134,516</u>	<u>\$ 1,506,928</u>

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CITY OF WESTLAKE, LOUISIANA
WATER AND SEWER FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended June 30, 1996 and 1995
(Continued)

	<u>1996</u>	<u>1995</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH (USED IN) OPERATING ACTIVITIES		
Operating (loss)	\$ (207,719)	\$ (397,868)
Adjustments to reconcile operating income to net cash (used in) operating activities:		
Depreciation	297,821	300,451
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(26,577)	7,253
(Increase) decrease in prepaid insurance	340	(2,090)
(Decrease) in accounts payable	<u>(13,851)</u>	<u>(80,205)</u>
Net cash provided by (used in) operating activities	<u>\$ 50,014</u>	<u>\$ (172,459)</u>

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, 1996 and 1995

	1996	1995
General and administrative:		
Personal services	\$ 9,988	\$ 10,487
Contractual services	4,000	3,500
Supplies and other expenses	23,575	18,006
Total general and administrative	37,563	31,993
Production:		
Personal services	193,415	191,007
Supplies and other expenses	321,631	353,407
Heat, light and power	64,353	72,113
Depreciation	297,821	300,451
Total production	877,220	916,978
Total operating expenses	\$ 914,783	\$ 948,971

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
DATA PROCESSING FUND

COMPARATIVE BALANCE SHEET
June 30, 1996 and 1995

<u>ASSETS</u>	<u>1996</u>	<u>1995</u>
Current assets:		
Cash	\$ 21,448	\$ 45,449
Investments, at cost	216,951	118,523
Accounts receivable	-	2,812
Prepaid expenses	5,026	6,793
Due from other funds	<u>6,478</u>	<u>13,462</u>
Total current assets	<u>249,903</u>	<u>187,039</u>
Property, plant and equipment:		
Computer programs and equipment	202,733	201,015
Office equipment	21,073	21,073
Building	<u>50,711</u>	<u>50,711</u>
	274,517	272,799
Less accumulated depreciation	<u>192,617</u>	<u>166,772</u>
Net property, plant and equipment	<u>81,900</u>	<u>106,027</u>
 Total assets	 <u>\$ 331,803</u>	 <u>\$ 293,066</u>
 <u>LIABILITIES AND FUND EQUITY</u>		
Current liabilities (payable from current assets):		
Accounts payable	\$ 1,236	\$ 768
Due to other funds	<u>2,723</u>	<u>-</u>
Total current liabilities (payable from current assets)	<u>3,959</u>	<u>768</u>
Fund equity:		
Contributed capital - municipality	118,131	118,131
Retained earnings - unreserved	<u>209,713</u>	<u>174,167</u>
Total fund equity	<u>327,844</u>	<u>292,298</u>
 Total liabilities and fund equity	 <u>\$ 331,803</u>	 <u>\$ 293,066</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, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Operating revenues:		
Charges for services	\$ <u>110,435</u>	\$ <u>99,004</u>
Operating expenses:		
Personal services	26,435	23,785
Supplies and other expenses	25,720	20,318
Heat, light and power	6,701	6,305
Depreciation and amortization	<u>25,845</u>	<u>30,271</u>
Total operating expenses	<u>84,701</u>	<u>80,679</u>
Operating income	<u>25,734</u>	<u>18,325</u>
Nonoperating revenues (expenses):		
Interest	<u>9,812</u>	<u>6,043</u>
Net income	35,546	24,368
Retained earnings at beginning of year	<u>174,167</u>	<u>149,799</u>
Retained earnings at end of year	<u>\$ 209,713</u>	<u>\$ 174,167</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA
DATA PROCESSING FUND

COMPARATIVE STATEMENT OF CASH FLOWS
Years Ended June 30, 1996 and 1995

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 113,247	\$ 99,004
Cash payments to suppliers for goods and services	(30,186)	(28,239)
Cash payments to employees for services	<u>(26,435)</u>	<u>(23,785)</u>
Net cash provided by operating activities	<u>56,626</u>	<u>46,980</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal received from other funds	9,707	(11,962)
Fixed asset acquisitions	<u>(1,718)</u>	<u>(17,981)</u>
Net cash provided by (used in) capital and related financing activities	<u>7,989</u>	<u>(29,943)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends on investments	<u>9,812</u>	<u>6,043</u>
Net increase in cash and cash equivalents	74,427	23,080
Cash and cash equivalents:		
Beginning of year	<u>163,972</u>	<u>140,892</u>
End of year	<u>\$ 238,399</u>	<u>\$ 163,972</u>
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 25,734	\$ 18,325
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation	25,845	30,271
Changes in assets and liabilities:		
Decrease in accounts receivable, prepaid	4,579	1,745
(Decrease) in accounts payable	<u>468</u>	<u>(3,361)</u>
Net cash provided by operating activities	<u>\$ 56,626</u>	<u>\$ 46,980</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, 1996 and 1995

	<u>1996</u>	<u>1995</u>
General fixed assets, at cost:		
Land, land improvements	\$ 290,240	\$ 290,240
Building	1,155,996	1,155,996
Equipment	<u>1,346,446</u>	<u>1,322,400</u>
Total general fixed assets	<u>\$ 2,792,682</u>	<u>\$ 2,768,636</u>
Investment in general fixed assets:		
General Fund revenues	\$ 1,872,071	\$ 1,857,752
Special Revenue Fund revenues	564,820	555,093
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>\$ 2,792,682</u>	<u>\$ 2,768,636</u>

See accompanying notes to financial statements

CITY OF WESTLAKE, LOUISIANA

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Year Ended June 30, 1996

	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>
General fixed assets, beginning of year	\$ 2,768,636	\$ 290,240	\$ 1,155,996	\$ 1,322,400
Additions:				
General fund revenue	9,727	-	-	9,727
Special revenue fund	<u>14,319</u>	<u>-</u>	<u>-</u>	<u>14,319</u>
General fixed assets, end of year	<u>\$ 2,792,682</u>	<u>\$ 290,240</u>	<u>\$ 1,155,996</u>	<u>\$ 1,346,446</u>

See accompanying notes to financial statements

SUPPORTING SCHEDULE

CITY OF WESTLAKE, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO MAYOR AND CITY COUNCIL
 Years Ended June 30, 1996 and 1995

<u>Name and Title</u>	<u>Compensation</u>	
	<u>1996</u>	<u>1995</u>
Dudley R. Dixon, Mayor	\$ 39,362	\$ 38,950
Mr. Robert A. LeTard, Council member, Mayor Pro-Tem	4,665	5,206
Mr. Doris J. Cormier, Council member	-	1,988
Mr. Dan Cupit, Council member	-	1,988
Mr. Sylvian Schwartzenburg, Council member	-	2,269
Mr. Earnest Smith, Council member	-	1,988
Mr. Percy Meche, Council member, Mayor Pro-Tem	6,360	3,242
Mr. Gerald Washington, Council member	4,665	2,390
Mr. Carl Chisholm, Council member	4,665	2,390
Mr. Charles McMillin, Council member	4,665	2,390

SUPPLEMENTARY INFORMATION

MCELROY, QUIRK & BURCH

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INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

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

We have audited the general purpose financial statements of the City of Westlake, Louisiana, and the combining, individual fund and account group financial statements of the City for the year ended June 30, 1996, and have issued our report thereon dated October 28, 1996.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the City of Westlake, Louisiana, taken as a whole, and on the combining, individual fund and account group financial statements. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

As discussed in Note 14 to the financial statements, the City of Westlake, Louisiana, for the year ended June 30, 1995 has expended certain federal grant funds in a manner that may have violated certain of the restrictive provisions of the related grants. The possible outcome of these matters, which have been reported to appropriate federal officials, is uncertain at this time. Accordingly, no provision for any liability has been made in the financial statements for possible federal claims for refunds of those grant monies.

McElroy, Quirk & Burch

Lake Charles, Louisiana
October 28, 1996

CITY OF WESTLAKE, LOUISIANA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
Year Ended June 30, 1996

Federal grantor/pass-through grantor program title	Pass-through Louisiana Community Development Block Grant Program-Sewer Collection System Improvements: U.S. Department of Housing and Urban Development Block Grant Program
Federal CFDA Number	14.219
Program or award amount	\$ 583,000
City matching requirement	<u>154,000</u>
Total project costs	\$ 737,000
Accrued revenue at July 1, 1996	\$ -0-
Grant revenue recognized	\$ 361,694
* Grant expenditures recognized	\$ 361,694

* Major Program

CITY OF WESTLAKE

NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
June 30, 1996

Note 1. General

The accompanying Schedule of Federal Financial Assistance presents the activity of all federal financial assistance programs of the City. The City reporting entity is defined in Note 1 to the City's financial statements for the year ended June 30, 1996. All federal financial assistance received is included on the schedule.

Note 2. Basis of Accounting

The accompanying Schedule of Federal Financial Assistance is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements for the year ended June 30, 1996.

Note 3. Relationship to General Purpose Financial Statements

Federal financial assistance revenues are reported in the City's financial statements as follows:

	<u>Housing Rehabilitation Fund</u>	<u>Community Development Block Grant</u>
General Fund	\$ -	\$ -
Capital Projects Fund	-	361,694

Note 4. Relationship to Federal Financial Reports

	<u>Revenue</u>	<u>Expenditures</u>
Reported in the accompanying schedule	\$ 361,694	\$ 361,694

Note 5. Commitments and Contingencies

Note 14 to the financial statements of the City for the year ended June 30, 1995 discussed certain matters related to the Louisiana Housing Assistance grant program, the possible outcome of which is uncertain at this time.

COMPLIANCE, INTERNAL CONTROL REPORTS

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the City of Westlake, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 28, 1996.

We conducted our audit in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements and the combining, individual fund and account group financial statements are free of material misstatement.

The management of the City of Westlake, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements and the combining and individual fund and account group financial statements of the City of Westlake, Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions:

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.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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.

Other comments:

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.

Formal policies and procedures - Our review indicated that currently an informal policy relating to utility accounts receivable is being followed. Management should consider adopting a formal written policy relating to accounts receivable. This policy should address delinquent accounts, opening new accounts, adjustments and write-offs. By developing a formal policy consistent application would be ensured.

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.

Personnel training - We recommend cross-training of accounting personnel. Each position should have an individual that is assigned the responsibility of the position and an individual that is trained as a back-up to the position in the event of illness or other absences from work of the primary individual.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

The findings and recommendations from the prior year's audit have been resolved or are in the process of being implemented.

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. There were no overdrawn bank accounts nor was there any bonded debt, except for one revenue bond issue. The balance of this issue is \$154,000 and will be retired in 1999.

The City experienced a substantial increase in sales taxes and also the receipt of funds to offset the impact of the location of a riverboat on the Calcasieu river, near the City of Westlake.

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, 1996, 1995, 1994, 1993, 1992 and 1991

	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>
GAS FUND						
Revenues	\$ 1,875,087	\$ 1,494,036	\$ 1,729,383	\$ 1,671,256	\$ 1,731,996	\$ 1,561,570
Expenses	<u>1,274,537</u>	<u>996,921</u>	<u>1,183,379</u>	<u>1,129,204</u>	<u>914,959</u>	<u>961,342</u>
Operating income	600,550	497,115	546,004	542,052	817,037	600,228
Nonoperating revenue (expense)	<u>25,152</u>	<u>17,625</u>	<u>24,773</u>	<u>68,085</u>	<u>7,711</u>	<u>(2,632)</u>
Net income before transfers	625,702	514,740	570,777	610,137	824,748	597,596
Transfers	<u>(379,700)</u>	<u>(1,000,068)</u>	<u>(627,866)</u>	<u>(700,329)</u>	<u>(489,000)</u>	<u>(501,951)</u>
Net income (loss)	<u>\$ 246,002</u>	<u>\$ (485,328)</u>	<u>\$ (57,089)</u>	<u>\$ (90,192)</u>	<u>\$ 335,748</u>	<u>\$ 95,645</u>
WATER FUND						
Revenues	\$ 707,064	\$ 551,103	\$ 553,859	\$ 532,546	\$ 531,823	\$ 467,802
Expenses	<u>914,783</u>	<u>948,971</u>	<u>890,331</u>	<u>854,432</u>	<u>804,678</u>	<u>809,037</u>
Operating (loss)	(207,719)	(397,868)	(336,472)	(321,886)	(272,855)	(341,235)
Nonoperating revenue	<u>105,757</u>	<u>76,896</u>	<u>61,441</u>	<u>51,612</u>	<u>49,559</u>	<u>31,806</u>
Net loss before transfers	(101,962)	(320,972)	(275,031)	(270,274)	(223,296)	(309,429)
Transfers	<u>191,109</u>	<u>397,553</u>	<u>189,142</u>	<u>257,230</u>	<u>339,578</u>	<u>397,146</u>
Net income (loss)	<u>\$ 89,147</u>	<u>\$ 76,581</u>	<u>\$ (85,889)</u>	<u>\$ (13,044)</u>	<u>\$ 116,282</u>	<u>\$ 87,717</u>
GENERAL FUND						
Revenues	\$ 1,028,351	\$ 1,006,444	\$ 989,608	\$ 885,059	\$ 931,395	\$ 870,047
Expenses	<u>1,960,520</u>	<u>1,928,820</u>	<u>1,697,008</u>	<u>1,734,612</u>	<u>1,555,773</u>	<u>1,564,807</u>
Excess (deficiency)	(932,169)	(922,376)	(707,400)	(849,553)	(624,378)	(694,760)
Transfers in	1,001,447	1,079,220	915,428	969,839	827,328	850,594
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,659)</u>
Excess (deficiency)	<u>\$ 69,278</u>	<u>\$ 156,844</u>	<u>\$ 208,028</u>	<u>\$ 120,286</u>	<u>\$ 202,950</u>	<u>\$ 134,175</u>
SALES TAX RECEIPTS	<u>\$ 1,622,581</u>	<u>\$ 951,435</u>	<u>\$ 963,123</u>	<u>\$ 1,055,128</u>	<u>\$ 884,880</u>	<u>\$ 792,569</u>

SUMMARY OF UNRESERVED RETAINED EARNINGS/FUND BALANCE (GENERAL FUND)
Six Years Ended June 30, 1996, 1995, 1994, 1993, 1992 and 1991

	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>
GAS FUND	\$ 563,327	\$ 293,720	\$ 696,172	\$ 733,105	\$ 801,759	\$ 403,485
WATER FUND	\$ 1,005,260	\$ 825,800	\$ 657,919	\$ 652,633	\$ 573,574	\$ 340,461
GENERAL FUND	\$ 767,960	\$ 701,686	\$ 610,884	\$ 402,857	\$ 288,068	\$ 64,752

SUMMARY OF CASH AND INVESTMENTS
Six Years Ended June 30, 1996, 1995, 1994, 1993, 1992 and 1991

	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>	<u>1991</u>
GAS FUND						
Cash	\$ 106,681	\$ 44,163	\$ 406,858	\$ 299,342	\$ 81,621	\$ 131,011
Investments	<u>5,707</u>	<u>166,660</u>	<u>154,276</u>	<u>143,214</u>	<u>133,075</u>	<u>232,257</u>
Total	<u>\$ 112,308</u>	<u>\$ 210,823</u>	<u>\$ 561,134</u>	<u>\$ 442,556</u>	<u>\$ 214,696</u>	<u>\$ 363,268</u>
WATER FUND						
Cash	\$ 183,399	\$ 51,798	\$ 89,346	\$ 105,628	\$ 210,891	\$ 132,149
Investments	<u>1,942,817</u>	<u>1,446,123</u>	<u>1,477,742</u>	<u>1,089,116</u>	<u>1,047,410</u>	<u>507,220</u>
Total	<u>\$ 2,126,216</u>	<u>\$ 1,497,921</u>	<u>\$ 1,567,088</u>	<u>\$ 1,194,744</u>	<u>\$ 1,258,301</u>	<u>\$ 639,369</u>
GENERAL FUND						
Cash	\$ 256,341	\$ 184,544	\$ 112,636	\$ 152,467	\$ 99,563	\$ 98,701
Investments	<u>80,169</u>	<u>56,712</u>	<u>53,202</u>	<u>193,088</u>	<u>178,564</u>	<u>15,708</u>
Total	<u>\$ 336,510</u>	<u>\$ 241,256</u>	<u>\$ 165,838</u>	<u>\$ 345,555</u>	<u>\$ 278,127</u>	<u>\$ 114,409</u>

We would like to express our appreciation to all personnel who assisted us in this engagement. All of the accounting personnel have developed a highly professional attitude toward their work and this has resulted in an efficient and reliable staff.

This report is intended for the information of the Mayor, members of the City Council, management and the Legislative Auditor of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

McElroy, Quirk & Burch

Lake Charles, Louisiana
October 28, 1996

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INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the City of Westlake, Louisiana, for the year ended June 30, 1996, and have issued our report thereon dated October 28, 1996. We have also audited the compliance of the City of Westlake, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated October 28, 1996.

We conducted our audit in accordance with generally accepted auditing standards; *Government Audit Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements and the combining and individual fund and account group financial statements are free of material misstatement and about whether the City of Westlake, Louisiana, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1996, we considered its internal control structure of the City in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements of the City and on the compliance of the City with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs.

The management of the City of Westlake, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors or irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

Administrative controls used in administering the federal financial assistance programs

General requirements:

Political activity
Davis-Bacon Act
Civil rights
Cash management
Federal financial reports
Drug free workplace
Allowable costs/cost principles
Administrative requirements

Specific requirements:

Types of service
Eligibility
Reporting
Specific requirements:
specific grant provisions
records retention

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determine whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the City of Westlake, Louisiana, expended 100 percent of its total federal financial assistance under federal financial assistance programs.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the City's federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we considered to be material weaknesses as defined above.

We noted certain matters involving the internal control structure and its operation that we considered to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions:

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.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose 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.

Other comments:

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.

Formal policies and procedures - Our review indicated that currently an informal policy relating to utility accounts receivable is being followed. Management should consider adopting a formal written police relating to accounts receivable. This policy should address delinquent accounts, opening new accounts, adjustments and write-offs. By developing a formal policy consistent application would be ensured.

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.

Personnel training - We recommend cross-training of accounting personnel. Each position should have an individual that is assigned the responsibility of the position and an individual that is trained as a back-up to the position in the event of illness or other absences from work of the primary individual.

This report is intended for the information of management and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Westlake, Louisiana, is a matter of public record.

McElroy, Quirk & Burch

Lake Charles, Louisiana
October 28, 1996

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INDEPENDENT AUDITOR'S COMPLIANCE REPORT BASED ON AN AUDIT OF GENERAL-PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the general-purpose financial statements of the City of Westlake, Louisiana and the combining, individual fund and account group financial statements of the City as of and for the year ended June 30, 1996, and have issued our report thereon dated October 28, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City of Westlake, Louisiana is the responsibility of the City of Westlake's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City of Westlake, Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests disclosed no instances of noncompliance during the year ended June 30, 1996 that are required to be reported under *Government Auditing Standards*.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants, that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial statements. The results of our tests of compliance for the year ended June 30, 1995, as reported in our report on compliance dated December 14, 1995, disclosed the following instances of noncompliance that may be material to the financial statements but for which the ultimate resolution has not been determined. Accordingly, no provision for any liability that may result has been recognized in the City of Westlake, Louisiana, financial statements.

The City of Westlake, Louisiana, did not comply with the requirements that the rehabilitation of the substandard homes comply with the Housing Quality Standards (HQS) as per 24 CFR Part 39 of HOME regulations.

We considered these instances of noncompliance in forming our opinion on whether the City of Westlake, Louisiana, June 30, 1996 general-purpose financial statements and the combining, individual fund and account group financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated October 28, 1996 on those financial statements.

This report is intended for the information of the Board, management, and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the City of Westlake, Louisiana, is a matter of public record.

M'Elroy, Quirk & Burch

Lake Charles, Louisiana
October 28, 1996

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general-purpose financial statements of the City of Westlake, Louisiana and the combining, individual fund and account group financial statements of the City as of and for the year ended June 30, 1996, and have issued our report thereon dated October 28, 1996.

We have applied procedures to test the City of Westlake, Louisiana's compliance with the following requirements applicable to its federal financial assistance program, which is identified in the Schedule of Federal Financial Assistance, for the year ended June 30, 1996:

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/costs principles
- Drug-Free Workplace Act
- Administrative requirements

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's *Compliance Supplement for Single Audits of State and Local Governments*. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Iowa, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Westlake, Louisiana, had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

This report is intended for the information of the Board, management, and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report, which upon acceptance by the City of Westlake, Louisiana, is a matter of public record.

McElroy, Quirk & Burch

Lake Charles, Louisiana
October 28, 1996

MCELROY, QUIRK & BURCH

(A PROFESSIONAL CORPORATION)
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

We have audited the general-purpose financial statements of the City of Westlake, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated October 28, 1996.

We have also audited the City of Westlake's compliance with the requirements governing claims for advances and reimbursements, matching funds, record keeping and types of services allowed or unallowed that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended June 30, 1996. The management of the City of Westlake is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about the City of Westlake's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to in the second paragraph.

In our opinion, the City of Westlake, Louisiana, complied, in all material respects, with the requirements governing claims for advances and reimbursements, matching funds, record keeping and types of services allowed or unallowed that are applicable to each of its major federal financial assistance programs for the year ended June 30, 1996.

This report is intended for the information of the Board, management, and other state and federal audit agencies. This restriction is not intended to limit the distribution of this report, which upon acceptance by the City of Westlake, Louisiana, is a matter of public record.

McElroy, Quirk & Burch

Lake Charles, Louisiana
October 28, 1996