

CITY OF WESTLAKE, LOUISIANA  
ANNUAL FINANCIAL REPORT AND INDEPENDENT  
AUDITORS' REPORTS  
YEAR ENDED JUNE 30, 2019

## CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3-5
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net position	8
Statement of activities	9
FUND FINANCIAL STATEMENTS	
Balance sheet-governmental funds	12
Reconciliation of the balance sheet-governmental funds to the statement of net position	13
Statement of revenues, expenditures, and changes in fund balances- governmental funds	14
Reconciliation of the statement of revenues, expenditures, and changes in fund balances-governmental funds to the statement of activities	15
Statement of net position-proprietary fund	16
Statement of revenues, expenses and changes in net position – proprietary fund	17
Statement of cash flows – proprietary fund	18
NOTES TO BASIC FINANCIAL STATEMENTS	19-41
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary comparison schedule-general fund	43
Schedule of Employer's Proportionate Share of Net Pension Liability	44-45
Schedule of Employer's Contributions	46
OTHER INFORMATION	
Schedule of compensation, benefits and other payments to agency head or chief executive officer	48
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	49-50
SCHEDULE OF FINDINGS AND RESPONSES	51

INDEPENDENT AUDITORS' REPORT

November 22, 2019

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Westlake, Louisiana as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Westlake, Louisiana's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the City of Westlake, Louisiana, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, the schedule of employer's proportionate share of net pension liability and the schedule of employer's compensation on pages 43 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Westlake, Louisiana's basic financial statements. The other information on pages 48 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019, on our consideration of City of Westlake, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Westlake, Louisiana's internal control over financial reporting and compliance.

*Dragan, Casiday, Shillory*

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

CITY OF WESTLAKE, LOUISIANA  
STATEMENT OF NET POSITION  
June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash	1,001,283	\$ 2,031,946	\$ 3,033,229
Investments	5,554,928	678,191	6,233,119
Receivables	615,424	402,330	1,017,754
Interfund receivable	425	-	425
Inventories	-	142,537	142,537
Prepaid insurance	1,451	93,392	94,843
Capital assets:			
Land and construction in progress	6,855,359	12,223,086	19,078,445
Capital assets, net	13,318,587	15,136,992	28,455,579
<b>TOTAL ASSETS</b>	<u>\$ 27,347,457</u>	<u>\$ 30,708,474</u>	<u>\$ 58,055,931</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,989,918</u>	<u>\$ -</u>	<u>\$ 1,989,918</u>
<b>LIABILITIES</b>			
Accounts and other accrued payables	714,252	\$ 327,226	\$ 1,041,478
Customer meter deposits	-	342,147	342,147
Interest payable	-	123,366	123,366
Unearned revenue	18,593	229,706	248,299
Interfund payable	-	425	425
Long-term liabilities:			
Net pension liability	6,512,056	-	6,512,056
Due within one year	-	983,243	983,243
Due after one year	498,415	7,572,840	8,071,255
<b>TOTAL LIABILITIES</b>	<u>\$ 7,743,316</u>	<u>\$ 9,578,953</u>	<u>\$ 17,322,269</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>1,021,578</u>	<u>\$ -</u>	<u>\$ 1,021,578</u>
<b>NET POSITION</b>			
Net invested in capital assets	\$ 20,173,946	\$ 18,803,995	\$ 38,977,941
Net position - Restricted	5,210,601	-	5,210,601
Net position - Unrestricted	(4,812,066)	2,325,526	(2,486,540)
<b>TOTAL NET POSITION</b>	<u>\$ 20,572,481</u>	<u>\$ 21,129,521</u>	<u>\$ 41,702,002</u>

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

CITY OF WESTLAKE, LOUISIANA  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2019

Activities	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Governmental activities:						
General and administrative	958,274	\$ 312,218	125,151	\$ (520,905)	\$ -	\$ (520,905)
Public safety:						
Police	1,842,502	957,799	-	(884,703)	-	(884,703)
Fire	1,503,288	-	976,891	(526,397)	-	(526,397)
Highway and streets	934,362	-	-	(934,362)	-	(934,362)
Cemeteries	21,596	-	-	(21,596)	-	(21,596)
Civil defense	23,186	-	-	(23,186)	-	(23,186)
Post office	19,407	75,708	-	56,301	-	56,301
City court	113,952	-	-	(113,952)	-	(113,952)
Total Governmental Activities	5,416,567	1,345,725	1,102,042	(2,968,800)	-	(2,968,800)
Business-type activities:						
Utility	5,385,187	5,525,688	-	-	140,501	140,501
Golf course	2,353,308	1,138,654	-	-	(1,214,654)	(1,214,654)
Total primary government	<u>\$ 13,155,062</u>	<u>\$ 8,010,067</u>	<u>\$ 1,102,042</u>	<u>(2,968,800)</u>	<u>(1,074,153)</u>	<u>(4,042,953)</u>
General Revenues:						
Tax revenue				4,374,472	189,436	4,563,908
Investment income				118,886	38,916	157,802
Grants and contributions not restricted to specific programs-						
Federal and local sources				2,049,520	203,291	2,252,811
Real estate sales				-	1,876,917	1,876,917
Gain/(loss) on sale of assets				(6,875)	39,735	32,860
Miscellaneous expense				-	(136)	(136)
Miscellaneous income				42,556	52,940	95,496
Bond issuance cost				-	-	-
Distribution - gaming industry				437,935	-	437,935
Transfers				1,711,672	(1,711,672)	0
Total general revenues				<u>8,728,166</u>	<u>689,427</u>	<u>9,417,593</u>
Change in net position				5,759,366	(384,726)	5,374,640
Net position - Beginning				14,813,115	21,514,247	36,327,362
Net position - Ending				<u>\$ 20,572,481</u>	<u>\$ 21,129,521</u>	<u>\$ 41,702,002</u>

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

FUND FINANCIAL STATEMENTS

## FUND DESCRIPTIONS

### General Fund

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

### Capital Projects Fund

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

### Proprietary Funds

#### Utility Fund

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

#### Golf Course and Real Estate Development

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

CITY OF WESTLAKE, LOUISIANA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2019

	General	Capital Projects	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 447,067	\$ 554,216	\$ 1,001,283
Investments	826,998	4,727,930	5,554,928
Receivables (net, where applicable, of allowance for uncollectibles):			
Accounts receivable	182,682	410,778	593,460
Taxes receivable	-	21,964	21,964
Interfund receivables	425	-	425
Prepaid expense	1,451	-	1,451
<b>TOTAL ASSETS</b>	<b>1,458,623</b>	<b>5,714,888</b>	<b>7,173,511</b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>
 <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 1,458,623</b>	<b>\$ 5,714,888</b>	<b>\$ 7,173,511</b>
 <b>LIABILITIES</b>			
Accounts payable	228,558	485,694	\$ 714,252
Unearned income	-	18,593	18,593
<b>TOTAL LIABILITIES</b>	<b>228,558</b>	<b>504,287</b>	<b>732,845</b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>
 <b>FUND BALANCES</b>			
Restricted for:			
Capital projects	-	5,210,601	5,210,601
Unassigned	1,230,065	-	1,230,065
<b>TOTAL FUND BALANCES</b>	<b>1,230,065</b>	<b>5,210,601</b>	<b>6,440,666</b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,458,623</b>	<b>\$ 5,714,888</b>	<b>\$ 7,173,511</b>

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

CITY OF WESTLAKE, LOUISIANA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
June 30, 2019

Total fund balance for governmental fund at June 30, 2019:		\$ 6,440,666
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. Those assets consist of:</p>		
Land and construction in progress	\$ 6,855,359	
Capital assets, net of \$11,436,428 accumulated depreciation	<u>13,318,587</u>	20,173,946
<p>Deferred outflows and inflows for pension resources and long-term debt are not financial resources or currently payable:</p>		
Deferred inflows related to pensions		(1,021,578)
Deferred outflows related to pensions		1,989,918
<p>Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:</p>		
Compensated absences	(498,415)	
Net pension liability	<u>(6,512,056)</u>	<u>(7,010,471)</u>
Total net position of governmental activities at June 30, 2019		<u>\$ 20,572,481</u>

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

CITY OF WESTLAKE, LOUISIANA  
STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2019

	General	Capital Projects	Total
<b>REVENUES</b>			
Taxes and special assessments	3,647,487	726,985	\$ 4,374,472
Licenses and permits	291,910	-	291,910
Intergovernmental	976,891	-	976,891
Charges for services	20,308	-	20,308
Fines and forfeits	957,799	-	957,799
Investment income	27,901	90,985	118,886
Miscellaneous income	42,556	2,049,520	2,092,076
Grant proceeds	112,351	6,215	118,566
Donations	6,585	-	6,585
Post office lease	75,708	-	75,708
Distribution - gaming industry	-	437,935	437,935
<b>TOTAL REVENUES</b>	<u>6,159,496</u>	<u>3,311,640</u>	<u>9,471,136</u>
<b>EXPENDITURES</b>			
Current:			
General and administrative	938,801	94,024	1,032,825
Police	1,807,085	-	1,807,085
Fire	1,607,605	-	1,607,605
Streets	576,544	-	576,544
Cemeteries	21,596	-	21,596
Civil defense	19,239	-	19,239
Post office	17,990	-	17,990
City court	104,399	-	104,399
Capital Outlay	271,439	2,917,428	3,188,867
Debt Service:			
Principal	-	-	-
Interest	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>5,364,698</u>	<u>3,011,452</u>	<u>8,376,150</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>794,798</b>	<b>300,188</b>	<b>1,094,986</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	3,106,918	3,106,918
Operating transfers out	(1,395,246)	-	(1,395,246)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(1,395,246)</u>	<u>3,106,918</u>	<u>1,711,672</u>
<b>NET CHANGES IN FUND BALANCE</b>	<b>(600,448)</b>	<b>3,407,106</b>	<b>2,806,658</b>
<b>FUND BALANCE - BEGINNING</b>	<u>1,830,513</u>	<u>1,803,495</u>	<u>3,634,008</u>
<b>FUND BALANCE - ENDING</b>	<u>\$ 1,230,065</u>	<u>\$ 5,210,601</u>	<u>\$ 6,440,666</u>

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

CITY OF WESTLAKE, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2019

Total net changes in fund balance at June 30, 2019 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 2,806,658
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 3,188,867	
Loss on disposal of assets	(6,875)	
Depreciation expense for the year ended June 30, 2019	<u>(654,919)</u>	2,527,073
 Net decrease in compensated absences		 234,795
 Net pension (expense) benefit is reported in the governmental fund as expenditures as they are paid, however, in the statement of activities the net position (expense benefit is reported according to estimates required by GASB 68.		 <u>190,840</u>
 Total changes in net position at June 30, 2019 per Statement of Activities		 <u><u>\$ 5,759,366</u></u>

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

CITY OF WESTLAKE, LOUISIANA  
STATEMENT OF NET POSITION - PROPRIETARY FUND  
June 30, 2019

	Utility	Golf Course and Real Estate Development	Total Proprietary Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	1,544,177	406,849	\$ 1,951,026
Investments	465,486	-	465,486
Accounts receivable, net of allowance for for uncollectibles	331,452	70,878	402,330
Inventories	34,672	107,865	142,537
Prepaid insurance	77,211	16,181	93,392
Restricted assets:			
Cash and cash equivalents	80,920	-	80,920
Investments	212,705	-	212,705
<b>Total current assets</b>	<u>2,746,623</u>	<u>601,773</u>	<u>3,348,396</u>
Property, plant and equipment			
Buildings, plant and distribution system	28,933,281	5,258,779	34,192,060
Furniture, fixtures and equipment	2,029,337	2,275,558	4,304,895
	<u>30,962,618</u>	<u>7,534,337</u>	<u>38,496,955</u>
Less accumulated depreciation	17,771,506	5,588,457	23,359,963
	<u>13,191,112</u>	<u>1,945,880</u>	<u>15,136,992</u>
Land	337,431	11,641,127	11,978,558
Construction in progress	244,528	-	244,528
<b>Total property, plant and equipment</b>	<u>13,773,071</u>	<u>13,587,007</u>	<u>27,360,078</u>
<b>TOTAL ASSETS</b>	<u>\$ 16,519,694</u>	<u>\$ 14,188,780</u>	<u>\$ 30,708,474</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	15,940	127,557	\$ 143,497
Accrued sick payable	142,543	-	142,543
Accrued vacation payable	26,497	-	26,497
Accrued compensation	14,689	-	14,689
Interest payable	123,366	-	123,366
Interfund payables	425	-	425
Unearned revenue	229,706	-	229,706
Security deposits payable	342,147	-	342,147
<b>Total current liabilities</b>	<u>895,313</u>	<u>127,557</u>	<u>1,022,870</u>
Long-term liabilities:			
Due within one year	959,000	24,243	983,243
Due after one year	7,506,000	66,840	7,572,840
<b>Total long-term liabilities</b>	<u>8,465,000</u>	<u>91,083</u>	<u>8,556,083</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 9,360,313</u>	<u>\$ 218,640</u>	<u>\$ 9,578,953</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET POSITION</b>			
Net invested in capital assets	\$ 5,308,071	\$ 13,495,924	\$ 18,803,995
Net position - Unrestricted	1,851,310	474,216	2,325,526
<b>TOTAL NET POSITION</b>	<u>\$ 7,159,381</u>	<u>\$ 13,970,140</u>	<u>\$ 21,129,521</u>

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

CITY OF WESTLAKE, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION - PROPRIETARY FUND  
Year Ended June 30, 2019

	Utility	Golf Course and Real Estate Development	Total Proprietary Funds
<b>OPERATING REVENUES</b>			
Charge for utility services	5,491,976	\$ -	\$ 5,491,976
Charges for golf course	-	1,138,654	1,138,654
Tap fees	33,712	-	33,712
<b>Total Operating Revenues</b>	<b>5,525,688</b>	<b>1,138,654</b>	<b>6,664,342</b>
<b>OPERATING EXPENSES</b>			
Personnel services	1,185,768	718,995	1,904,763
Contractual services	351,668	-	351,668
Supplies	1,230,511	772,338	2,002,849
Other services and charges	983,280	269,808	1,253,088
Heat, light, and power	136,029	49,361	185,390
Sewage usage expense	711,215	-	711,215
Depreciation and amortization expense	548,996	539,175	1,088,171
<b>Total Operating Expenses</b>	<b>5,147,467</b>	<b>2,349,677</b>	<b>7,497,144</b>
<b>OPERATING INCOME (LOSS)</b>	<b>378,221</b>	<b>(1,211,023)</b>	<b>(832,802)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Tax revenue	189,436	-	189,436
Investment income	38,916	-	38,916
Grant income	203,291	-	203,291
Miscellaneous income	48,242	4,698	52,940
Real estate sales	-	1,876,917	1,876,917
Interest expense	(237,720)	(3,631)	(241,351)
Gain/(loss) on sale of assets	39,735	-	39,735
Miscellaneous expenses	(136)	-	(136)
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>659,985</b>	<b>666,961</b>	<b>1,326,946</b>
Operating transfers in	-	-	-
Operating transfers out	(508,750)	(1,202,922)	(1,711,672)
<b>CHANGE IN NET POSITION</b>	<b>151,235</b>	<b>(535,961)</b>	<b>(384,726)</b>
<b>NET POSITION, BEGINNING</b>	<b>7,008,146</b>	<b>14,506,101</b>	<b>21,514,247</b>
<b>NET POSITION, ENDING</b>	<b>\$ 7,159,381</b>	<b>\$ 13,970,140</b>	<b>\$ 21,129,521</b>

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

CITY OF WESTLAKE, LOUISIANA  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND  
Year Ended June 30, 2019

	Utility	Golf Course and Real Estate Development	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 5,570,870	\$ 1,140,909	\$ 6,711,779
Payments to suppliers	(3,283,849)	(1,092,427)	(4,376,276)
Payments to employees	(1,082,163)	(718,995)	(1,801,158)
Net cash from operating activities	<u>1,204,858</u>	<u>(670,513)</u>	<u>534,345</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Proceeds from real estate sales	-	2,246,556	2,246,556
Proceeds from the sale of fixed assets	39,735	-	39,735
Purchase of fixed assets	(110,702)	(14,319)	(125,021)
Principle payments on debt	(942,000)	(23,382)	(965,382)
Interest payments on debt	(241,677)	(3,631)	(245,308)
Net cash from investment activities	<u>(1,254,644)</u>	<u>2,205,224</u>	<u>950,580</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
Miscellaneous income	48,242	4,698	52,940
Miscellaneous expense	(136)	-	(136)
Grant income	203,291	-	203,291
Operating transfers in	-	-	-
Operating transfers out	(508,750)	(1,202,922)	(1,711,672)
Net cash from non-capital financing activities	<u>(257,353)</u>	<u>(1,198,224)</u>	<u>(1,455,577)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Earnings of investments	38,916	-	38,916
Net cash from investing activities	<u>38,916</u>	<u>-</u>	<u>38,916</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(268,223)</b>	<b>336,487</b>	<b>68,264</b>
<b>CASH - BEGINNING</b>	<b>1,893,320</b>	<b>70,362</b>	<b>1,963,682</b>
<b>CASH - ENDING</b>	<b><u>\$ 1,625,097</u></b>	<b><u>\$ 406,849</u></b>	<b><u>\$ 2,031,946</u></b>
<b>Reconciliation of operating income (loss) to net cash from operating activities:</b>			
Operating income (loss)	\$ 378,221	\$ (1,211,023)	\$ (832,802)
<b>Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>			
Depreciation	548,996	539,175	1,088,171
(Increase) decrease in receivables	45,182	2,255	47,437
(Increase) decrease in inventories	(11,408)	5,214	(6,194)
(Increase) decrease in prepaid insurance	-	523	523
(Increase) decrease in unearned revenues	350,879	-	350,879
Increase (decrease) in accounts payable	(236,319)	(6,657)	(242,976)
Increase (decrease) in customer deposits	27,347	-	27,347
Increase (decrease) in accrued compensation	103,605	-	103,605
Increase (decrease) in interest payable	(2,070)	-	(2,070)
Increase (decrease) in interfund payable	425	-	425
Net cash from operating activities	<u>\$ 1,204,858</u>	<u>\$ (670,513)</u>	<u>\$ 534,345</u>

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

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

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

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

2. Basis of Presentation

The accompanying basic financial statements of the City of Westlake, Louisiana have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

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

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

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Financial Statements

The City uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Town functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City are classified into three categories: governmental and proprietary. The emphasis on fund financial statements is on major funds, each displayed on a separate column. A fund is considered major if it is the primary operating fund of the City or its total assets, liabilities, revenues, or expenditures of the individual governmental and enterprise fund is at least 10 percent of the corresponding total for all governmental and enterprise funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The City reports the following major funds:

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

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

Proprietary Funds

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City's enterprise fund accounts for gas, water and sewer services, and golf course and real estate development.

3. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

**Basis of Accounting**

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

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

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

**4. Budgets and Budgetary Accounting**

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

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

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

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

**5. Cash and Investments**

**Cash**

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

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2019, the City has \$2,991,133 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$2,741,133 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

6. Interfund Receivables/Payables

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

7. Accounts Receivable

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

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

8. Prepaid expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items.

9. Capital Assets

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

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

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

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

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

10. Inventory

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

Inventory of the Golf Course and Real Estate Development Fund is stated at lower of cost or net realizable value under the first-in, first-out method of accounting for inventory. Inventories consist of expendable supplies held for consumption and golf merchandise in the club house. The expenditures are recognized when the items are purchased.

11. Statement of Cash Flows

For the purpose of the statement of cash flows for the enterprise fund, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Ending cash of \$2,031,946 at June 30, 2019 represents unrestricted amounts of \$1,951,026 and restricted amounts of \$80,920.

12. Compensated Absences

Vested or accumulated compensated absences that is expected to be liquidated with expendable available financial resources is reported as expenditures and a liability of the governmental activities. \$498,415 is reported for these amounts. Vested or accumulated compensated absences of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. At June 30, 2019, liability for compensated absences was \$209,350 in the business-type activities.

13. Long - Term Debt

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

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

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

14. Equity Classification

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

- a. Net invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position– All other net position that does not meet the definition of “restricted” or “net invested in capital assets”.

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

- a. Restricted fund balance – Includes fund balance amounts that are intended to be used for specific purposes which are externally imposed.
- b. Assigned fund balance – Includes fund balance amounts that are intended to be used for specific purposes based on internal (Board) actions.
- c. Unassigned fund balance – Includes positive fund balance within the general fund which has not been classified within the above mentioned categories.

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

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

15. Use of Estimates

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

16. Revenues, Expenditures, and Expenses

Program Revenues

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

Revenues

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

Unearned Revenue

Unearned revenue of \$248,299 at June 30, 2019 represents grant funds received but not expended as of year-end.

Expenditures

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

Other Financing Sources

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

17. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no deferred outflows of resources.

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

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

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

Proceeds of a one percent sales and use tax, which was renewed on July 1 2007, and is to run for ten years, are levied by the City of Westlake, Louisiana and collectible by the sales tax fund, and are legally dedicated in no particular percentage to the following:

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

Proceeds of a one-half of one percent sales and use tax, which was renewed on October 1, 2007, and is to run for ten years are levied by the City of Westlake, Louisiana and collectible by the sales tax fund, are legally dedicated for the operation and maintenance of the City Police Department.

19. Subsequent Events

Management has evaluated subsequent events through November 22, 2019, the date the financial statements were available to be issued.

NOTE B - INVESTMENTS

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

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE B - INVESTMENTS - Continued

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

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

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

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2019 are as follows:

	Fair Value	Quoted Price in Active Markets Identical assets Level 1	Significant Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Cost
Short-term investments:					
Money markets	\$ 1,978	\$ 1,978	\$ -	\$ -	\$ 1,978
U.S. Treasuries	4,072,843	4,072,843	-	-	4,072,843
LAMP	2,158,298	2,158,298	-	-	2,158,298
	<u>\$ 6,233,119</u>	<u>\$ 6,233,119</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,233,119</u>

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

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

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

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

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE B - INVESTMENTS - Continued

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

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

NOTE C – AD VALOREM TAXES

For the year ended June 30, 2019 taxes of 24.4 mills were levied on property with assessed valuations totaling \$32,239,395 and were dedicated as follows:

General corporate purposes 24.4 mills

Total taxes levied were \$786,642.

NOTE D - RECEIVABLES

The following is a summary of receivables for June 30, 2019:

	Governmental Fund	Proprietary Funds
Taxes	\$ 444,199	\$ -
Charges for services	171,225	440,286
Less: Allowance for bad debt	(-)	(37,956)
	<u>\$ 615,424</u>	<u>\$ 402,330</u>

NOTE E – CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019 follows:

	Beginning of Year	Additions	Deletions	End of Year
Governmental activities:				
Land	\$ 2,030,401	\$ -	\$ -	\$ 2,030,401
Buildings	3,904,869	90,306	-	3,995,175
Furniture and Equipment	2,135,854	20,598	-	2,156,452
Transportation Equipment	2,431,850	74,759	51,910	2,454,699
Infrastructure	16,148,689	-	-	16,148,689
Construction In Progress	<u>1,821,754</u>	<u>3,003,204</u>	-	<u>4,824,958</u>
Totals at historical cost	28,473,417	3,188,867	51,910	31,610,374
Less accumulated depreciation for:				
Buildings	2,214,182	92,841	-	2,307,023
Furniture and Equipment	1,819,312	93,467	-	1,912,779
Transportation Equipment	1,777,365	64,893	45,035	1,797,223
Infrastructure	<u>5,015,685</u>	<u>403,718</u>	-	<u>5,419,403</u>
Total accumulated depreciation	<u>10,826,544</u>	<u>654,919</u>	<u>45,035</u>	<u>11,436,428</u>
Governmental activities capital Assets, Net	<u>\$ 17,646,873</u>	<u>\$ 2,533,948</u>	<u>\$ 6,875</u>	<u>\$ 20,173,946</u>

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE E – CAPITAL ASSETS - Continued

Business Type Activities:				
Land	\$ 12,238,742	\$ 109,455	\$ 369,639	\$ 11,978,558
Construction in progress	1,208,333	12,546	976,351	244,528
Infrastructure	31,060,331	1,011,523	-	32,071,854
Buildings and plant	1,987,959	6,455	-	1,994,414
Machinery and equipment	4,020,425	14,310	165,795	3,868,940
Transportation equipment	438,440	167,888	44,581	561,747
Totals at historical cost	<u>50,954,230</u>	<u>1,322,177</u>	<u>1,556,366</u>	<u>50,720,041</u>
Less accumulated depreciation for:				
Infrastructure	17,036,244	756,748	-	17,792,992
Buildings and plant	1,510,714	79,531	-	1,590,245
Machinery and equipment	3,308,773	233,811	-	3,542,584
Transportation equipment	461,017	17,706	44,581	434,142
Total accumulated depreciation	<u>22,316,748</u>	<u>1,087,796</u>	<u>44,581</u>	<u>23,359,963</u>
Business-type activities capital assets, net	<u>\$ 28,637,482</u>	<u>\$ 234,381</u>	<u>\$ 1,511,785</u>	<u>\$ 27,360,078</u>

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 97,963
Highway and streets	442,134
Fire	46,527
Police	62,931
City Court	3,947
Post Office	1,417
Total	<u>\$ 654,919</u>

Construction in progress for the governmental activities include a new police station totaling \$1,940,556, improvements on John Stine Road totaling \$1,151,256 and other various drainage and street improvements totaling \$1,733,146. The police station is estimated to cost an additional \$524,063 and be completed in August 2019. The improvements on John Stine Road are estimated to cost an additional \$4,667,149 and estimated to be completed in March 2020 and is being funded by the Calcasieu Parish Police Jury. Other various drainage and street improvement projects are estimated to cost an additional \$1,015,000 and completed in 2019 and 2020.

Construction in progress for the business type activities include a regulator station and gas line improvements on Dick Hayes Road totaling \$244,528. The project is expected to cost an additional \$290,000 and be completed in 2019.

NOTE F – LEASES

Capital Leases:

The City has financing leases for equipment that qualify as capital leases. The assets and liabilities under capital leases are recorded at the lower of present value of the minimum lease payments or the fair value of the assets. The assets are amortized over the lower of their related lease terms or their estimated productive lives. Amortization of the assets under capital lease is included in depreciation expenses for the year ended June 30, 2019.

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE F – LEASES - Continued

The following is a summary of property held under capital lease at June 30, 2018:

Golf course equipment	\$ 167,889
Less accumulated amortization	<u>55,127</u>
	<u>\$ 112,762</u>

NOTE G – LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	<u>Beginning of Year</u>	<u>Issued</u>	<u>Retired</u>	<u>End of Year</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Net pension liability	\$ 6,442,919	\$ 69,137	\$ -	\$ 6,512,056	\$ -
Compensated absences	<u>733,210</u>	<u>-</u>	<u>234,795</u>	<u>498,415</u>	<u>-</u>
<b>Governmental Activities</b>					
Long-Term Liabilities	<u>\$ 7,176,129</u>	<u>\$ 69,137</u>	<u>\$ 234,795</u>	<u>\$ 7,010,471</u>	<u>\$ -</u>
<b>Business-Type Activities:</b>					
General Obligation	\$ 9,407,000	\$ -	\$ 942,000	\$ 8,465,000	\$ 959,000
Total bonds	<u>9,407,000</u>	<u>-</u>	<u>942,000</u>	<u>8,465,000</u>	<u>959,000</u>
<b>Other Obligations:</b>					
Capital leases	114,464	-	23,381	91,083	24,243
Total other obligations	<u>114,464</u>	<u>-</u>	<u>23,381</u>	<u>91,083</u>	<u>24,243</u>
<b>Business-Type Activities</b>					
Long-Term Liabilities	<u>\$ 9,521,464</u>	<u>\$ -</u>	<u>\$ 965,381</u>	<u>\$ 8,556,083</u>	<u>\$ 983,243</u>

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

Long-term liabilities at June 30, 2019 are comprised of the following individual issues:

Business-type Activities:

\$7,500,000 Series 2016 revenue and refunding bond due in annual installments ranging from \$660,000 to \$850,000 through July 1, 2026; interest at 2.95%	\$ 6,160,000
\$2,030,000 Series 2010 B revenue bonds due in annual installments ranging from \$90,000 to \$126,000 through January 1, 2030; interest at 2.95%	1,235,000
\$1,995,000 2012 Series revenue refunding bond due in annual installments ranging from \$150,000 to \$190,000 through November 24, 2025; interest at 2.38%	<u>1,070,000</u>
	<u>\$ 8,465,000</u>

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE G – LONG-TERM LIABILITIES - Continued

The annual requirements to amortize all debt are as follows:

Year Ending June 30,	Business-type Activities	
	Principal	Interest
2020	\$ 959,000	\$ 238,707
2021	987,000	203,802
2022	1,019,000	178,119
2023	1,047,000	148,626
2024	1,074,000	183,547
2025-2029	3,253,000	201,646
2030-2034	126,000	11,092
	<u>\$ 8,465,000</u>	<u>\$ 1,165,539</u>

NOTE H - PENSION PLAN

Substantially all employees of the City of Westlake, LA. are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

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

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

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

*Funding Policy.* Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 26.0% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R. S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City contributions to the System under Plan A for the year ending June 30, 2019 were \$313,727.

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE H - PENSION PLAN – Continued

At June 30, 2019, the City reported a liability of \$2,565,614 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District's proportion was .61961%.

For the year ended June 30, 2019, the City recognized pension expense (benefit) of \$(110,903) including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$(9,972). At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 91,219
Difference between expected and actual investment	393,165	99,360
Difference between expected and actual assumption	77,234	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	-	29,916
Contributions subsequent to the measurement date	313,727	-
Total	\$ 784,126	\$ 220,495

\$313,727 reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2020	\$ 94,201
2021	44,649
2022	21,208
2023	-
2024	-
Thereafter	-

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

The components on net pension liability of the System's employers as of June 30, 2018 are as follows:

Total Pension Liability	\$ 1,148,293,981
Plan Fiduciary Net Pension	734,226,194
Total Net Pension Liability	\$ 414,067,787

CITY OF WESTLAKE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

NOTE H - PENSION PLAN – Continued

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.275%
Expected Remaining Service Lives	3 years
Projected Salary Increases	5.0%
Cost-of-living adjustment	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Mortality	RP-2000 Employee Tables for active members RP-2000 Health Annuitant Tables for healthy annuitants RP-2000 Disabled Lives Mortality Tables for disabled annuitants.

The discount rate used to measure the total pension liability was 7.275%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in discount rate. The following presents the net pension liability of the District calculated using the discount rate of 7.275%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.275% or one percentage point higher 8.275% than the current rate.

	Changes in Discount Rate 2018		
	Current		
	1% Decrease 6.275%	Discount Rate 7.275%	1% Increase 8.275%
Net Pension Liability (Asset)	\$ 3,295,765	\$ 2,565,614	\$ 1,942,404

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

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE H - PENSION PLAN – Continued

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

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

*Funding Policy.* Plan members are required by state statute to contribute 10% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 32.25% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City contributions to the System for the year ending June 30, 2019 were \$236,858.

At June 30, 2019, the City reported a liability of \$2,116,533 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District's proportion was .25036%.

For the year ended June 30, 2019, the City recognized pension expense (benefit) of \$(33,022) including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, (\$9,990). At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,541	\$ 108,159
Difference between expected and actual investment	101,462	-
Difference between expected and actual assumptions	138,314	-
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	148,035	246,348
Contributions subsequent to the measurement date	236,858	-
Total	\$ 634,210	\$ 354,507

CITY OF WESTLAKE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

NOTE H - PENSION PLAN – Continued

\$236,858 reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2020	\$ (27,816)
2021	136,872
2022	(9,958)
2023	3,686
2024	-
Thereafter	-

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

The components on net pension liability of the System's employers as of June 30, 2018 are as follows:

Total Pension Liability	\$ 3,007,181,318
Plan Fiduciary Net Pension	<u>2,161,775,206</u>
Total Net Pension Liability	<u>\$ 845,406,112</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018	
Actuarial Cost Method	Entry Age Normal	
Investment Rate of Return	7.20% (Net of investment expense)	
Expected Remaining Service Lives	4 years	
Inflation Rate	2.70%	
Salary increases, Including inflation and merit	Years of Service	Salary Growth Rate
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants. RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.	
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.	

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE H - PENSION PLAN – Continued

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52.00%	3.58%
Fixed Income	22.00%	0.46%
Alternative	20.00%	1.07%
Other	6.00%	0.17%
Totals	100.00%	5.28%
Inflation		2.75%
Expected Nominal Return		8.03%

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in discount rate. The following presents the net pension liability of the District calculated using the discount rate of 7.20%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.20% or one percentage point higher 8.20% than the current rate.

	Changes in Discount Rate 2018		
	1% Decrease 6.20%	Current Discount Rate 7.20%	1% Increase 8.20%
Net Pension Liability (Asset)	\$ 2,974,315	\$ 2,116,533	\$ 1,396,887

C. Firefighters' Retirement System of Louisiana

*Plan Description.* The Firefighters' Retirement System of Louisiana is the administrator of a cost-sharing multiple-employer plan. Membership in the System is a condition of employment for any full-time firefighters

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE H - PENSION PLAN – Continued

who earn more than \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System. The System provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11 :2251-11 :2272.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System of Louisiana, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809, or by calling (225) 925-4060.

*Funding Policy.* Plan members are required by state statute to contribute 10% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 26.5% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City contributions to the System for the year ending June 30, 2019 were \$220,670.

At June 30, 2019, the City reported a liability of \$1,829,909 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to their pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2018, the District's proportion was .31813%.

For the year ended June 30, 2019, the City recognized pension expense (benefit) of \$(46,915) including employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions, \$(9,014). At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 139,277
Difference between expected and actual investment	118,990	-
Difference between expected and actual assumptions	127,654	290
Changes in proportion and differences between:		
Contributions and proportionate share of contributions	104,268	307,009
Contributions subsequent to the measurement date	220,670	-
Total	\$ 571,582	\$ 446,576

\$220,670 reported as deferred outflows of resources related to pensions resulting from City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the

CITY OF WESTLAKE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

NOTE H - PENSION PLAN – Continued

year ended June 30, 2020. Other accounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2020	\$ 68,991
2021	(609)
2022	(87,962)
2023	(17,864)
2024	24,354
Thereafter	25,591

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

The components on net pension liability of the System's employers as of June 30, 2017 are as follows:

Total Pension Liability	\$ 2,279,259,967
Plan Fiduciary Net Pension	1,704,049,168
Total Net Pension Liability	<u>\$ 575,207,799</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 are as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	7.30% Per annum
Expected Remaining Service Lives	7 years
Projected Salary Increases	Vary from 15.0% in the first two years of service to 4.75% with 25 or more years if service; including inflation and merit increases.
Inflation Rate	2.700% annum
Cost-of-living adjustment	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE H - PENSION PLAN – Continued

those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (excepted returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The resulting long-term expected arithmetic nominal rate of return was 8.09% as of June 30, 2018. Best estimates of arithmetic real rates of return for each major class includes in the System's target asset allocation as of June 30, 2018, are summarized in the following table:

Asset Type		Target Asset Allocation	Long-Term Expected Real Rate of Return
Equity	U.S. Equity	22.00%	6.14%
	Non-U.S. Equity	22.00%	7.46%
	Global Equity	10.00%	6.74%
Fixed Income	Fixed Income	26.00%	1.76%
Alternatives	Real Estate	6.00%	4.38%
	Private Equity	4.00%	8.73%
Multi-Asset Strategies	Global Tactical Asset Allocation	5.00%	4.31%
	Risk Parity	5.00%	4.89%
		<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined contribution rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in discount rate. The following presents the net pension liability of the District calculated using the discount rate of 7.30%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.30% or one percentage point higher 8.30% than the current rate.

	Changes in Discount Rate 2017		
	1% Decrease 6.4%	Current Discount Rate 7.4%	1% Increase 8.4%
Net Pension Liability (Asset)	\$ 2,670,269	\$ 1,829,909	\$ 1,123,716

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE I - RISK MANAGEMENT

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

NOTE J - CONTINGENCIES

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

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

NOTE K – INTERFUND RECEIVABLES AND PAYABLES

Individual amounts due from/to other funds at June 30, 2019, are as follows:

	Due From	Due To
General	\$ -	\$ 425
Capital Projects	-	-
Utility	425	-
Golf Course and Real Estate Development	-	-
	\$ 425	\$ 425

NOTE L – OPERATING TRANSFERS IN/OUT

Operating transfers as of June 30, 2019 were as follows:

	Transfers In	Transfers Out
General fund	\$ -	\$ 1,395,246
Capital projects	3,106,918	-
Utility	-	508,755
Golf course	-	1,202,917
	\$ 3,106,918	\$ 3,106,918

NOTE M – RESTRICTED ASSETS – PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2019:

Customer deposits	\$ 293,625
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NOTE N – Rental Agreement

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

CITY OF WESTLAKE, LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019

NOTE O – COUNCIL MEMBERS COMPENSATION

The compensation paid to the Mayor and City Council Members for the year ended June 30, 2019, is as follows:

Robert Hardey, Mayor	\$ 74,171
Daniel Racca, Councilman (Current)	6,970
Betty Bates, Councilman (Former)	2,166
Della Hoffpaur, Councilman (Current)	2,650
Kenny Brown, Councilman (Current)	5,120
Jeremy Cryer, Councilman (Current)	5,120
Skeeter Hayes, Councilman (Current)	5,120

NOTE P – AGING OF ACCOUNTS RECEIVABLE

Aging of Accounts Receivable – proprietary fund as of June 30, 2019 are as follows:

0-30 <u>Days</u>	31-60 <u>Days</u>	61-90 <u>Days</u>	over 90 <u>Days</u>	<u>Total</u>
\$ 354,683	\$ 16,715	\$ 5,333	\$ 25,599	\$ 402,330

NOTE Q – SCHEDULE OF INSURANCE COVERAGE

The schedule of insurance coverage as of June 30, 2019 is as follows:

	<u>Limits</u>	<u>Expiration Date</u>
Automobile liability	\$1,000,000 bodily injury and physical damage	May 14, 2020
Commercial general liability: Premises/Operations	\$2,000,000 per occurrence-bodily injury and physical damage	May 14, 2020
Products/Completed operation	\$2,000,000 in the aggregate-bodily injury and physical damage	May 14, 2020
Medical payments	\$10,000 per person \$1,000,000 per accident	May 14, 2020
Commercial property	\$13,289,847	May 14, 2020
Surety bond	\$50,000	May 14, 2020
Workers compensation	\$1,000,000/\$1,000,000/ \$1,000,000	February 20, 2020

CITY OF WESTLAKE, LOUISIANA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2019

NOTE R- SCHEDULE OF RATES AND NUMBER OF CUSTOMERS

At June 30, 2019, the number of customers were as follows:

Water	2,036
Sewer	1,966
Gas	3,319
Garbage	1,857

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

Sewer:

Residential:	\$32.06 per month
Senior Citizens:	\$16.87 per month
Commercial:	Users with metered water = $\frac{\text{monthly water usage (gals)}}{8,000}$
	Multiplied by \$35.69 to get dollar amount

Water:

Residential:	\$28.68 first 2,000 gallons 3.00 per 1,000 gallons thereafter
Senior Citizens:	\$17.72 first 2,000 gallons 3.00 per 1,000 gallons thereafter
Commercial:	\$33.55 first 8,000 gallons 4.22 per 1,000 gallons thereafter
Industrial:	\$53.99 first 10,000 gallons 5.06 per 1,000 gallons thereafter 2.02 per 1,000 gallons after 150,000

Garbage:

Residential:	\$19.00
Senior Citizens:	\$19.00
Commercial:	\$19.00

Gas:

Residential and Commercial:	\$17.72 minimum Bill for 0-5 CCF (Hundred Cubic Feet)
Senior Citizens:	\$8.44 minimum Bill for 0-5 CCF (Hundred Cubic Feet)
Industrial:	\$25.31 minimum Bill for 0-5 CCF (Hundred Cubic Feet)

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF WESTLAKE, LOUISIANA  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 Year Ended June 30, 2019

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes and special assessments	\$ 3,381,776	\$ 3,574,104	\$ 3,647,487	\$ 73,383
Licenses and permits	290,000	286,050	291,910	5,860
Intergovernmental	877,460	862,460	976,891	114,431
Charges for services	23,550	14,500	20,308	5,808
Fines and forfeits	965,000	883,000	957,799	74,799
Investment income	4,000	21,000	27,901	6,901
Miscellaneous income	11,700	67,838	42,556	(25,282)
Grant proceeds	-	54,487	112,351	57,864
Donations	5,000	6,115	6,585	470
Post office lease	84,000	75,708	75,708	-
Distribution - gaming industry	-	-	-	-
<b>TOTAL REVENUES</b>	<b>5,642,486</b>	<b>5,845,262</b>	<b>6,159,496</b>	<b>314,234</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
General and administrative	1,018,317	972,180	938,801	33,379
Police	1,984,252	1,972,726	1,807,085	165,641
Fire	1,642,713	1,654,833	1,607,605	47,228
Streets	670,358	644,645	576,544	68,101
Cemeteries	23,022	21,122	21,596	(474)
Civil defense	15,203	16,703	19,239	(2,536)
Post office	31,044	16,044	17,990	(1,946)
City court	114,226	113,629	104,399	9,230
Capital Outlay	-	-	271,439	(271,439)
<b>Debt Service:</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>5,499,135</b>	<b>5,411,882</b>	<b>5,364,698</b>	<b>47,184</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>143,351</b>	<b>433,380</b>	<b>794,798</b>	<b>361,418</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	(255,000)	(1,407,001)	(1,395,246)	11,755
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(255,000)</b>	<b>(1,407,001)</b>	<b>(1,395,246)</b>	<b>11,755</b>
<b>NET CHANGES IN FUND BALANCE</b>	<b>(111,649)</b>	<b>(973,621)</b>	<b>(600,448)</b>	<b>373,173</b>
<b>FUND BALANCE - BEGINNING</b>	<b>1,830,513</b>	<b>1,830,513</b>	<b>1,830,513</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 1,718,864</b>	<b>\$ 856,892</b>	<b>\$ 1,230,065</b>	<b>\$ 373,173</b>

See accompanying notes to financial statements.

CITY OF WESTLAKE, LOUISIANA  
 SCHEDULE OF EMPLOYERS' PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 Year Ended June 30, 2019

Municipal Employees Retirement System of Louisiana System:

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

Municipal Police Employees' Retirement System:

Employer's portion of the net pension liability (asset)	0.25036%	0.23088%	0.22169%	0.33796%	0.28406%
Employer's proportionate share of the net pension liability (asset)	\$ 3,116,533	\$ 2,015,715	\$ 2,077,888	\$ 2,647,563	\$ 2,647,563
Employer's covered payroll	\$ 734,443	\$ 671,491	\$ 605,081	\$ 545,485	\$ 541,606
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	424.34%	300.18%	343.41%	485.36%	488.84%
Plan fiduciary net position as a percentage of the total pension liability	71.89%	70.08%	66.04%	70.73%	75.10%

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

The amounts presented have a measurement date of June 30, 2018.

Continued

CITY OF WESTLAKE, LOUISIANA  
 SCHEDULE OF EMPLOYERS' PROPORTIONATE SHARE OF NET PENSION LIABILITY-CONTINUED  
 Year Ended June 30, 2019

State of Louisiana Firefighters' Retirement System:

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

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

\*The amounts presented have a measurement date of June 30, 2018.

CITY OF WESTLAKE, LOUISIANA  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 Year Ended June 30, 2019

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
<b>Municipal Employees Retirement System of Louisiana System:</b>					
2015	\$ 260,516	\$ 260,516	\$ -	\$1,319,071	19.7%
2016	\$ 239,248	\$ 239,248	\$ -	\$1,211,383	19.7%
2017	\$ 268,911	\$ 268,911	\$ -	\$1,018,834	26.4%
2018	\$ 279,981	\$ 279,981	\$ -	\$1,001,205	28.0%
2019	\$ 313,727	\$ 313,727	\$ -	\$1,130,688	27.7%
<b>Municipal Police Employees' Retirement System:</b>					
2015	\$ 208,413	\$ 208,413	\$ -	\$541,606	38.5%
2016	\$ 183,198	\$ 183,198	\$ -	\$545,485	33.6%
2017	\$ 218,841	\$ 218,841	\$ -	\$605,081	36.2%
2018	\$ 227,192	\$ 227,192	\$ -	\$671,491	33.8%
2019	\$ 236,858	\$ 236,858	\$ -	\$734,443	32.3%
<b>State of Louisiana Firefighters' Retirement System:</b>					
2015	\$ 231,142	\$ 231,142	\$ -	\$691,913	33.4%
2016	\$ 188,933	\$ 188,933	\$ -	\$603,564	31.3%
2017	\$ 172,481	\$ 172,481	\$ -	\$608,917	28.3%
2018	\$ 200,715	\$ 200,715	\$ -	\$646,265	31.1%
2019	\$ 220,670	\$ 220,670	\$ -	\$832,718	26.5%

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

## OTHER INFORMATION

CITY OF WESTLAKE, LOUISIANA  
 SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
 TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER  
 Year Ended June 30, 2019

Chief Executive Officer: Mayor Robert Hardey

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 74,171
Benefits - insurance	10,422
Benefits - retirement	19,593
Benefits - cell phone	600
Benefits - truck	-
Mileage	767
Vehicle provided by government	-
Per diem	529
Reimbursements	-
Travel	-
Conference registration	400
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meal reimbursements	-
Dues	-
Fuel	-

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

November 22, 2019

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the City of Westlake, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise City of Westlake, Louisiana's basic financial statements and have issued our report thereon dated November 22, 2019.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Members of the City Council  
November 22, 2019  
Page Two

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Thompson, Cassidy: Skully*



INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

November 22, 2019

To the Members of the City Council  
Westlake, Louisiana

We have performed the procedures included enumerated below, which were agreed to by the City of Westlake, Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 1, 2017 through June 30, 2019. The District's management is responsible for those C/C areas identified in the SAUPs.

This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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

a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.

***The City's procedures manual does not address budgeting.***

***Management response: Management will update the procedures manual to cover all required topics.***

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

***The City's procedures manual addresses purchasing.***

c) *Disbursements*, including processing, reviewing, and approving.

***The City's procedures manual addresses disbursements.***

- d) *Receipt/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmations with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequence, agency fund forfeiture monies confirmation).

***The City's procedures manual does not address receipts/collections.***

***Management response: Management will update the procedures manual to cover all required topics.***

- e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

***The City's procedures manual does not address payroll/personnel.***

***Management response: Management will update the procedures manual to cover all required topics.***

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

***The City's procedures manual does not address contracting.***

***Management response: Management will update the procedures manual to cover all required topics.***

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

***The City's procedures manual addresses credit cards.***

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

***The City's procedures manual addresses travel and expense reimbursements.***

- i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

***The City's procedures manual addresses ethics.***

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

***The City's procedures manual does not address debt service.***

***Management response: Management will update the procedures manual to cover all required topics.***

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

*The City's procedures manual does not address disaster recovery/business continuity.*

*Management response: Management will update the procedures manual to cover all required topics.*

#### ***Board or Finance Committee***

---

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*The minutes reflected that the council met monthly.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

*The Finance Director presented the financial reports to the council each month including budget to actual comparisons.*

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

*The City did not have a negative fund balance in the general fund in the prior year.*

#### ***Bank Reconciliations***

---

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

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

*Bank reconciliations were prepared within 2 months of the statement closing date.*

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

*Bank reconciliations did include evidence that a member of management/council member reviewed each reconciliation.*

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

*As of June 30, 2019, there appeared to be no outstanding items more than 12 months old.*

#### Collections

---

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

*The listing was provided by management.*

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

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

*Employees responsible for cash collections do not share a cash drawer or register.*

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

*Employees responsible for cash collections are not responsible for preparing or making bank deposits.*

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

*Employees responsible for collecting cash are not responsible for posting collection entries to the general ledger or subsidiary ledger.*

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

*Employees responsible for reconciling cash collections to the general ledger and/or subsidiary ledger are not responsible for collecting cash.*

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

*All employees are covered by an insurance policy for theft.*

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

- a) Observe that receipts are sequentially pre-numbered.

*The City uses prenumber receipts.*

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

*All deposited items were accompanied by a receipts or system report and traced to the deposit slip.*

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

*All selected deposits cleared the bank account timely and intact.*

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

*All selected deposits were made within one business day of receipt.*

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

*All selected deposits were traced to the general ledger. No exceptions.*

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements and petty cash***

*purchases)*

---

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

*The listing was provided by management.*

9. For each location selected under #8 above, obtain a list of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

*At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making a purchase.*

- b) At least two employees are involved in processing and approving payments to vendors.

*The Mayor, City Clerk, Council Member and Finance Director review and approve payments to vendors. The Accountant processes the payments.*

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

*The employee responsible for processing payments is not prohibited from adding/modifying vendor files. No other employee reviews changes to vendor files.*

*Management Response: The City will initiate a policy to have an employee, who does not process payments to periodically review changes to vendor files.*

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

*The employee who process payments does not have signing authority. Check signers do not mail payments.*

*Management response: The City will initiate a policy to have the checks mailed by an employee who is not responsible for processing payments.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

*All transactions tested were paid by and matched the original invoice.*

- b) Observe that the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under #9 as applicable.

*All transactions tested were authorized, approved and processed by different employees.*

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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

*The listing was provided by management.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excess fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

*On the months tested, supporting documentation was reviewed and approved in writing by someone other than the authorized card holder.*

- b) Observe that finance charges and/or late fees were assessed on the selected statements.

*No finance charges and/or late fees were assessed on the months tested.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

*All transactions tested had original itemized receipts attached to the statement with written documentation of the business/public purpose. No charges for meals were selected.*

#### ***Travel and Travel-Related Expense Reimbursements (Excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*Travel reimbursements were calculated using the U.S. General Services Administration mileage reimbursement rate.*

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

*Travel reimbursements tested where supported by an original itemized receipt.*

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*Reimbursement was supported by documentation of the business/public purpose of the travel.*

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

*Reimbursements were reviewed and approved in writing by someone other than the person receiving the reimbursement.*

### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the list is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

*All contracts selected where bid in accordance with the Louisiana Public Bid Law.*

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

*The board approves all contracts. Contracts were signed by the Mayor.*

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

*No amendments or change orders to any agreements were noted.*

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

*All payments selected agreed to the terms and conditions of the contract.*

### Payroll and Personnel

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

*The listing was provided by management. All salaries were paid in accordance to authorized payrates.*

- 17. Randomly select on pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

*The City uses daily attendance records which are approved by a supervisor.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*All employees tested had proper approved documentation of attendance leave.*

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

*All employees tested had documentation of cumulative leave.*

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

*Selected terminated employees tested where paid properly.*

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

***Documentation reflected that payroll tax return/reports, retirement contributions, health insurance premiums and workers' compensation premiums were timely paid, and associated forms filed, by required deadlines.***

### ***Ethics***

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20. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

***All employees tested had documentation of one hour of ethics training during the fiscal period.***

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

***All employees tested had signed an Employee Acknowledgment form from the employee handbook which included the City's ethics policy during the fiscal period.***

### ***Debt Service***

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21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the list is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each bond/note issued.

***No debt was issued during the fiscal year.***

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

***The reserve balance for outstanding debt was sufficient according to debt covenants.***

### ***Other***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing,

obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

***Management informed us that the City did not have any misappropriation of public funds or assets during the fiscal year.***

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

***The City has the required notice posted in a conspicuous place upon its premises or its website.***

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Shagson, Cassidy: Shullory*