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CITY OF BASTROP, LOUISIANA

FINANCIAL REPORT

June 30, 1999

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Release Date NOV 24 1999

HILL, INZINA & COMPANY

Certified Public Accountants • A Professional Corporation
701 East Madison Avenue • P.O. Box 631 • Bastrop, Louisiana 71221-0631
Telephone 318-281-4492 • Fax 318-281-4087

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HILL, INZINA & COMPANY

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

The Honorable Clarence W. Hawkins, Mayor,
and Members of the Board of Aldermen
City of Bastrop, Louisiana

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Bastrop, Louisiana, as of June 30, 1999, and the results of its operations and cash flows of its proprietary and fiduciary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the combining, individual fund, and account group financial statements as of and for the year ended June 30, 1999, and the individual fund financial statements as of and for the year ended June 30, 1998, present fairly, in all material respects the financial position of each of the individual funds and account groups of City of Bastrop, Louisiana, as of June 30, 1999 and 1998, and the results of operations of such funds and the cash flows of individual proprietary and fiduciary fund types for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 1999, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit of the June 30, 1999, financial statements was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole, and on the combining, individual fund, and account group financial statements. The accompanying information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not required part of the financial statements of City of Bastrop, Louisiana.

The information on page 58 is required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that City of Bastrop, Louisiana, is or will become year 2000 compliant, that the City's year 2000 remediation efforts will be successful in whole or in part or that parties with which the City does business are or will become year 2000 compliant.

All supplementary information (except for that presented on page 58 for which no opinion is expressed) has been subjected to the auditing procedures applied in the audit of the general-purpose, combining, individual fund, and account group financial statements and, in our opinion, is fairly stated in all material respects, in relation to the financial statements of each of the respective individual funds and account groups, taken as a whole.

Hill, Arny & Co.

August 31, 1999

GENERAL-PURPOSE FINANCIAL STATEMENTS

(COMBINED STATEMENTS - OVERVIEW)

CITY OF BASTROP, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1999

With Comparative Totals for June 30, 1998

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Assets:				
Cash	\$ 453,333	\$ 72,196	\$ 31,169	\$ -
Pooled deposits	776,552	1,321,406	-	-
Receivables:				
Accounts	-	117,816	-	-
Taxes	100,567	-	-	-
Inventory	49,337	-	-	-
Due from other governments	81,807	5,122	-	-
Due from other funds	5,122	2,346	-	9,450
Restricted asset - cash	51,591	443,497	-	-
Loans receivable - net	-	-	-	-
Net investment in direct financing lease	-	-	-	-
Fixed assets - net	-	-	-	-
Other debits:				
Amount to be provided for retirement of general long-term debt	-	-	-	-
Amount to be provided for retirement of pension liabilities	-	-	-	-
Amount to be provided for compensated absences	-	-	-	-
Total assets and other debits	<u>\$ 1,518,309</u>	<u>\$ 1,962,383</u>	<u>\$ 31,169</u>	<u>\$ 9,450</u>

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)	
		General Fixed Assets	General Long-Term Debt	June 30,	
Enterprise	Pension Trust			1999	1998
\$ 367,902	\$ 1,510	\$ -	\$ -	\$ 926,110	\$ 913,919
-	165,564	-	-	2,263,522	2,130,772
-	-	-	-	117,816	107,373
-	-	-	-	100,567	61,043
-	-	-	-	49,337	46,385
-	-	-	-	86,929	86,709
-	-	-	-	16,918	11,586
-	-	-	-	495,088	310,696
37,783	-	-	-	37,783	25,876
100,535	-	-	-	100,535	106,982
398,716	-	42,478,808	-	42,877,524	42,495,398
-	-	-	6,906,000	6,906,000	7,230,000
-	-	-	555,270	555,270	584,280
-	-	-	128,445	128,445	230,910
<u>\$ 904,936</u>	<u>\$ 167,074</u>	<u>\$ 42,478,808</u>	<u>\$ 7,589,715</u>	<u>\$ 54,661,844</u>	<u>\$ 54,341,929</u>

(continued)

CITY OF BASTROP, LOUISIANA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

(Continued)

June 30, 1999

With Comparative Totals for June 30, 1998

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
LIABILITIES, EQUITY, AND OTHER CREDITS				
Liabilities:				
Bank overdraft	\$ -	\$ -	\$ -	\$ -
Accounts payable	169,092	-	-	9,450
Payroll withholdings	-	-	-	-
Deferred revenue	109,768	-	-	-
Accrued salaries	75,209	-	-	-
Due to other funds	11,796	5,122	-	-
Refund due	-	-	31,169	-
Payable from restricted asset	14,074	-	-	-
Certificates of indebtedness payable	-	-	-	-
Sewer revenue bonds	-	-	-	-
Pension liabilities	-	-	-	-
Compensated absences payable	-	-	-	-
Total liabilities	<u>\$ 379,939</u>	<u>\$ 5,122</u>	<u>\$ 31,169</u>	<u>\$ 9,450</u>
Equity and other credits:				
Contributed capital	\$ -	\$ -	\$ -	\$ -
Investment in general fixed assets	-	-	-	-
Retained earnings - reserved	-	-	-	-
Fund balances:				
Reserved for net restricted asset	37,517	-	-	-
Reserved for inventory	49,337	-	-	-
Reserved for sewage system	-	1,954,868	-	-
Reserved for community project	-	2,393	-	-
Reserved for firemen's pension	-	-	-	-
Unreserved - undesignated	1,051,516	-	-	-
Total equity and other credits	<u>\$ 1,138,370</u>	<u>\$ 1,957,261</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities, equity, and other credits	<u>\$ 1,518,309</u>	<u>\$ 1,962,383</u>	<u>\$ 31,169</u>	<u>\$ 9,450</u>

See notes to financial statements.

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>	
		<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>June 30, 1999</u>	<u>1998</u>
<u>Enterprise</u>	<u>Pension Trust</u>				
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 953
-	-	-	-	178,542	243,412
-	-	-	-	-	29
-	-	-	-	109,768	150,663
-	-	-	-	75,209	59,167
-	-	-	-	16,918	11,586
-	-	-	-	31,169	30,592
-	-	-	-	14,074	296
-	-	-	276,000	276,000	300,000
-	-	-	6,630,000	6,630,000	6,930,000
-	-	-	555,270	555,270	584,280
-	-	-	128,445	128,445	230,910
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,589,715</u>	<u>\$ 8,015,395</u>	<u>\$ 8,541,888</u>
\$ 776,757	\$ -	\$ -	\$ -	\$ 776,757	\$ 776,757
-	-	42,478,808	-	42,478,808	42,085,231
128,179	-	-	-	128,179	140,843
-	-	-	-	37,517	-
-	-	-	-	49,337	46,385
-	-	-	-	1,954,868	1,870,677
-	-	-	-	2,393	2,393
-	167,074	-	-	167,074	250,276
-	-	-	-	1,051,516	627,479
<u>\$ 904,936</u>	<u>\$ 167,074</u>	<u>\$ 42,478,808</u>	<u>\$ -</u>	<u>\$ 46,646,449</u>	<u>\$ 45,800,041</u>
<u>\$ 904,936</u>	<u>\$ 167,074</u>	<u>\$ 42,478,808</u>	<u>\$ 7,589,715</u>	<u>\$ 54,661,844</u>	<u>\$ 54,341,929</u>

CITY OF BASTROP, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

Year Ended June 30, 1999

With Comparative Totals for Year Ended June 30, 1998

	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Taxes	\$ 6,252,145	\$ -
Licenses and permits	403,799	-
Intergovernmental	1,206,384	6,058
Fees, charges, and commissions for services	254,149	567,603
Fines and forfeitures	220,560	-
Interest and miscellaneous	120,396	76,319
	<u>\$ 8,457,433</u>	<u>\$ 649,980</u>
Expenditures:		
Current:		
General government	\$ 1,691,008	\$ -
Public safety	3,540,238	-
Public works	1,332,744	7,525
Sanitation	772,528	55,296
Debt service:		
Principal	53,010	300,000
Interest and fiscal charges	40,900	204,435
Refunded	-	-
Capital outlay	532,665	-
	<u>\$ 7,963,093</u>	<u>\$ 567,256</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 494,340</u>	<u>\$ 82,724</u>

<u>Capital Projects</u>	<u>Totals</u> <u>(Memorandum Only)</u>	
	<u>1999</u>	<u>1998</u>
\$ -	\$ 6,252,145	\$ 6,245,543
-	403,799	419,010
-	1,212,442	1,141,327
-	821,752	797,008
-	220,560	180,668
-	196,715	244,894
<u>\$ -</u>	<u>\$ 9,107,413</u>	<u>\$ 9,028,450</u>
\$ -	\$ 1,691,008	\$ 2,009,617
-	3,540,238	3,562,086
-	1,340,269	1,814,580
-	827,824	909,206
-	353,010	448,752
-	245,335	260,448
-	-	30,592
<u>28,850</u>	<u>561,515</u>	<u>274,999</u>
<u>\$ 28,850</u>	<u>\$ 8,559,199</u>	<u>\$ 9,310,280</u>
<u>\$(28,850)</u>	<u>\$ 548,214</u>	<u>\$(281,830)</u>

(continued)

CITY OF BASTROP, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

(Continued)

Year Ended June 30, 1999

With Comparative Totals for Year Ended June 30, 1998

	<u>General</u>	<u>Special Revenue</u>
Other financing sources (uses):		
Operating transfers in (out)	\$(93,520)	\$ 1,467
Sale of fixed assets	63,687	-
Proceeds of long-term debt	<u>-</u>	<u>-</u>
Total other financing sources (uses)	\$(29,833)	\$ 1,467
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$ 464,507	\$ 84,191
Fund balances - beginning	<u>673,863</u>	<u>1,873,070</u>
Fund balances - ending	<u>\$ 1,138,370</u>	<u>\$ 1,957,261</u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE (SEWER USE FEE) FUNDS
Year Ended June 30, 1999

	<u>Budget</u>	<u>General Actual</u>	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 6,421,981	\$ 6,252,145	\$(169,836)
Licenses and permits	434,320	403,799	(30,521)
Intergovernmental	854,866	1,246,788	391,922
Fee, charges, and commissions for services	229,182	213,745	(15,437)
Fines and forfeitures	174,175	220,560	46,385
Interest and miscellaneous	<u>101,797</u>	<u>120,396</u>	<u>18,599</u>
	<u>\$ 8,216,321</u>	<u>\$ 8,457,433</u>	<u>\$ 241,112</u>
Expenditures:			
Current:			
General government	\$ 1,963,594	\$ 1,691,008	\$ 272,586
Public safety	3,651,446	3,540,238	111,208
Public works	1,445,374	1,332,744	112,630
Sanitation	752,817	772,528	(19,711)
Debt service:			
Principal	69,910	53,010	16,900
Interest and fiscal charge	-	40,900	(40,900)
Capital outlay	<u>725,000</u>	<u>532,665</u>	<u>192,335</u>
	<u>\$ 8,608,141</u>	<u>\$ 7,963,093</u>	<u>\$ 645,048</u>
Excess (deficiency) of revenues over expenditures	<u>\$(391,820)</u>	<u>\$ 494,340</u>	<u>\$ 886,160</u>

CITY OF BASTROP, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL AND SPECIAL REVENUE (SEWER USE FEE) FUNDS (Continued)
Year Ended June 30, 1999

	<u>Budget</u>	<u>General Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
Other financing sources (uses):			
Operating transfers in (out)	\$(153,470)	\$(93,520)	\$ 59,950
Sale of fixed assets	<u>14,500</u>	<u>63,687</u>	<u>49,187</u>
Total other financing sources (uses)	<u>\$(138,970)</u>	<u>\$(29,833)</u>	<u>\$ 109,137</u>
 Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	 \$(530,790)	 \$ 464,507	 \$ 995,297
 Fund balances - beginning	 <u>530,790</u>	 <u>673,863</u>	 <u>143,073</u>
 Fund balances - ending	 <u>\$ -</u>	 <u>\$ 1,138,370</u>	 <u>\$ 1,138,370</u>

See notes to financial statements.

<u>Capital Projects</u>	<u>Totals</u> <u>(Memorandum Only)</u> <u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
\$ 28,850	\$ (63,203)	\$ (151,973)
-	63,687	-
-	-	300,000
<u>\$ 28,850</u>	<u>\$ 484</u>	<u>\$ 148,027</u>
\$ -	\$ 548,698	\$ (133,803)
-	2,546,933	2,680,737
<u>\$ -</u>	<u>\$ 3,095,631</u>	<u>\$ 2,546,934</u>

Special Revenue (Sewer Use Fee)

<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
538,000	567,603	29,603
-	-	-
<u>73,000</u>	<u>76,319</u>	<u>3,319</u>
<u>\$ 611,000</u>	<u>\$ 643,922</u>	<u>\$ 32,922</u>

\$ -	\$ -	\$ -
-	-	-
-	-	-
106,565	55,296	51,269
300,000	300,000	-
204,435	204,435	-
-	-	-
<u>\$ 611,000</u>	<u>\$ 559,731</u>	<u>\$ 51,269</u>

<u>\$ -</u>	<u>\$ 84,191</u>	<u>\$ 84,191</u>
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(continued)

Special Revenue (Sewer Use Fee)

<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
\$ -	\$ -	\$ -
-	-	-
\$ -	\$ -	\$ -
\$ -	\$ 84,191	\$ 84,191
-	<u>1,870,677</u>	<u>1,870,677</u>
<u>\$ -</u>	<u>\$ 1,954,868</u>	<u>\$ 1,954,868</u>

CITY OF BASTROP, LOUISIANA

COMBINED STATEMENT OF REVENUES, EXPENSES/EXPENDITURES,
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE -
ALL PROPRIETARY AND FIDUCIARY FUND TYPES

Year Ended June 30, 1999

With Comparative Totals for Year Ended June 30, 1998

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>
	<u>Enterprise</u>	<u>Pension Trust</u>
Operating revenues:		
Fees, charges, and commissions for services	\$ 12	\$ -
Interest and miscellaneous	-	8,492
	<u>\$ 12</u>	<u>\$ 8,492</u>
Operating expenses:		
Depreciation	\$ 15,935	\$ -
Benefit payments	-	154,552
Other	10,020	345
	<u>\$ 25,955</u>	<u>\$ 154,897</u>
Operating income (loss)	<u>\$(25,943)</u>	<u>\$(146,405)</u>
Nonoperating revenue (expense):		
Interest	\$ 13,279	\$ -
Loss on sale of assets	-	-
	<u>\$ 13,279</u>	<u>\$ -</u>
Income (loss) before operating transfers	<u>\$(12,664)</u>	<u>\$(146,405)</u>
Operating transfers in	<u>-</u>	<u>63,203</u>
Net income (loss)	<u>\$(12,664)</u>	<u>\$(83,202)</u>
Retained earnings/fund balance - reserved - beginning	<u>140,843</u>	<u>250,276</u>
Retained earnings/fund balance - reserved - ending	<u>\$ 128,179</u>	<u>\$ 167,074</u>

See notes to financial statements.

Totals	
(Memorandum Only)	
Year Ended June 30,	
<u>1999</u>	<u>1998</u>
\$ 12	\$ 975
<u>8,492</u>	<u>20,690</u>
\$ <u>8,504</u>	\$ <u>21,665</u>
\$ 15,935	\$ 15,898
154,552	151,629
<u>10,365</u>	<u>10,729</u>
\$ <u>180,852</u>	\$ <u>178,256</u>
\$ (172,348)	\$ (156,591)
\$ 13,279	\$ 16,328
<u>-</u>	<u>(68,552)</u>
\$ <u>13,279</u>	\$ (<u>52,224</u>)
\$ (159,069)	\$ (208,815)
<u>63,203</u>	<u>151,973</u>
\$ (95,866)	\$ (56,842)
<u>391,119</u>	<u>447,961</u>
\$ <u>295,253</u>	\$ <u>391,119</u>

CITY OF BASTROP, LOUISIANA

COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
Year Ended June 30, 1999
With Comparative Totals for Year Ended June 30, 1998

	<u>Proprietary</u> <u>Fund Type</u>	<u>Fiduciary</u> <u>Fund Type</u>
	<u>Enterprise</u>	<u>Pension</u> <u>Trust</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$(25,943)	\$(146,405)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	15,935	-
Loss on sale of assets	-	-
(Increase) decrease in loans receivable - net	(11,907)	-
(Increase) decrease in net investment in direct financing lease	6,447	-
Increase (decrease) in due to other funds	-	(11,586)
Net cash provided (used) by operating activities	<u>\$(15,468)</u>	<u>\$(157,991)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	\$ 13,279	\$ -
Sale of investments	-	90,330
Purchase of investments	-	(8,315)
Net cash flows provided by investing activities	<u>\$ 13,279</u>	<u>\$ 82,015</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of fixed assets	\$(4,484)	\$ -
Sale of fixed assets	-	-
Net cash provided (used) by capital and related financing activities	<u>\$(4,484)</u>	<u>\$ -</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	<u>\$ -</u>	<u>\$ 63,203</u>
Net increase (decrease) in cash	\$(6,673)	\$(12,773)
Cash - beginning	<u>374,575</u>	<u>14,283</u>
Cash - ending	<u>\$ 367,902</u>	<u>\$ 1,510</u>
See notes to financial statements.		

Totals	
(Memorandum Only)	
Year Ended June 30,	
<u>1999</u>	<u>1998</u>
\$(172,348)	\$(156,591)
15,935	15,898
-	(68,552)
(11,907)	16,775
6,447	9,313
<u>(11,586)</u>	<u>-</u>
\$(173,459)	\$(183,157)
\$ 13,279	\$ 16,328
90,330	-
<u>(8,315)</u>	<u>(12,994)</u>
\$ 95,294	\$ 3,334
\$(4,484)	\$(13,778)
<u>-</u>	<u>179,590</u>
\$(4,484)	\$ 165,812
<u>\$ 63,203</u>	<u>\$ 151,973</u>
\$(19,446)	\$ 137,962
<u>388,858</u>	<u>250,896</u>
<u>\$ 369,412</u>	<u>\$ 388,858</u>

CITY OF BASTROP, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 1999

Note 1. Organization and Summary of Significant Accounting Policies

City of Bastrop, Louisiana, (the "City") operates under a mayor-board of aldermen form of government in accordance with the provisions of the charter adopted July 3, 1952. Citizens elect the mayor at large and five council members by districts which are each compensated. The City is located in northeast Louisiana, its population is approximately 14,000, and it employs approximately 200 people.

The following services are provided as authorized by its charter: general administrative services, public safety (police and fire), public works (building maintenance, cemetery, health, recreation, and streets), sanitation, and public improvements.

The more significant of the City's accounting policies are described below:

Basis of Presentation:

The accompanying financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Financial Reporting Entity:

As the municipal governing authority, for reporting purposes, the City is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement No. 14 established criteria for determining which component units should be considered part of the City for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

NOTES TO FINANCIAL STATEMENTS

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the municipality to impose its will on that organization and/or
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Considered in the determination of component units of the reporting entity were Bastrop City Marshal and City Court of Bastrop. It was determined that these governmental entities are not component units of the City's reporting entity because they are staffed by independently elected officials, are legally separate, and are fiscally independent of the City.

Fund Accounting:

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the City are classified into three categories: governmental, proprietary, and fiduciary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental funds:

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

NOTES TO FINANCIAL STATEMENTS

General Fund - the general operating fund of the City and accounts for all financial resources, except those required to be accounted for in other funds.

Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund - accounts for transactions relating to resources retained after the full payment of principal, interest, and related costs on a long-term debt obligation.

Capital Projects Fund - accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary funds:

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The proprietary fund is:

Enterprise Fund - accounts for operations (a) 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.

Fiduciary funds:

Fiduciary funds are used to account for assets held by the City in a trustee capacity for outside parties and are accounted for in essentially the same manner as proprietary funds. The fiduciary fund is:

Pension Trust Fund - accounts for the pension plan administered by the City.

NOTES TO FINANCIAL STATEMENTS

Basis of Accounting:

The accounting and financial reporting treatment and the fiduciary fund applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by all governmental funds.

The modified accrual basis of accounting recognizes revenues when both "measurable" and "available". Measurable means the amount can be determined and available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due. Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses) and are recorded when the transaction occurs.

Those major revenues susceptible to accrual are ad valorem, sales, and gross receipts taxes, intergovernmental revenues, and sewer use fees. Licenses and permits, charges for services (other than sewer use fees), fines, and other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The City reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheets. The proprietary and fiduciary funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time the liabilities are incurred.

NOTES TO FINANCIAL STATEMENTS

Budgets and Budgetary Accounting:

The Board of Aldermen adopted annual budgets for the General Fund and Special Revenue Fund (Sewer Use Fee Fund) on June 29, 1998. The annual budgets were prepared in accordance with the basis of accounting utilized by the funds. The City Clerk is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures resulting from revenues exceeding amounts estimated must be approved by the Board of Aldermen. No amendments were made to the budgets. All annual appropriations lapse at fiscal year end.

Grant periods may differ from the City's fiscal year; therefore, the City did not budget for grant monies received and expended by the Special Revenue Fund (Community Project Fund) since budgetary control is maintained on an individual grant basis.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

Use of Estimates:

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

Cash:

Cash includes amounts in interest-bearing demand and time deposits. Under state law, the City may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law, any other state of the United States or under the laws of the United States.

Pooled Deposits:

Pooled deposits are stated at fair value based on quoted market values. The fair value of the deposits is determined on a weekly basis to monitor any variances between amortized cost and market value. Legally binding guarantees have not been obtained to support the value of the deposits, since all are short-term, highly-liquid securities.

NOTES TO FINANCIAL STATEMENTS

State statutes authorize the City to invest in United States bonds, treasury notes and bills, or certificates or time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer in 1993 and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Uncollectible Allowance:

The statements contain no provision for uncollectible accounts. City management is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole.

Inventory:

Inventory of the General Fund consists of expendable supplies held for consumption and is valued at cost. The expenditures are recognized when the items are purchased.

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.

Fixed Assets:

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the General Fixed Assets Account Group. Public domain or infrastructures including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or, if donated, assets are valued at their estimated fair value on the date of donation.

Fixed assets used in the proprietary fund operations are included on the balance sheet of the fund net of accumulated depreciation. Depreciation of all exhaustible fixed assets used by proprietary fund operations is charged as an expense against operations. Depreciation has been calculated on the buildings and improvements classes of depreciable property using the straight line method over estimated useful lives of 30 years.

NOTES TO FINANCIAL STATEMENTS

Accumulated Compensated Absences:

The City's policy allows employees to accumulate a limited amount of earned but unused vacation, which will be paid to employees upon use or separation from the City's employment. In governmental funds, the cost of vacation is recognized when actually paid to employees. A long-term liability has been recorded in the General Long-Term Debt Account Group representing the City's commitment to fund unpaid costs from future operations.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Long-Term Obligations:

Long-term obligations expected to be financed from governmental funds are reported in the General Long-Term Debt Account Group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

Long-term obligations expected to be financed from proprietary fund operations are accounted for in that fund.

Fund Equity:

Contributed capital is recorded in the proprietary fund when capital contributions are received from other funds and such resources are restricted for the acquisition or construction of capital assets. Contributed capital is not amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such resources.

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Interfund Transactions:

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

NOTES TO FINANCIAL STATEMENTS

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Revenue Recognition - Ad Valorem and Sales/Use Taxes:

Ad valorem taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the City in September or October, are actually billed to the taxpayers in November, and are due and payable on or before January 1 of the following year. All unpaid taxes become delinquent on March 15 of the following year. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Morehouse Parish. The City's ad valorem tax revenues are recognized when levied.

Sales/use taxes collected and held by other governments at year end on behalf of the City and those collected by other governments and remitted to the City within 60 days after June 30 for preceding months are recognized as revenue. The sales/use taxes are collected by *Morehouse Sales and Use Tax Commission* and remitted to the City.

Total Columns on Combined Statements - Overview:

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Comparative Data:

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, presentation of prior year totals by fund type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Deposits

The following is a summary of cash and deposits at June 30, 1999:

Non-pooled deposits:	
Non-interest bearing demand deposits	\$ 52,760
Interest-bearing demand deposits	1,366,538
Petty cash	<u>1,900</u>
	\$ 1,421,198
Pooled deposits	<u>2,263,522</u>
	<u>\$ 3,684,720</u>

Under state law, the deposits (or the resulting bank balances) (excluding petty cash and pooled deposits) 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 jointly in the name of the pledging fiscal agent bank and the City in a holding or custodial bank that is mutually acceptable to both parties.

Pooled deposits held at June 30, 1999, include \$2,263,522 in Louisiana Asset Management Pool, Inc. (LAMP), a local government investment pool, and are stated at fair value. In accordance with GASB, the investment in LAMP at June 30, 1999, is not categorized in the three risk categories provided by GASB because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., which corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana Certified Public Accountants. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

NOTES TO FINANCIAL STATEMENTS

At June 30, 1999, the City had \$1,419,298 in deposits (collected bank balances) (excluding petty cash and pooled deposits). These deposits were secured from risk by \$154,270 (GASB Category 1) of federal deposit insurance and \$1,265,028 (GASB Category 2) of pledged securities held by the City or its agent in the City's name.

There were no repurchase or reverse repurchase agreements at June 30, 1999.

Note 3. Receivables and Due From Other Governments

The following is a summary of receivables and due from other governments as of June 30, 1999:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Totals</u>
Taxes:			
Sales/use	\$ 57,247	\$ -	\$ 57,247
Franchise	43,320	-	43,320
Intergovernmental:			
Federal	77,766	-	77,766
State	4,041	-	4,041
Local	-	5,122	5,122
User fees:			
Sewer	-	117,816	117,816
	<u>\$ 182,374</u>	<u>\$ 122,938</u>	<u>\$ 305,312</u>

Note 4. Taxes

For the year ended June 30, 1999, ad valorem taxes of 40.7 mills were levied on property with assessed valuations totaling \$58,306,330 as follows:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
General corporate purposes	9.81	9.81	Perpetual
Police	6.80	6.80	2001
Street improvements	6.80	6.80	2001
Sewer maintenance	6.80	6.80	2001
Fire (#1)	3.40	3.40	2001
Fire (#2)	3.23	3.23	2003
Recreation	2.56	2.56	2003
Cemetery	.65	.65	2003
Building maintenance	.65	.65	2003

NOTES TO FINANCIAL STATEMENTS

The following is the principal ad valorem taxpayer for the City:

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Ad Valorem Tax Revenue</u>
International Paper Company	\$ 25,559,400	43.75%	\$ 908,768

Total ad valorem taxes levied were \$2,373,076. There were no uncollected ad valorem taxes at June 30, 1999.

For the year ended June 30, 1999, sales taxes of 2% were levied for any and all lawful municipal purposes as follows:

<u>Rate</u>	<u>Expiration Date</u>
½%	June 1, 2000
½%	August 1, 2009
1%	August 1, 2008

Note 5. Restricted Cash and Liabilities Payable From Same

Restricted cash of \$494 of the General Fund represents monies collected from properties bought at tax sales for nonpayment of taxes by original owners and interest earned thereon. Subsequent to these sales, the original owners redeemed the properties but those buying the properties at tax sales have not been located to refund their monies. \$13,900 of ad valorem taxes paid under protest to the General Fund are restricted and have been set aside for the possible repayment to the taxpayer. The remaining restricted cash of the General Fund, in the amount of \$37,197, represents the unexpended funds of a grant award which can only be expended for allowable costs under the program.

Restricted cash of \$443,497 of the Special Revenue Fund consists of funds required by the sewer revenue bond loan and pledge agreement to be maintained and its use is restricted by the agreement.

NOTES TO FINANCIAL STATEMENTS

Note 6. Loans Receivable - Net

<u>Lendee</u>	<u>Original Note</u>	<u>Monthly Payment</u>	<u>Term in Months</u>	<u>Interest Rate</u>	<u>Balance June 30, 1999</u>
James E., Jr. and Rosie L Spencer	\$ 20,000	\$ 387	60	6.00%	\$ 18,742
Phillip Atlas	5,000	97	60	6.00%	476
Mountain Valley Water of Northeast Louisiana, Inc.	20,000	387	60	6.00%	8,512
Thomas D. and Katherine E. Hankins	15,000	290	60	6.00%	4,930
Donald and Teresa Britton	10,000	193	60	6.00%	4,873
Kimberly Lynn	250	43	6	8.00%	<u>250</u>
					<u>\$ 37,783</u>

Note 7. Net Investment in Direct Financing Lease

The City is leasing a commercial trucking facility to Jarrell Transport, Inc. The lease is classified as a direct financing lease and will expire over the next 6 years.

Total minimum lease payments to be received for years ending June 30 are as follows:

2000	\$ 36,294
2001	18,936
2002	18,936
2003	18,936
2004	18,936
Thereafter	<u>9,359</u>
	\$ 121,397
Less unearned revenue	<u>(20,862)</u>
	<u>\$ 100,535</u>

NOTES TO FINANCIAL STATEMENTS

Note 8. Changes in Fixed Assets

A summary of the changes in the General Fixed Assets Account Group is as follows:

	Balance <u>July 1, 1998</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 1999</u>
Land and buildings	\$ 7,014,132	\$ 252,401	\$(54,670)	\$ 7,211,863
Improvements other than buildings	29,002,465	112,753	-	29,115,218
Equipment and vehicles	6,068,634	101,896	(113,268)	6,057,262
Construction in progress	<u>-</u>	<u>94,465</u>	<u>-</u>	<u>94,465</u>
Totals	<u>\$ 42,085,231</u>	<u>\$ 561,515</u>	<u>\$(167,938)</u>	<u>\$ 42,478,808</u>

A summary of the Enterprise Fund fixed assets and depreciation at June 30, 1999, is as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Current Depreciation</u>
Buildings	\$ 128,726	\$ 40,476	\$ 88,250	\$ 4,216
Improvements other than buildings	<u>351,564</u>	<u>41,098</u>	<u>310,466</u>	<u>11,719</u>
Totals	<u>\$ 480,290</u>	<u>\$ 81,574</u>	<u>\$ 398,716</u>	<u>\$ 15,935</u>

Note 9. Deferred Compensation Plan

The City offers all full-time employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency except for a one-time withdrawal which is subject to certain restrictions.

All assets of the plan, including all deferred amounts, property, and rights purchased with deferred amounts, and all income attributable to such deferred amounts, property, or rights, are held in a qualified trust, custodial account, or annuity contract for the exclusive benefit of the participants and beneficiaries. The assets are not subject to the claims of the City's creditors nor can they be used by the City for any purpose other than the payment of benefits to those individuals participating in the plan or their designated beneficiaries.

Investments are managed by the plan's trustee under a number of investment options. The choice of the investment option(s) is made by the individual employee.

NOTES TO FINANCIAL STATEMENTS

Note 10. Changes in Long-Term Debt

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

	<u>Certificates of Indebtedness</u>	<u>Sewer Revenue Bonds</u>	<u>Pension Liabilities</u>	<u>Compen- sated Absences</u>	<u>Totals</u>
Long-term debt payable - July 1, 1998	\$ 300,000	\$ 6,930,000	\$ 584,280	\$ 230,910	\$ 8,045,190
Retirements	<u>(24,000)</u>	<u>(300,000)</u>	<u>(29,010)</u>	<u>(102,465)</u>	<u>(455,475)</u>
Long-term debt payable - June 30, 1999	<u>\$ 276,000</u>	<u>\$ 6,630,000</u>	<u>\$ 555,270</u>	<u>\$ 128,445</u>	<u>\$ 7,589,715</u>

The certificates of indebtedness and bonds are comprised of the following individual issues:

Certificates of Indebtedness Series 1997 - dated December 1, 1997, bear interest at 4.75% per annum, interest due May and November of each year, principal due November of each year.

The City issued the certificates of indebtedness to a local bank to be used for the purpose of acquiring an existing building for use as an annex to City Hall. The certificates of indebtedness and interest thereon will be repaid from a pledge and dedication of the excess annual revenues of the City above statutory, necessary, and usual charges in each of the fiscal years during which the certificates are outstanding.

\$7,500,000 Sewer Revenue Bonds - dated December 1, 1994, bear interest at 2.45% per annum, interest and principal payable July 1 of each year.

The interest and principal payments due July 1 of each year are being reported and budgeted by the City in the preceding fiscal year when payments are actually made.

Proceeds of the sewer revenue bonds were received in two separate series and for the purpose of financing the acquisition and construction of extensions and improvements to the City's sewage and wastewater collection, treatment, and disposal systems.

NOTES TO FINANCIAL STATEMENTS

Compensated Absences - At June 30, 1999, employees of the City had accumulated and vested \$128,445 of employee leave benefits, which was computed in accordance with GASB Codification Section C60.

Conduit Debt Obligations - In April, 1996, the City adopted a resolution approving the issuance of \$2,000,000 of Environmental Improvement Revenue bonds for International Paper Company by the Industrial Development Board of City of Bastrop, Louisiana, Inc. The bond instrument bears the name of the City but the City has not guaranteed payment of these bonds in the event of default by the issuing authority.

The annual requirements to amortize the certificates of indebtedness and the sewer revenue bonds as of June 30, 1999, including interest payments of \$1,639,110 and administrative fees of \$321,600 on the bonds, are as follows:

Year Ending June 30,	Certificates of Indebtedness	Sewer Revenue Bonds	Totals
2000	\$ 37,516	\$ 500,585	\$ 538,101
2001	37,305	501,587	538,892
2002	38,023	497,295	535,318
2003	37,669	502,855	540,524
2004	37,267	502,972	540,239
Thereafter	<u>151,490</u>	<u>6,022,146</u>	<u>6,173,636</u>
	<u>\$ 339,270</u>	<u>\$ 8,527,440</u>	<u>\$ 8,866,710</u>

Note 11. Pension Plan and Other Pension Liabilities

The City maintains one pension plan, the Bastrop Firemen's Pension and Relief Fund. It is accounted for as the Pension Trust Fund, and covers those firemen who were already receiving benefits before December, 1981. There were no current contributions to the plan.

In December, 1981, active City firemen were accepted into the Firefighters' Retirement System of Louisiana. Terms of the agreement require the City to pay \$928,236 plus interest of \$1,169,052 in 30 annual installments of \$69,910.

The liability described in the preceding paragraph has been recorded in the General Long-Term Debt Account Group.

NOTES TO FINANCIAL STATEMENTS

Substantially all employees of City of Bastrop, Louisiana, are members of the Municipal Employees' Retirement System of Louisiana, Municipal Police Employees' Retirement System of Louisiana, or Firefighters' 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:

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 City 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 City funds and all elected City 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 produces 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 Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (255)925-4810.

NOTES TO FINANCIAL STATEMENTS

Funding Policy:

Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 5.75% of annual covered payroll. Contributions to the System also include 1/4 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 Louisiana Revised Statute 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's contributions to the System under Plan A for the years ended June 30, 1999, 1998, and 1997, were \$79,914, \$82,151, and \$91,199, respectively, equal to the required contributions for each year.

Municipal Police Employees' Retirement System of Louisiana (System):

Plan Description:

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produces 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 Municipal Police Employees' Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225)929-7411.

NOTES TO FINANCIAL STATEMENTS

Funding Policy:

Plan members are required by state statute to contribute 7.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 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's contributions to the System for the years ended June 30, 1999, 1998, and 1997, were \$86,318, \$95,284, and \$92,408, respectively, equal to the required contributions for each year.

Firefighters' Retirement System of Louisiana (System):

Plan Description:

Membership in the Firefighters' Retirement System of Louisiana is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members 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, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produces the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after 55 (or at or after age 50 with at least 20 years of creditable service at termination) 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 Firefighters' Retirement System of Louisiana, P. O. Box 94095, Baton Rouge, Louisiana 70804, or by calling (225)925-4060.

NOTES TO FINANCIAL STATEMENTS

Funding Policy:

Plan members are required by state statute to contribute 8.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 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's contributions to the System for the years ended June 30, 1999, 1998, and 1997, were \$83,990, \$88,981, and \$85,267, respectively, equal to the required contributions for each year.

Note 12. Enterprise Fund Retained Earnings - Reserved

Repayment of the loans made to JRA Apparel Manufacturing, Ltd. and assigns, Mountain Valley Water of Northeast Louisiana, Inc., and individual proprietors, and interest collected thereon, addressed in Note 6, are restricted to other loans and expenditures related to economic development and the creation of jobs.

Note 13. Fund Balances - Reserved

The net difference in the General Fund of the restricted asset and the liabilities payable from the restricted asset has been reserved to indicate the current unavailability of the net asset to pay current expenditures.

Inventory at year end is equally offset by a fund balance reservation of the General Fund under the purchase method.

Revenues collected by the Special Revenue Fund (Sewer Use Fee Fund) are dedicated for repayment of funds borrowed for acquisition, construction, and improvements to the sewage and wastewater collection, treatment, and disposal systems.

Grant funds of the Special Revenue Fund (Community Project Fund) are reserved only for expenditures under the grant contract.

Fund balance of the Fiduciary Fund is reserved for payment of retirements benefits to outside parties.

Note 14. On-Behalf Payments for Salaries

For the year ended June 30, 1999, the City recognized revenue and expenditures of \$10,800, \$133,230, and \$157,460 in salary supplements from the State of Louisiana paid directly to employees of the administrative, police, and fire departments, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 15. Operating Leases

The City has three operating leases of the following nature:

IOS Capital - four copier units, dated December 5, 1998, 60 monthly lease payments of \$820, non-cancelable.

IOS Capital - one copier unit, dated May 22, 1998, 60 monthly lease payments of \$215, non-cancelable.

New Holland Credit Company - one tractor and mower, dated September 28, 1998, 48 monthly lease payments of \$675, cancelable.

The minimum annual commitments under the two non-cancelable operating leases are as follows:

Year Ending <u>June 30,</u>	
2000	\$ 12,429
2001	12,429
2002	12,429
2003	12,429
2004	<u>4,922</u>
Total	<u>\$ 54,638</u>

For the year ended June 30, 1999, the City paid \$13,585 under the above lease agreements.

Note 16. Agreement for Operations, Maintenance, and Management Services

On June 1, 1996, the City entered into an agreement for operations, maintenance, and management services of the wastewater and related treatment facilities with Professional Services Group, Inc. (PSG), for a period of five years.

PSG's compensation under the agreement consists of an annual fee which is negotiated each year with one-twelfth of the annual fee due and payable on the first of the month for each month that services are provided.

NOTES TO FINANCIAL STATEMENTS

Note 17. Cooperative Endeavor Agreement

On February 19, 1999, the City entered into a contract and agreement with Bastrop Area Fire Protection District No. 2 (the "District") for the public benefit of the citizens of the City and the District. The term of the contract is for ten years commencing on January 1, 1999, and terminating on December 31, 2009. This agreement novated and replaced the last year of the contract and agreement which had been previously agreed to by the two parties.

The District agreed to pay the City the base sum of \$376,000 during the first year of the contract. For each year thereafter, the District agreed to pay the base sum and an additional amount equal to 3% of the total amount of all payments received by the City from the District for the previous year. The additional amount may be revised annually if raises are given to firemen or if the inflation rate exceeds 5% annually.

Furthermore, in partial fulfillment of the terms of the agreement, the District paid to the City the amount of \$78,435, which was due to cover added expenses incurred by the City in providing fire protection services to the District for 1998.

Note 18. Water Utility Franchise Fees

On June 12, 1997, the 25-year franchise, right, and privilege between the City and the local water company expired. As of the date of this report, no new franchise agreement has been executed.

In May, 1999, the voters failed to approve a proposition which would have authorized the Mayor to pursue the City's purchase of the local water company. On June 24, 1999, the Board of Aldermen authorized the Mayor to place the matter before the voters again in November, 1999.

Note 19. Contingencies and Risk Management

The City has been named as the defendant in three lawsuits arising principally in the normal course of operations. The City's legal counsel is of the opinion that the outcome of these lawsuits will not have a significant adverse effect on the accompanying financial statements. Accordingly, no provision for losses has been recorded for any pending lawsuits.

A civil action suit has been filed on behalf of the City against a local vendor for alleged defective repair work on a City owned air conditioning system. The City's legal counsel is of the opinion that the City will prevail and recover the repair costs previously paid to the local vendor.

NOTES TO FINANCIAL STATEMENTS

The City's legal counsel is also of the opinion that Morehouse Parish Police Jury is legally responsible for meeting all federal, state, or local laws or regulations related to the solid waste landfill which is owned by the City but operated and managed by the Jury.

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 City carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlement amounts have not exceeded insurance coverage for the current year or the three prior fiscal years.

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 1999, may be impaired. In the opinion of City management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

For Job Training Partnership Act and Aging Programs, the City contracts with other governments or local agencies to perform the specific services set forth in the grant agreements.

Note 20. Commitments and Subsequent Events

The City was awarded a Community Development Block Grant from the State of Louisiana Division of Administration in July, 1998, for \$423,000 to be used for street improvements. As of June 30, 1999, none of the grant funds had been obligated and only local funds of the city had been expended for administration of the grant. The project had been substantially completed as of the date of this report.

In April, 1999, the City was funded by the State of Louisiana Office of Rural Development for the purpose of renovations to Dotson Park Gym and Bastrop Municipal Center to the maximum amount of \$30,000 and \$20,000, respectively. As of the date of this report, only work on the gym had begun.

On June 24, 1999, the Board of Aldermen authorized the Mayor to place proposals for the levy of a 1/2% sales tax with the generated revenue to be dedicated 1/3 to general operations, 1/3 to fire, and 1/3 to police; and to negotiate and pursue the purchase of the local gas company on an election ballot.

NOTES TO FINANCIAL STATEMENTS

The City entered into a lease-purchase agreement on July 19, 1999, for the purpose of procuring a pumper. The agreement has scheduled eight annual payments of principal and interest in the amount of \$26,890 with the first payment to be made on May 1, 2000.

On August 24, 1999, the City submitted to the Federal Aviation Administration (FAA) an application for a grant of federal funds for a project for rehabilitating the apron and connecting taxiway of Morehouse Memorial Airport.

COMBINING, INDIVIDUAL
FUND, AND ACCOUNT GROUP
FINANCIAL STATEMENTS

GENERAL FUND

Accounts for all financial resources, except those required to be accounted for in other funds.

CITY OF BASTROP, LOUISIANA

GENERAL FUND

BALANCE SHEETS
June 30, 1999 and 1998

	<u>1999</u>	<u>June 30,</u> <u>1998</u>
ASSETS		
Cash	\$ 453,333	\$ 397,654
Pooled deposits	776,552	526,903
Taxes receivable	100,567	61,043
Inventory	49,337	46,385
Due from other governments	81,807	83,363
Due from other funds	5,122	11,586
Restricted asset - cash	<u>51,591</u>	<u>497</u>
	<u>\$ 1,518,309</u>	<u>\$ 1,127,431</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 169,092	\$ 243,412
Payroll withholdings	-	29
Deferred revenue	109,768	150,663
Accrued salaries	75,209	59,167
Due to other funds	11,796	-
Payable from restricted asset	<u>14,074</u>	<u>296</u>
	<u>\$ 379,939</u>	<u>\$ 453,567</u>
Fund balance:		
Reserved for inventory	\$ 49,337	\$ 46,385
Unreserved - undesignated	<u>1,089,033</u>	<u>627,479</u>
	<u>\$ 1,138,370</u>	<u>\$ 673,864</u>
Total liabilities and fund balance	<u>\$ 1,518,309</u>	<u>\$ 1,127,431</u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Year Ended June 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>Year Ended June 30, 1999</u>			<u>Year Ended</u>
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)	<u>June 30, 1998</u>
				<u>Actual</u>
Revenues:				
Taxes	\$ 6,421,981	\$ 6,252,145	\$(169,836)	\$ 6,245,543
Licenses and permits	434,320	403,799	(30,521)	419,010
Intergovernmental	854,866	1,246,788	391,922	820,882
Fees, charges, and commissions for services	229,182	213,745	(15,437)	214,374
Fines and forfeitures	174,175	220,560	46,385	180,668
Interest and miscellaneous	<u>101,797</u>	<u>120,396</u>	<u>18,599</u>	<u>114,645</u>
	<u>\$ 8,216,321</u>	<u>\$ 8,457,433</u>	<u>\$ 241,112</u>	<u>\$ 7,995,122</u>
Expenditures:				
Current:				
General government	\$ 1,963,594	\$ 1,691,008	\$ 272,586	\$ 2,009,617
Public safety	3,651,446	3,540,238	111,208	3,562,086
Public works	1,445,374	1,332,744	112,630	1,759,660
Sanitation	752,817	772,528	(19,711)	856,441
Debt service:				
Principal	69,910	53,010	16,900	108,752
Interest and fiscal charges	-	40,900	(40,900)	46,108
Capital outlay	<u>725,000</u>	<u>532,665</u>	<u>192,335</u>	<u>-</u>
	<u>\$ 8,608,141</u>	<u>\$ 7,963,093</u>	<u>\$ 645,048</u>	<u>\$ 8,342,664</u>
Excess (deficiency) of revenues over expenditures	<u>\$(391,820)</u>	<u>\$ 494,340</u>	<u>\$ 886,160</u>	<u>\$(347,542)</u>

(continued)

CITY OF BASTROP, LOUISIANA

GENERAL FUND

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)

Year Ended June 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>Year Ended June 30, 1999</u>			<u>Year Ended</u> <u>June 30, 1998</u>
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>	<u>Actual</u>
Other financing sources:				
Operating transfers in (out)	\$(153,470)	\$(93,520)	\$ 59,950	\$(163,840)
Sale of fixed assets	14,500	63,687	49,187	-
Proceeds of long-term debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total other financing sources (uses)	<u>\$(138,970)</u>	<u>\$(29,833)</u>	<u>\$ 109,137</u>	<u>\$ 136,160</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$(530,790)	\$ 464,507	\$ 995,297	\$(211,382)
Fund balance - beginning	<u>530,790</u>	<u>673,863</u>	<u>143,073</u>	<u>885,246</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 1,138,370</u>	<u>\$ 1,138,370</u>	<u>\$ 673,864</u>

See notes to financial statements.

SPECIAL REVENUE FUNDS

Account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Sewer Use Fee Fund - accounts for a dedicated source of revenue available for repayment of funds borrowed for improvements to the sewage treatment and collection systems.

Community Project Fund - accounts for grant funds available for a specific plan of action as detailed in the grant budget.

CITY OF BASTROP, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 1999
With Comparative Totals for June 30, 1998

	<u>Sewer Use</u> <u>Fee Fund</u>	<u>Community</u> <u>Project Fund</u>	<u>June 30,</u>	
			<u>1999</u>	<u>1998</u>
ASSETS				
Cash	\$ 72,149	\$ 47	\$ 72,196	\$ 96,815
Pooled deposits	1,321,406	-	1,321,406	1,356,290
Accounts receivable	117,816	-	117,816	107,373
Due from other governments	-	5,122	5,122	3,346
Due from other funds	-	2,346	2,346	-
Restricted asset - cash	<u>443,497</u>	<u>-</u>	<u>443,497</u>	<u>310,199</u>
	<u>\$ 1,954,868</u>	<u>\$ 7,515</u>	<u>\$ 1,962,383</u>	<u>\$ 1,874,023</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Bank overdraft	\$ -	\$ -	\$ -	\$ 953
Due to other funds	<u>-</u>	<u>5,122</u>	<u>5,122</u>	<u>-</u>
Total liabilities	<u>\$ -</u>	<u>\$ 5,122</u>	<u>\$ 5,122</u>	<u>\$ 953</u>
Fund balances - reserved	<u>\$ 1,954,868</u>	<u>\$ 2,393</u>	<u>\$ 1,957,261</u>	<u>\$ 1,873,070</u>
Total liabilities and fund balances	<u>\$ 1,954,868</u>	<u>\$ 7,515</u>	<u>\$ 1,962,383</u>	<u>\$ 1,874,023</u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

SPECIAL REVENUE FUND

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - SEWER USE FEE FUND

Year Ended June 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>Year Ended June 30, 1999</u>			<u>Year Ended</u> <u>June 30, 1998</u>
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)	<u>Actual</u>
Revenues:				
Fees, charges, and commissions for services	\$ 538,000	\$ 567,603	\$ 29,603	\$ 582,634
Interest and miscellaneous	<u>73,000</u>	<u>76,319</u>	<u>3,319</u>	<u>79,624</u>
	<u>\$ 611,000</u>	<u>\$ 643,922</u>	<u>\$ 32,922</u>	<u>\$ 662,258</u>
Expenditures:				
Current:				
Salaries	\$ 45,634	\$ 18,945	\$ 26,689	\$ 20,631
Payroll taxes and retirement	6,581	2,380	4,201	2,601
Maintenance and supplies	24,000	13,993	10,007	12,417
Office	18,000	14,288	3,712	13,993
Insurance	4,000	3,685	315	1,989
Other	8,350	2,005	6,345	1,134
Debt service:				
Principal	300,000	300,000	-	290,000
Interest and fiscal charges	<u>204,435</u>	<u>204,435</u>	<u>-</u>	<u>212,990</u>
	<u>\$ 611,000</u>	<u>\$ 559,731</u>	<u>\$ 51,269</u>	<u>\$ 555,755</u>
Excess (deficiency) of revenues over expenditures	\$ -	\$ 84,191	\$ 84,191	\$ 106,503
Fund balance - reserved -beginning	-	<u>1,870,677</u>	<u>1,870,677</u>	<u>1,764,174</u>
Fund balance - reserved - ending	<u>\$ -</u>	<u>\$ 1,954,868</u>	<u>\$ 1,954,868</u>	<u>\$ 1,870,677</u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
COMMUNITY PROJECT FUND
Year Ended June 30, 1999

Revenues:		
Intergovernmental		\$ <u>6,058</u>
Expenditures:		
Current:		
Maintenance and supplies	\$	3,477
Utilities		297
Other		<u>3,751</u>
	\$	<u>7,525</u>
Excess (deficiency) of revenues over expenditures	\$	(1,467)
Other financing source:		
Operating transfers in		<u>1,467</u>
Excess of revenues and other financing source over expenditures	\$	-
Fund balance - reserved - beginning		<u>-</u>
Fund balance - reserved - ending	\$	<u><u>-</u></u>

See notes to financial statements.

DEBT SERVICE FUND

Accounts for transactions relating to resources retained after the full payment of principal, interest, and related costs on a long-term debt obligation.

CITY OF BASTROP, LOUISIANA

DEBT SERVICE FUND

BALANCE SHEETS
June 30, 1999 and 1998

	<u>1999</u>	<u>June 30,</u> <u>1998</u>
ASSETS		
Cash	<u>\$ 31,169</u>	<u>\$ 30,592</u>
LIABILITIES		
Refund due	<u>\$ 31,169</u>	<u>\$ 30,592</u>

See notes to financial statements.

CAPITAL PROJECTS FUND

Accounts for financial resources received and used for the acquisition, construction or improvement of capital facilities.

Community Development Block Grant Fund - accounts for street overlays financed through the State of Louisiana and local funds of the City.

CITY OF BASTROP, LOUISIANA

CAPITAL PROJECTS FUND

BALANCE SHEET

June 30, 1999

ASSETS

Due from other funds	<u>\$ 9,450</u>
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LIABILITIES

Accounts payable	<u>\$ 9,450</u>
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See notes to financial statements.

CITY OF BASTROP, LOUISIANA

CAPITAL PROJECTS FUND

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 1999 and 1998

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
Revenues:		
Intergovernmental	\$ -	\$ 265,549
Expenditures:		
Capital outlay	<u>28,850</u>	<u>274,999</u>
Excess (deficiency) of revenues over expenditures	\$(28,850)	\$(9,450)
Other financing source:		
Operating transfers in	<u>28,850</u>	<u>9,450</u>
Excess of revenues and other financing source over expenditures	\$ -	\$ -
Fund balance - reserved - beginning	<u>-</u>	<u>-</u>
Fund balance - reserved - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See notes to financial statements.

ENTERPRISE FUND

Accounts for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing good 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

Revolving Loan Fund - accounts for low-interest lending to qualified applicants and leasing of property, all of which must be related to economic development and the creation of jobs.

CITY OF BASTROP, LOUISIANA

ENTERPRISE FUND

BALANCE SHEETS
June 30, 1999 and 1998

	<u>1999</u>	<u>June 30,</u> <u>1998</u>
ASSETS		
Current assets:		
Cash	\$ 367,902	\$ 374,575
Current portion of loans receivable	11,466	15,418
Current portion of net investment in direct financing lease	<u>36,294</u>	<u>35,192</u>
Total current assets	<u>\$ 415,662</u>	<u>\$ 425,185</u>
Property and equipment:		
Buildings	\$ 128,726	\$ 124,242
Improvements other than buildings	351,564	351,564
Less accumulated depreciation	<u>(81,574)</u>	<u>(65,639)</u>
	<u>\$ 398,716</u>	<u>\$ 410,167</u>
Other assets:		
Loans receivable - net of current portion	\$ 26,317	\$ 10,458
Net investment in direct financing lease - net of current portion	<u>64,241</u>	<u>71,790</u>
	<u>\$ 90,558</u>	<u>\$ 82,248</u>
	<u>\$ 904,936</u>	<u>\$ 917,600</u>
EQUITY		
Contributed capital	\$ 776,757	\$ 776,757
Retained earnings - reserved	<u>128,179</u>	<u>140,843</u>
	<u>\$ 904,936</u>	<u>\$ 917,600</u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

ENTERPRISE FUND

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

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
Operating revenues:		
Fees, charges, and commissions for services	\$ 12	\$ 975
Miscellaneous	-	7,500
	<u>\$ 12</u>	<u>\$ 8,475</u>
Operating expenses:		
Depreciation	\$ 15,935	\$ 15,898
Other	10,020	10,155
	<u>\$ 25,955</u>	<u>\$ 26,053</u>
Operating income (loss)	<u>\$(25,943)</u>	<u>\$(17,578)</u>
Nonoperating revenue (expense):		
Interest	\$ 13,279	\$ 16,328
Loss on sale of assets	-	(68,552)
	<u>\$ 13,279</u>	<u>\$(52,224)</u>
Net income (loss)	<u>\$(12,664)</u>	<u>\$(69,802)</u>
Retained earnings - reserved - beginning	<u>140,843</u>	<u>210,645</u>
Retained earnings - reserved - ending	<u>\$ 128,179</u>	<u>\$ 140,843</u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA
ENTERPRISE FUND

STATEMENTS OF CASH FLOWS
Years Ended June 30, 1999 and 1998

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$(25,943)	\$(17,578)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	15,935	15,898
Loss on sale of assets	-	(68,552)
(Increase) decrease in loans receivable - net	(11,907)	16,775
(Increase) decrease in net investment in direct financing lease	<u>6,447</u>	<u>9,313</u>
Net cash provided (used) by operating activities	<u>\$(15,468)</u>	<u>\$(44,144)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	<u>\$ 13,279</u>	<u>\$ 16,328</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of fixed assets	\$(4,484)	\$(13,778)
Sale of fixed assets	<u>-</u>	<u>179,590</u>
Net cash provided (used) by capital and related financing activities	<u>\$(4,484)</u>	<u>\$ 165,812</u>
Net increase (decrease) in cash	\$(6,673)	\$ 137,996
Cash - beginning	<u>374,575</u>	<u>236,579</u>
Cash - ending	<u><u>\$ 367,902</u></u>	<u><u>\$ 374,575</u></u>

See notes to financial statements.

FIDUCIARY FUND

Accounts for assets held by the City in a trustee capacity for outside parties.

Pension Trust Fund - accounts for the pension plan administered by the City for retirement annuity payments to firemen not accepted by Firefighters' Retirement System of Louisiana.

CITY OF BASTROP, LOUISIANA

FIDUCIARY FUND

BALANCE SHEETS
June 30, 1999 and 1998

	<u>June 30,</u>	
	<u>1999</u>	<u>1998</u>
ASSETS		
Cash	\$ 1,510	\$ 14,283
Pooled deposits	<u>165,564</u>	<u>247,579</u>
	<u>\$ 167,074</u>	<u>\$ 261,862</u>
LIABILITIES AND FUND BALANCE		
Due to other funds	\$ -	\$ 11,586
Fund balance - reserved	<u>167,074</u>	<u>250,276</u>
Total liabilities and fund balance	<u>\$ 167,074</u>	<u>\$ 261,862</u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

FIDUCIARY FUND

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Years Ended June 30, 1999 and 1998

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
Operating revenues:		
Interest	\$ 8,492	\$ 13,190
Operating expenses:		
Benefit payments	\$ 154,552	\$ 151,629
Other	345	574
	<u>\$ 154,897</u>	<u>\$ 152,203</u>
Income (loss) before operating transfers	\$(146,405)	\$(139,013)
Operating transfers in	<u>63,203</u>	<u>151,973</u>
Net income (loss)	\$(83,202)	\$ 12,960
Fund balance - reserved - beginning	<u>250,276</u>	<u>237,316</u>
Fund balance - reserved - ending	<u>\$ 167,074</u>	<u>\$ 250,276</u>

See notes to financial statements.

CITY OF BASTROP, LOUISIANA

FIDUCIARY FUND

STATEMENTS OF CASH FLOWS
Years Ended June 30, 1999 and 1998

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$(146,405)	\$(139,013)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
(Increase) decrease in due to other funds	<u>(11,586)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$(157,991)</u>	<u>\$(139,013)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	\$ 90,330	\$ -
Purchase of investments	<u>(8,315)</u>	<u>(12,994)</u>
Net cash flows provided (used) by investing activities	<u>\$ 82,015</u>	<u>\$(12,994)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating transfers in	<u>\$ 63,203</u>	<u>\$ 151,973</u>
Net increase (decrease) in cash	\$(12,773)	\$(34)
Cash - beginning	<u>14,283</u>	<u>14,317</u>
Cash - ending	<u>\$ 1,510</u>	<u>\$ 14,283</u>

See notes to financial statements.

GENERAL FIXED ASSETS ACCOUNT GROUP

Accounts for fixed assets used in governmental fund operations for control purposes.

CITY OF BASTROP, LOUISIANA

GENERAL FIXED ASSETS ACCOUNT GROUP

STATEMENT OF GENERAL FIXED ASSETS BY SOURCE
June 30, 1999

GENERAL FIXED ASSETS

Land and buildings	\$ 7,211,863
Improvements other than buildings	29,115,218
Improvements other than buildings	6,057,262
Construction in progress	<u>94,465</u>
	<u>\$ 42,478,808</u>

INVESTMENT IN GENERAL FIXED ASSETS BY SOURCE

General revenues	\$ 20,640,694
Federal grants	12,732,449
Other sources	4,409
Property acquired prior to July 1, 1975*	<u>9,101,256</u>
	<u>\$ 42,478,808</u>

*Prior to July 1, 1975, records were not maintained indicating the source from which general fixed assets were acquired.

See notes to financial statements.

GENERAL LONG-TERM DEBT ACCOUNT GROUP

Accounts for long-term liabilities to be financed from governmental funds.

CITY OF BASTROP, LOUISIANA
GENERAL LONG-TERM ACCOUNT GROUP
STATEMENT OF GENERAL LONG-TERM DEBT
June 30, 1999

AMOUNT TO BE PROVIDED FOR THE
PAYMENT OF GENERAL LONG-TERM DEBT

Certificates of indebtedness	\$ 276,000
Sewer revenue bonds payable	6,630,000
Pension liabilities	555,270
Compensated absences	<u>128,445</u>
	<u>\$ 7,589,715</u>

GENERAL LONG-TERM DEBT PAYABLE

Certificates of indebtedness payable	\$ 276,000
Sewer revenue bonds payable	6,630,000
Pension liabilities	555,270
Compensated absences	<u>128,445</u>
	<u>\$ 7,589,715</u>

See notes to financial statements.

SUPPLEMENTARY INFORMATION

CITY OF BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND REVENUES -
BUDGET AND ACTUAL

Year Ended June 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>Year Ended June 30, 1999</u>			<u>Year Ended</u> <u>June 30,</u> <u>1998</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Taxes:				
Ad valorem	\$ 2,468,555	\$ 2,354,342	\$ (114,213)	\$ 2,376,336
Sales	3,710,226	3,693,427	(16,799)	3,670,850
Gross receipts	236,200	196,451	(39,749)	196,956
Costs and interest	<u>7,000</u>	<u>7,925</u>	<u>925</u>	<u>1,401</u>
	<u>\$ 6,421,981</u>	<u>\$ 6,252,145</u>	<u>\$ (169,836)</u>	<u>\$ 6,245,543</u>
Licenses and permits:				
Business licenses	\$ 205,000	\$ 209,339	\$ 4,339	\$ 205,450
Insurance licenses	195,000	164,371	(30,629)	177,119
Building permits	10,000	9,856	(144)	10,543
Beer and liquor permits	15,000	12,235	(2,765)	15,295
Other permits	<u>9,320</u>	<u>7,998</u>	<u>(1,322)</u>	<u>10,603</u>
	<u>\$ 434,320</u>	<u>\$ 403,799</u>	<u>\$ (30,521)</u>	<u>\$ 419,010</u>
Intergovernmental:				
Tobacco tax	\$ 69,837	\$ 67,837	\$ (2,000)	\$ 67,837
Fire insurance	265,359	470,726	205,367	258,311
Grants	104,000	220,751	116,751	47,747
Supplemental pay	263,144	301,490	38,346	303,356
Other	<u>152,526</u>	<u>185,984</u>	<u>33,458</u>	<u>143,631</u>
	<u>\$ 854,866</u>	<u>\$ 1,246,788</u>	<u>\$ 391,922</u>	<u>\$ 820,882</u>

(continued)

CITY OF BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND REVENUES -
BUDGET AND ACTUAL (Continued)

Year Ended June 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>Year Ended June 30, 1999</u>			<u>Year Ended</u> <u>June 30,</u> <u>1998</u>
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)	<u>Actual</u>
Fees, charges, and commissions for services:				
Cemetery lot sales	\$ 39,000	\$ 42,407	\$ 3,407	\$ 40,976
City court	26,067	24,432	(1,635)	24,482
Recreation fees	24,000	18,371	(5,629)	21,180
Sewer fees	53,500	48,182	(5,318)	47,761
Jail use	63,000	53,789	(9,211)	52,780
Municipal center	17,500	20,851	3,351	20,039
Other charges	6,115	5,713	(402)	7,156
	<u>\$ 229,182</u>	<u>\$ 213,745</u>	<u>\$(15,437)</u>	<u>\$ 214,374</u>
Fines and forfeitures:				
Court and parking	<u>\$ 174,175</u>	<u>\$ 220,560</u>	<u>\$ 46,385</u>	<u>\$ 180,668</u>
Interest and miscellaneous:				
Interest	\$ 35,000	\$ 30,384	\$(4,616)	\$ 32,111
Rents	9,900	12,949	3,049	15,883
Other	56,897	77,063	20,166	66,651
	<u>\$ 101,797</u>	<u>\$ 120,396</u>	<u>\$ 18,599</u>	<u>\$ 114,645</u>
Total general fund revenues	<u>\$ 8,216,321</u>	<u>\$ 8,457,433</u>	<u>\$ 241,112</u>	<u>\$ 7,995,122</u>

CITY OF BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND CURRENT EXPENDITURES -
BUDGET AND ACTUAL

Year Ended June 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>Year Ended June 30, 1999</u>			<u>Year Ended</u> <u>June 30,</u> <u>1998</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
General government:				
Salaries	\$ 665,492	\$ 629,448	\$ 36,044	\$ 626,928
Payroll taxes and retirement	91,164	92,083	(919)	88,850
Street and traffic lights	165,000	142,783	22,217	157,705
Utilities and telephone	134,600	139,851	(5,251)	137,200
Office	19,500	24,952	(5,452)	16,127
Vehicle	9,850	5,561	4,289	5,056
Maintenance and supplies	47,650	32,481	15,169	33,774
Insurance	585,600	466,617	118,983	519,914
Travel	26,000	26,039	(39)	25,838
Airport	19,000	32,420	(13,420)	19,787
Other	199,738	98,773	100,965	126,127
Capital outlay	-	-	-	252,311
Total general government	<u>\$ 1,963,594</u>	<u>\$ 1,691,008</u>	<u>\$ 272,586</u>	<u>\$ 2,009,617</u>
Public safety:				
Police:				
Salaries	\$ 1,366,984	\$ 1,240,063	\$ 126,921	\$ 1,282,780
Payroll taxes and retirement	134,877	108,466	26,411	117,485
Insurance	202,524	163,222	39,302	175,559
Office	11,000	9,348	1,652	8,406
Vehicle	48,500	50,555	(2,055)	40,105
Maintenance and supplies	30,000	35,327	(5,327)	19,920
Jail	42,500	35,227	7,273	35,271
Uniforms and laundry	16,000	11,810	4,190	17,536
Other	60,183	58,409	1,774	60,772
Capital outlay	-	-	-	67,726
Total police	<u>\$ 1,912,568</u>	<u>\$ 1,712,427</u>	<u>\$ 200,141</u>	<u>\$ 1,825,560</u>

(continued)

CITY OF BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND CURRENT EXPENDITURES -
BUDGET AND ACTUAL (Continued)

Year Ended June 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>Year Ended June 30, 1999</u>			<u>Year Ended</u> <u>June 30,</u> <u>1998</u>
	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>	<u>Actual</u>
Public safety (continued):				
Fire:				
Salaries	\$ 1,245,468	\$ 1,338,510	\$ (93,042)	\$ 1,257,133
Payroll taxes and retirement	181,400	182,591	(1,191)	179,891
Insurance	186,000	187,541	(1,541)	192,527
Utilities	27,000	21,826	5,174	25,469
Vehicles	19,500	15,146	4,354	19,930
Maintenance and supplies	50,960	68,025	(17,065)	41,052
Uniforms and laundry	15,600	4,925	10,675	11,259
Other	12,950	9,247	3,703	6,965
Capital outlay	-	-	-	2,300
Total fire	<u>\$ 1,738,878</u>	<u>\$ 1,827,811</u>	<u>\$ (88,933)</u>	<u>\$ 1,736,526</u>
Total public safety	<u>\$ 3,651,446</u>	<u>\$ 3,540,238</u>	<u>\$ 111,208</u>	<u>\$ 3,562,086</u>
Public works:				
Highways and streets:				
Salaries	\$ 325,500	\$ 292,047	\$ 33,453	\$ 314,358
Payroll taxes and retirement	41,850	37,110	4,740	40,608
Insurance	52,000	52,302	(302)	54,959
Utilities	4,000	4,447	(447)	3,406
Vehicle	32,000	22,926	9,074	22,728
Maintenance and supplies	91,650	72,966	18,684	114,222
Other	2,000	8,483	(6,483)	1,215
Capital outlay	-	-	-	43,002
Total highways and streets	<u>\$ 549,000</u>	<u>\$ 490,281</u>	<u>\$ 58,719</u>	<u>\$ 594,498</u>

(continued)

CITY OF BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND CURRENT EXPENDITURES -
 BUDGET AND ACTUAL (Continued)
 Year Ended June 30, 1999
 With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>Year Ended June 30, 1999</u>			<u>Year Ended</u> <u>June 30,</u> <u>1998</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Public works (continued):				
Health:				
Salaries	\$ 45,550	\$ 35,247	\$ 10,303	\$ 41,955
Payroll taxes and retirement	5,648	3,880	1,768	3,944
Insurance	6,936	6,936	-	5,803
Utilities	4,000	3,011	989	3,798
Vehicle	3,300	2,404	896	2,699
Maintenance and supplies	16,150	3,576	12,574	9,814
Other	2,400	1,385	1,015	1,087
Total health	<u>\$ 83,984</u>	<u>\$ 56,439</u>	<u>\$ 27,545</u>	<u>\$ 69,100</u>
Recreation:				
Salaries	\$ 296,609	\$ 304,953	\$(8,344)	\$ 354,152
Payroll taxes and retirement	40,941	35,621	5,320	40,847
Insurance	39,000	33,761	5,239	37,721
Utilities	54,000	43,127	10,873	52,342
Vehicles	10,800	9,063	1,737	10,125
Maintenance and supplies	57,400	72,825	(15,425)	71,751
Other	7,775	7,877	(102)	5,083
Total recreation	<u>\$ 506,525</u>	<u>\$ 507,227</u>	<u>\$(702)</u>	<u>\$ 572,021</u>
Cemetery:				
Salaries	\$ 106,300	\$ 105,623	\$ 677	\$ 102,838
Payroll taxes and retirement	13,195	13,505	(310)	13,319
Insurance	19,500	17,866	1,634	17,516
Utilities	800	775	25	733
Vehicle	7,600	4,950	2,650	5,026
Maintenance and supplies	8,040	5,664	2,376	7,881
Other	1,650	1,164	486	1,178
Total cemetery	<u>\$ 157,085</u>	<u>\$ 149,547</u>	<u>\$ 7,538</u>	<u>\$ 148,491</u>

CITY OF BASTROP, LOUISIANA

SCHEDULE OF GENERAL FUND CURRENT EXPENDITURES -
BUDGET AND ACTUAL (Continued)

Year Ended June 30, 1999

With Comparative Actual Amounts for Year Ended June 30, 1998

	<u>Year Ended June 30, 1999</u>			<u>Year Ended</u> <u>June 30,</u> <u>1998</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance -</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Public works (continued):				
Building maintenance:				
Salaries	\$ 91,500	\$ 73,821	\$ 17,679	\$ 79,177
Payroll taxes and retirement	10,930	9,597	1,333	10,016
Insurance	15,800	13,773	2,027	12,376
Vehicle	1,450	659	791	639
Maintenance and supplies	28,800	31,400	(2,600)	24,615
Other	300	-	300	-
Total building maintenance	<u>\$ 148,780</u>	<u>\$ 129,250</u>	<u>\$ 19,530</u>	<u>\$ 126,823</u>
Capital outlay	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,727</u>
Total public works	<u>\$ 1,445,374</u>	<u>\$ 1,332,744</u>	<u>\$ 112,630</u>	<u>\$ 1,759,660</u>
Sanitation:				
Sewer:				
Service contract	\$ 741,317	\$ 742,862	\$(1,545)	\$ 762,597
Other	11,500	29,666	(18,166)	8,537
Capital outlay	-	-	-	85,307
Total sanitation	<u>\$ 752,817</u>	<u>\$ 772,528</u>	<u>\$(19,711)</u>	<u>\$ 856,441</u>
Total general fund current expenditures	<u>\$ 7,813,231</u>	<u>\$ 7,336,518</u>	<u>\$ 476,713</u>	<u>\$ 8,187,804</u>

CITY OF BASTROP, LOUISIANA

SCHEDULE OF MAYOR AND ALDERMEN'S COMPENSATION
Year Ended June 30, 1999

The schedule of compensation paid to the mayor and aldermen is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and aldermen is included in the general administrative expenditures of the General Fund. The mayor and aldermen receive compensation pursuant to Louisiana Revised Statute 404.1.

Clarence Hawkins, Mayor	\$ 54,412
Jo Ann Williams, Alderman	9,142
Willie Lenoir, Alderman	9,142
Arthur Hamlin, Alderman	9,142
Peyton Spear, Alderman	9,142
Trey Snodgrass, III, Alderman	<u>9,142</u>
Total compensation	<u>\$ 100,122</u>

CITY OF BASTROP, LOUISIANA

YEAR 2000 ISSUE (UNAUDITED)

Year Ended June 30, 1999

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the City's operations as early as fiscal year 1999.

City of Bastrop, Louisiana, has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting the City's operations. Based on this inventory, the City has, as of the date of this report, purchased from outside vendors, hardware and software believed to be year 2000 compliant for the financial reporting systems. Testing and validation of the systems in place have been completed and two other systems are in the process of being replaced as of the date of this report.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City is or will be year 2000 ready, that the City's remediation efforts will be successful in whole or in part, or that parties with whom the City does business will be year 2000 ready.

HILL, INZINA & COMPANY

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

The Honorable Clarence W. Hawkins, Mayor,
and Members of the Board of Aldermen
City of Bastrop, Louisiana

We have audited the general-purpose financial statements and the combining, individual fund, and account group financial statements of City of Bastrop, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated August 31, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City'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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 99-1.

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

This report is intended solely for the information and use of management, others within the organization, Board of Aldermen, federal awarding agencies, state awarding agencies, and pass-through entities. It is not intended to be and should not be used by anyone other than these specified parties.

Hill, Prager & Co.

August 31, 1999

CITY OF BASTROP, LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR CURRENT YEAR FINDINGS
Year Ended June 30, 1999

We have audited the financial statements of City of Bastrop, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated August 31, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 1999, resulted in an unqualified opinion.

Section I - Summary of Auditor's Results

Report on Compliance and Internal Control Material to the Financial Statements

Compliance

Compliance Material to Financial Statements Yes No

Internal Control

Material Weaknesses Yes No Reportable Conditions Yes No

Section II - Financial Statement Findings

1999-1 Inadequate Segregation of Duties (finding was cited as first required in audit conducted by our firm as of and for the year ended June 30, 1985)

Criteria: Adequate segregation of duties is essential to a proper internal control structure.

Condition: The segregation of duties is inadequate to provide effective internal control.

Cause: The condition is due to economic and space limitations.

Effect: Not determined.

Recommendation: No action is recommended.

Management's
response and
planned cor-
rective action:

We concur in the finding, but it is not economically feasible nor does space allow for corrective action to be taken.

CITY OF BASTROP, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR FINDING
Year Ended June 30, 1999

Section I - Compliance and Internal Control Material to Financial Statements

1998-1 Inadequate Segregation of Duties

Adequate segregation of duties is essential to proper
internal control.

Unresolved - 1999-1.

Section II - Management Letter

None issued.