

CITY OF SCOTT, LOUISIANA
Debt Service Fund
Sales Tax Bonds Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended June 30, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Miscellaneous - interest	\$ 20,850	\$ 16,356	\$ (4,494)	\$ 18,720
Expenditures:				
Debt service -				
Principal retirement	105,000	105,000	-	85,000
Interest and fiscal charges	137,123	138,958	(1,835)	159,412
Payment to refund debt	-	-	-	15,507
Total expenditures	242,123	243,958	(1,835)	259,919
Deficiency of revenues over expenditures	(221,273)	(227,602)	(6,329)	(241,199)
Other financing sources (uses):				
Operating transfers from (to)				
1984 Sales Tax Fund	241,727	241,727	-	228,623
1984 Sales Tax Fund	-	(50,735)	(50,735)	-
Proceeds of refunding bonds	-	-	-	780,000
Payment to refund debt escrow agent	-	-	-	(770,627)
Total other financing sources (uses)	241,727	190,992	(50,735)	237,996
Excess (deficiency) of revenues and other sources over expenditures and other uses	20,454	(36,610)	(57,064)	(3,203)
Fund balance, beginning	358,106	358,106	-	361,309
Fund balance, ending	\$ 378,560	\$ 321,496	\$(57,064)	\$ 358,106

CITY OF SCOTT, LOUISIANA
Debt Service Fund
Sales Tax Bonds Fund

Comparative Balance Sheet
June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Cash	\$ 61,953	\$124,964
Investments, at cost	241,609	246,071
Accrued interest receivable	2,628	2,666
Due from other funds	<u>15,306</u>	<u>-</u>
 Total assets	 <u>\$321,496</u>	 <u>\$373,701</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	\$ -	\$ 15,595
Fund balances:		
Reserved for debt service	<u>321,496</u>	<u>358,106</u>
 Total liabilities and fund balance	 <u>\$321,496</u>	 <u>\$373,701</u>

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MANAGEMENT LETTER

The Honorable Hazel Myers, Mayor
and Members of the Board of Aldermen
City of Scott, Louisiana

During our audit of the general purpose financial statements of the City of Scott for the year ended June 30, 1996, we noted one area in which the efficiency and effectiveness of the operations of the city could be improved. This comment was also included in our management letter dated August 1, 1995 relative to our audit of the June 30, 1995 general purpose financial statements, but is mentioned again for re-emphasis.

Due to the continued losses experienced by the various operations of the Utility Fund, we recommend that the City consider increasing revenues and/or reducing expenses.

We would like to express our appreciation to you and your staff, particularly your office staff, for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need assistance please feel free to contact us.

Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
August 7, 1996

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CITY OF SCOTT, LOUISIANA

Financial Report

Year Ended June 30, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 20 1996

Compliance with State Bid Law

Finding:

The Louisiana Public Bid Law requires that competitive bids be obtained for purchases over \$10,000. The management officials of the City failed to obtain bids for four separate purchases of municipal vehicles in excess of \$10,000 during the fiscal year ended June 30, 1996.

Recommendation:

Competitive bids should be obtained for all applicable purchases in accordance with the Louisiana Public Bid Law.

Response:

In the future, the City will comply with the Louisiana Public Bid Law.

We considered this instance of noncompliance in forming our opinion on whether the 1996 general purpose financial statements are presented fairly in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated August 7, 1996, on those general purpose financial statements.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
August 7, 1996

CITY OF SCOTT, LOUISIANA
Capital Projects Funds

Combining Balance Sheet
June 30, 1996
With Comparative Totals for June 30, 1995

	<u>City Hall Construction</u>	<u>Sewer System Construction</u>	<u>Totals</u>	
			<u>1996</u>	<u>1995</u>
ASSETS				
Interest-bearing deposits, at cost	\$ -	\$416,748	\$416,748	\$ 399,406
Accrued interest receivable	<u>-</u>	<u>4,231</u>	<u>4,231</u>	<u>1,680</u>
Total assets	<u>\$ -</u>	<u>\$420,979</u>	<u>\$420,979</u>	<u>\$ 401,086</u>
FUND BALANCES				
Fund balances:				
Unreserved, designated for capital expenditures	<u>\$ -</u>	<u>\$420,979</u>	<u>\$420,979</u>	<u>\$ 401,086</u>

CITY OF SCOTT, LOUISIANA
Capital Projects Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 1996
With Comparative Totals for Year Ended June 30, 1995

	<u>City Hall Construction</u>	<u>Sewer System Construction</u>	<u>Totals</u>	
			<u>1996</u>	<u>1995</u>
Revenues:				
Miscellaneous - interest	\$ -	\$ 19,893	\$ 19,893	\$ 33,225
Expenditures:				
Capital outlay -				
Architectural and other	-	-	-	10,984
Construction costs	-	-	-	729,240
Total expenditures	-	-	-	740,224
Excess (deficiency) of revenues over expenditures	-	19,893	19,893	(706,999)
Other financing sources (uses)				
Operating transfers in	-	-	-	215,298
Operating transfers out	-	-	-	(182,585)
Total other financing sources (uses)	-	-	-	32,713
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	19,893	19,893	(674,286)
Fund balances, beginning	-	401,086	401,086	1,075,372
Fund balances, ending	\$ -	\$420,979	\$420,979	\$ 401,086

CITY OF SCOTT, LOUISIANA
 Capital Projects Fund
 Sewer System Construction Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (GAAP Basis) and Actual
 Year Ended June 30, 1996
 With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenue:				
Miscellaneous - interest	\$ 18,500	\$ 19,893	\$1,393	\$ 25,888
Expenditures	-	-	-	-
Excess of revenues over expenditures	18,500	19,893	1,393	25,888
Other financing uses:				
Operating transfers to - 1984 Sales Tax Fund	-	-	-	178,815
Utility Fund	-	-	-	3,770
Total other financing uses	-	-	-	182,585
Excess (deficiency) of revenues over expenditures and other uses	18,500	19,893	1,393	(156,697)
Fund balance, beginning	401,086	401,086	-	557,783
Fund balance, ending	\$419,586	\$420,979	\$1,393	\$ 401,086

ENTERPRISE FUND

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

CAPITAL PROJECTS FUNDS

City Hall Construction Fund - To account for the construction of the new city hall using proceeds from the General Fund. The project was completed during the fiscal year ended June 30, 1995.

Sewer System Construction Fund - To account for improvements to be made to the City's sewerage system using proceeds from certificates of indebtedness.

SPECIAL REVENUE FUNDS

06/22/68 Sales Tax Fund - To account for the receipt and use of proceeds of the City's 1% sales and use tax. These taxes are dedicated and used for the purposes of construction, acquiring, extending, improving and/or maintaining sewers and sewerage disposal works, waterworks, drainage facilities, streets and sidewalks, including the purchase of equipment therefor, title to which improvements shall be in the public name, or for any one or more of said purposes. The tax is also subject to funding into bonds of the City in the manner authorized in the Louisiana Revised Statutes.

04/01/84 Sales Tax Fund - To account for the receipt and use of the City's 1% sales and use tax. These taxes are dedicated and used for the purposes of construction, acquiring, extending, improving, operating and/or maintaining public streets and bridges, sewers and sewerage disposal works, recreational facilities and drainage facilities; purchasing and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works, improvements and facilities; providing additional funds to maintain the City's auxiliary police force and volunteer fire department; maintaining the natural gas transmission and distribution system of the City; and funding into bonds for any of these purposes in accordance with the Louisiana Revised Statutes.

SCHEDULES OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS

GENERAL FUND

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

CITY OF SCOTT
General Fund

Comparative Balance Sheet
June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Cash	\$ 61,777	\$20,980
Interest-bearing deposits	11,344	10,792
Receivables:		
Ad valorem taxes receivable	891	806
Accrued interest receivable	91	94
Due from other governmental agencies	5,280	903
Due from other funds	34,871	54,200
Other	<u>-</u>	<u>3,501</u>
Total assets	<u>\$114,254</u>	<u>\$91,276</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 33,197	\$34,271
Accrued liabilities	20,113	6,063
Due to other funds	<u>19,129</u>	<u>-</u>
Total liabilities	72,439	40,334
Fund balance:		
Unreserved, undesignated	<u>41,815</u>	<u>50,942</u>
Total liabilities and fund balance	<u>\$114,254</u>	<u>\$91,276</u>

CITY OF SCOTT, LOUISIANA
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended June 30, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance - Favorable	1995
	Budget	Actual	(Unfavorable)	Actual
Revenues:				
Taxes	\$ 246,900	\$ 250,448	\$ 3,548	\$ 230,272
Licenses and permits	101,225	108,123	6,898	92,783
Intergovernmental	83,639	80,980	(2,659)	86,435
Fines and forfeits	60,000	51,591	(8,409)	77,511
Miscellaneous	5,600	4,926	(674)	17,567
Total revenues	497,364	496,068	(1,296)	504,568
Expenditures:				
General government	215,132	215,389	(257)	191,966
Public safety -				
Police	408,115	423,673	(15,558)	385,587
Highways and streets	150,257	157,035	(6,778)	171,654
Capital outlay	148,510	134,098	14,412	123,551
Total expenditures	922,014	930,195	(8,181)	872,758
Deficiency of revenues over expenditures	(424,650)	(434,127)	(9,477)	(368,190)
Other financing sources (uses):				
Operating transfers from -				
Utility Fund	275,000	275,000	-	400,000
1968 Sales Tax Fund	100,000	100,000	-	120,000
1984 Sales Tax Fund	50,000	50,000	-	55,000
Operating transfer to -				
City Hall Construction Fund	-	-	-	(215,298)
Total other financing sources (uses)	425,000	425,000	-	359,702
Excess (deficiency) of revenues and other sources over expenditures and other uses	350	(9,127)	(9,477)	(8,488)
Fund balance, beginning	50,942	50,942	-	59,430
Fund balance, ending	\$ 51,292	\$ 41,815	\$ (9,477)	\$ 50,942

CITY OF SCOTT, LOUISIANA
General Fund

Statement of Revenues Compared to Budget (GAAP Basis)
Year Ended June 30, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	<u>Budget</u>	<u>Actual</u>		
Taxes:				
Ad valorem	\$ 56,000	\$ 57,573	\$ 1,573	\$ 58,060
Franchise -				
Electric	182,000	182,453	453	164,341
Natural gas	2,600	4,154	1,554	3,073
Cable TV	<u>6,300</u>	<u>6,268</u>	<u>(32)</u>	<u>4,798</u>
Total taxes	<u>246,900</u>	<u>250,448</u>	<u>3,548</u>	<u>230,272</u>
Licenses and permits:				
Liquor and beer licenses	6,500	5,370	(1,130)	6,580
Occupational licenses	7,000	6,520	(480)	6,420
Insurance occupational licenses	73,375	77,813	4,438	68,721
Building permits	8,000	10,460	2,460	6,007
Electrical permits	6,000	7,565	1,565	4,665
Work permits	<u>350</u>	<u>395</u>	<u>45</u>	<u>390</u>
Total licenses and permits	<u>101,225</u>	<u>108,123</u>	<u>6,898</u>	<u>92,783</u>
Intergovernmental:				
Federal grant -				
Federal Emergency Management Agency				
	-	-	-	4,015
Holiday Safe and Sober Campaign				
	3,000	2,554	(446)	3,103
U.S. Department of Justice				
	16,774	9,950	(6,824)	-
State of Louisiana -				
Department of the Treasury:				
Tobacco taxes				
	24,950	24,950	-	24,990
Department of Revenue and Taxation:				
Beer taxes				
	14,833	19,364	4,531	15,791
Video poker				
	17,000	17,080	80	16,405
Department of Transportation				
	7,082	7,082	-	7,082
Commission on Law Enforcement				
	-	-	-	2,549
Local -				
LEDA grant				
	-	-	-	<u>12,500</u>
Total intergovernmental	<u>83,639</u>	<u>80,980</u>	<u>(2,659)</u>	<u>86,435</u>

(continued)

CITY OF SCOTT, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis)
Year Ended June 30, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	<u>Budget</u>	<u>Actual</u>		
General government:				
Mayor and council salaries	\$ 44,800	\$ 44,786	\$ 14	\$ 36,801
Other salaries	37,717	37,818	(101)	25,626
Car expense	775	794	(19)	1,057
Payroll taxes	6,725	6,708	17	5,377
Utilities	11,640	10,118	1,522	3,490
Telephone	4,520	5,087	(567)	4,076
Advertising	12,330	11,403	927	19,754
Repairs and maintenance	8,600	8,372	228	7,020
Dues and conventions	2,100	2,186	(86)	2,361
Legal fees	16,150	16,096	54	18,141
Other professional fees	12,000	10,370	1,630	11,535
General insurance	8,700	9,950	(1,250)	10,447
Group insurance	5,030	5,361	(331)	2,854
Office supplies	17,625	19,035	(1,410)	19,596
Alarm system	350	352	(2)	-
Uniforms	3,520	3,587	(67)	2,430
Drug testing	3,000	2,972	28	2,118
Building permits	3,800	3,850	(50)	3,230
Electrical permits	5,000	5,805	(805)	4,245
Twinning - St. Aubin	2,500	2,500	-	2,500
Founders Day	2,000	2,000	-	2,000
Council on Aging	5,600	5,600	-	5,600
Miscellaneous	650	639	11	1,708
Total general government	<u>215,132</u>	<u>215,389</u>	<u>(257)</u>	<u>191,966</u>

(continued)

CITY OF SCOTT, LOUISIANA
Special Revenue Funds

Combining Balance Sheet
June 30, 1996

With Comparative Totals for June 30, 1995

	06/22/68	04/01/84	Totals
	Sales Tax	Sales Tax	1996 1995
ASSETS			
Cash	\$ -	\$ -	\$ 12,124
Interest-bearing deposits, at cost	2,229,501	1,919,455	3,584,111
Receivables:			
Taxes receivable	92,555	92,555	143,542
Accrued interest receivable	5,012	7,259	15,440
Due from other funds	14,041	25,392	31,944
Other	-	-	1,005
Total assets	\$2,341,109	\$2,044,661	\$3,788,166
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 19,395	\$ 16,209	\$ 30,113
Contracts payable	-	9,324	4,052
Retainages payable	21,301	20,743	7,400
Due to other funds	192,761	297,745	387,464
Total liabilities	233,457	344,021	429,029
Fund balances:			
Unreserved, undesignated	2,107,652	1,700,640	3,359,137
Total liabilities and fund balances	\$2,341,109	\$2,044,661	\$3,788,166

CITY OF SCOTT, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)
Year Ended June 30, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance - Favorable	1995
	Budget	Actual	(Unfavorable)	Actual
Highways and streets:				
Salaries	\$ 70,000	\$ 70,852	\$ (852)	\$ 89,883
Payroll taxes	5,700	5,825	(125)	7,501
Street lighting	38,000	40,092	(2,092)	41,674
General insurance	17,200	21,143	(3,943)	21,039
Group insurance	9,700	10,210	(510)	9,256
Uniforms	1,307	1,307	-	815
Grass cutting	750	393	357	713
Lawn maintenance	7,100	7,154	(54)	-
Miscellaneous	500	59	441	773
Total highways and streets	<u>150,257</u>	<u>157,035</u>	<u>(6,778)</u>	<u>171,654</u>
Capital outlay:				
General government -				
Office fixtures and equipment	26,000	24,842	1,158	34,603
Telephone system	-	-	-	28,409
City Hall landscaping	13,420	15,310	(1,890)	-
City Hall generator	16,520	950	15,570	-
Land purchase	1,670	1,670	-	-
Public safety -				
Police:				
Automobiles	21,500	21,729	(229)	34,456
Computer and office equipment	8,000	5,447	2,553	3,939
Equipment	5,900	8,048	(2,148)	4,644
Building improvements	55,500	56,102	(602)	9,671
Highways and streets -				
Equipment and fixtures	-	-	-	4,824
Arboretum	-	-	-	3,005
Total capital outlay	<u>148,510</u>	<u>134,098</u>	<u>14,412</u>	<u>123,551</u>
Total expenditures	<u>\$922,014</u>	<u>\$930,195</u>	<u>\$(8,181)</u>	<u>\$872,758</u>

DEBT SERVICE FUND

Sales Tax Bonds Fund - To accumulate monies for payment of \$1,450,000 of sales tax bonds issued in 1989 which are due in annual installments, plus interest, through maturity in 2010 and \$780,000 of public improvement sales tax refunding bonds, Series 1995 which are due in annual installments, plus interest, through maturity in 2005. Debt service is financed from the collection of the City's 1984 1% sales tax.

CITY OF SCOTT, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Balance Sheet
June 30, 1996 and 1995

ASSETS	<u>1996</u>	<u>1995</u>
Current assets:		
Cash	\$ 154,591	\$ 118,375
Interest-bearing deposits, at cost	332,861	315,010
Accounts receivable, net of allowance for uncollectible accounts (1996 \$3,488; 1995 \$3,364)	58,809	54,097
Unbilled utility receivables	27,296	26,608
Special assessments receivable - current	12,305	14,389
Accrued interest receivable	3,937	4,973
Due from other funds	514,768	396,709
Prepaid items	-	3,413
Total current assets	<u>1,104,567</u>	<u>933,574</u>
Restricted assets:		
Revenue bond and interest sinking account - Cash	106,852	109,596
Revenue bond reserve account - Interest-bearing deposits, at cost	151,100	163,340
Revenue bond contingency account - Interest-bearing deposits, at cost	161,697	154,272
Revenue bond construction fund - Interest-bearing deposits, at cost	60,625	57,843
Special assessments - Interest-bearing deposits, at cost	10,660	23,297
Customers' deposits - Cash	-	192
Interest-bearing deposits, at cost	<u>73,387</u>	<u>72,405</u>
Total restricted assets	<u>564,321</u>	<u>580,945</u>
Property, plant and equipment:		
Property, plant and equipment, at cost, net of accumulated depreciation (1996 \$2,157,769; 1995 \$1,956,989)	7,400,075	7,503,943
Construction in progress	<u>387,346</u>	<u>80,537</u>
Net property, plant and equipment	<u>7,787,421</u>	<u>7,584,480</u>
Other noncurrent assets:		
Special assessments receivable	6,932	13,498
Unamortized bond issuance costs	<u>21,711</u>	<u>-</u>
Total other noncurrent assets	<u>28,643</u>	<u>13,498</u>
Total assets	<u>\$9,484,952</u>	<u>\$9,112,497</u>

CITY OF SCOTT, LOUISIANA
Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 1996
With Comparative Totals for Year Ended June 30, 1995

	06/22/68	04/01/84	Totals	
	<u>Sales Tax</u>	<u>Sales Tax</u>	<u>1996</u>	<u>1995</u>
Revenues:				
Taxes	\$1,016,747	\$1,016,748	\$2,033,495	\$ 1,931,906
Intergovernmental	-	-	-	28,000
Miscellaneous	<u>105,228</u>	<u>90,063</u>	<u>195,291</u>	<u>169,867</u>
Total revenues	<u>1,121,975</u>	<u>1,106,811</u>	<u>2,228,786</u>	<u>2,129,773</u>
Expenditures:				
General government	11,670	11,675	23,345	17,340
Public safety -				
Auxiliary Police	-	7,121	7,121	12,392
Fire	-	81,158	81,158	85,281
Highways and streets	32,690	72,904	105,594	110,576
Capital outlay	<u>446,223</u>	<u>275,198</u>	<u>721,421</u>	<u>497,299</u>
Total expenditures	<u>490,583</u>	<u>448,056</u>	<u>938,639</u>	<u>722,888</u>
Excess of revenues over expenditures	<u>631,392</u>	<u>658,755</u>	<u>1,290,147</u>	<u>1,406,885</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	178,815
Operating transfers out	<u>(440,000)</u>	<u>(400,992)</u>	<u>(840,992)</u>	<u>(1,033,623)</u>
Total other financing sources (uses)	<u>(440,000)</u>	<u>(400,992)</u>	<u>(840,992)</u>	<u>(854,808)</u>
Excess of revenues and other sources over expenditures and other uses	191,392	257,763	449,155	552,077
Fund balances, beginning	<u>1,916,260</u>	<u>1,442,877</u>	<u>3,359,137</u>	<u>2,807,060</u>
Fund balances, ending	<u>\$2,107,652</u>	<u>\$1,700,640</u>	<u>\$3,808,292</u>	<u>\$ 3,359,137</u>

CITY OF SCOTT, LOUISIANA
Special Revenue Fund
6/22/68 Sales Tax Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended June 30, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Taxes	\$ 990,000	\$1,016,747	\$ 26,747	\$ 965,953
Miscellaneous -				
Interest	<u>95,000</u>	<u>105,228</u>	<u>10,228</u>	<u>86,897</u>
Total revenues	<u>1,085,000</u>	<u>1,121,975</u>	<u>36,975</u>	<u>1,052,850</u>
Expenditures:				
General government -				
Collection fees	5,940	8,195	(2,255)	5,775
Professional fees	<u>3,500</u>	<u>3,475</u>	<u>25</u>	<u>2,895</u>
Total general government	<u>9,440</u>	<u>11,670</u>	<u>(2,230)</u>	<u>8,670</u>
Highways and streets -				
Supplies and repairs	<u>30,025</u>	<u>32,690</u>	<u>(2,665)</u>	<u>34,225</u>
Capital outlay -				
Highways and streets:				
Herbicide Program	23,580	23,934	(354)	22,503
Building additions	34,000	42,636	(8,636)	27,264
Equipment	<u>60,510</u>	<u>61,048</u>	<u>(538)</u>	<u>-</u>
Total highways and streets	<u>118,090</u>	<u>127,618</u>	<u>(9,528)</u>	<u>49,767</u>
Water and sewer:				
Waterline extension projects	290,000	290,939	(939)	39,396
Sewer improvements	20,000	18,696	1,304	31,075
Equipment	-	-	-	1,638
Feasibility study	5,000	5,000	-	-
Sidewalk project	<u>5,000</u>	<u>3,970</u>	<u>1,030</u>	<u>-</u>
Total water and sewer	<u>320,000</u>	<u>318,605</u>	<u>1,395</u>	<u>72,109</u>
Total capital outlay	<u>438,090</u>	<u>446,223</u>	<u>(8,133)</u>	<u>121,876</u>

(continued)

CITY OF SCOTT, LOUISIANA
Special Revenue Fund
6/22/68 Sales Tax Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual (Continued)
Year Ended June 30, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Total expenditures	<u>477,555</u>	<u>490,583</u>	<u>(13,028)</u>	<u>164,771</u>
Excess of revenues over expenditures	<u>607,445</u>	<u>631,392</u>	<u>23,947</u>	<u>888,079</u>
Other financing uses: Operating transfers to -				
Utility Fund	340,000	340,000	-	470,000
General Fund	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>120,000</u>
Total other financing uses	<u>440,000</u>	<u>440,000</u>	<u>-</u>	<u>590,000</u>
Excess of revenues over expenditures and other uses	167,445	191,392	23,947	298,079
Fund balance, beginning	<u>1,916,260</u>	<u>1,916,260</u>	<u>-</u>	<u>1,618,181</u>
Fund balance, ending	<u>\$2,083,705</u>	<u>\$2,107,652</u>	<u>\$23,947</u>	<u>\$1,916,260</u>

CITY OF SCOTT, LOUISIANA
Special Revenue Fund
4/1/84 Sales Tax Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended June 30, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 990,000	\$1,016,748	\$26,748	\$ 965,953
Intergovernmental	-	-	-	28,000
Miscellaneous -				
Interest	66,000	90,063	24,063	62,897
Other	-	-	-	20,073
Total revenues	<u>1,056,000</u>	<u>1,106,811</u>	<u>50,811</u>	<u>1,076,923</u>
Expenditures:				
General government -				
Sales tax collection fees	5,940	8,200	(2,260)	5,775
Professional fees	<u>3,500</u>	<u>3,475</u>	<u>25</u>	<u>2,895</u>
Total general government	<u>9,440</u>	<u>11,675</u>	<u>(2,235)</u>	<u>8,670</u>
Public safety -				
Auxiliary police:				
Uniforms	5,000	4,718	282	5,836
Training	1,500	293	1,207	1,876
Auto expense	<u>2,500</u>	<u>2,110</u>	<u>390</u>	<u>4,680</u>
Total auxiliary police	<u>9,000</u>	<u>7,121</u>	<u>1,879</u>	<u>12,392</u>
Fire:				
Contract	75,000	75,000	-	75,000
Telephone and supplies	2,900	2,893	7	7,141
Professional fees	<u>3,140</u>	<u>3,265</u>	<u>(125)</u>	<u>3,140</u>
Total fire	<u>81,040</u>	<u>81,158</u>	<u>(118)</u>	<u>85,281</u>
Total public safety	<u>90,040</u>	<u>88,279</u>	<u>1,761</u>	<u>85,281</u>
Highways and streets -				
Central garage	13,915	13,506	409	-
Vehicle and equipment repairs and maintenance	33,000	34,261	(1,261)	41,531
Engineering	20,000	25,137	(5,137)	29,820
Contribution to Scott Lions Club	-	-	-	<u>5,000</u>
Total highways and streets	<u>66,915</u>	<u>72,904</u>	<u>(5,989)</u>	<u>76,351</u>

(continued)

CITY OF SCOTT, LOUISIANA
Special Revenue Fund
4/1/84 Sales Tax Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual (Continued)
Year Ended June 30, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Capital outlay -				
Equipment	\$ -	\$ -	\$ -	\$ 107,964
Recalibration of gas meters	20,000	16,860	3,140	-
Drainage and erosion projects	20,000	19,403	597	77,522
Streets overlay and patchwork	240,000	238,935	1,065	94,394
Parks	-	-	-	19,870
Willow Street Bridge Project	-	-	-	75,673
Total capital outlay	<u>280,000</u>	<u>275,198</u>	<u>4,802</u>	<u>375,423</u>
Total expenditures	<u>446,395</u>	<u>448,056</u>	<u>(1,661)</u>	<u>558,117</u>
Excess of revenues over expenditures	<u>609,605</u>	<u>658,755</u>	<u>49,150</u>	<u>518,806</u>
Other financing sources (uses) -				
Operating transfers to:				
Utility Fund	(160,000)	(160,000)	-	(160,000)
Sales Tax Bonds Debt Service Fund	(241,727)	(190,992)	50,735	(228,623)
General Fund	(50,000)	(50,000)	-	(55,000)
Operating transfers from:				
Sewer System Construction Fund	-	-	-	178,815
Total other financing sources (uses)	<u>(451,727)</u>	<u>(400,992)</u>	<u>50,735</u>	<u>(264,808)</u>
Excess of revenues and other sources over expenditures and other uses	157,878	257,763	99,885	253,998
Fund balance, beginning	<u>1,442,877</u>	<u>1,442,877</u>	<u>-</u>	<u>1,188,879</u>
Fund balance, ending	<u>\$1,600,755</u>	<u>\$1,700,640</u>	<u>\$99,885</u>	<u>\$1,442,877</u>

CITY OF SCOTT, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)
Year Ended June 30, 1996
With Comparative Actual Amounts for Year Ended June 30, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	<u>Budget</u>	<u>Actual</u>		
Public safety:				
Police -				
Salaries	\$228,000	\$226,785	\$ 1,215	\$210,384
Payroll taxes	19,350	19,509	(159)	18,191
Auto expense	25,000	29,745	(4,745)	23,554
Uniforms and supplies	3,500	3,498	2	3,852
Training, lodging and travel	3,500	3,556	(56)	4,832
Dues and subscriptions	1,000	714	286	890
General insurance	35,000	44,860	(9,860)	47,876
Group insurance	23,000	23,280	(280)	23,757
Miscellaneous	1,000	331	669	658
Auto repairs and maintenance	22,000	22,701	(701)	20,778
Repairs and maintenance garage	13,915	13,506	409	-
Tower charges	4,850	4,850	-	3,980
Janitorial	4,000	5,016	(1,016)	
Firearms and ammunition	2,000	1,530	470	1,955
Telephone	6,000	7,629	(1,629)	7,365
Office equipment repairs and maintenance	3,000	3,139	(139)	3,461
Utilities	4,000	3,764	236	1,667
Office supplies	7,000	7,775	(775)	8,986
Consulting fees	500	390	110	750
DARE Program	1,500	1,095	405	2,651
Total public safety	<u>408,115</u>	<u>423,673</u>	<u>(15,558)</u>	<u>385,587</u>

(continued)

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
August 7, 1996

of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the City did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above to be a material weakness. This condition was considered in determining the nature, timing and extent of the procedures to be performed in our audit of the financial statements of City of Scott, Louisiana, for the year ended June 30, 1996.

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

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

The Honorable Hazel Myers, Mayor
and Members of the Board of Aldermen
City of Scott, Louisiana

We have audited the general purpose financial statements of the City of Scott, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 7, 1996.

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

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

Material instances of noncompliance consist of failures to follow requirements or violations of prohibitions contained in statutes, regulations, contracts, or grants, that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the financial statements. The results of our tests disclosed the following material instance of noncompliance that is required to be reported under Government Auditing Standards:

125 Rue Beaugard
Lafayette, LA 70508
(318) 232-3312

1201 Brashear Avenue
Suite 301
Morgan City, LA 70380
(504) 384-6264

408 W. Cotton Street
Ville Platte, LA 70586
(318) 363-2792

113 East Bridge Street
Breaux Bridge, LA 70517
(318) 332-4020

404 Pere Megret
Abbeville, LA 70510
(318) 893-5470

1231 E. Laurel Avenue
Eunice, LA 70535
(318) 457-4146

2011 MacArthur Drive
Building 1
Alexandria, LA 71301
(318) 445-5564

OTHER SUPPLEMENTARY INFORMATION

CITY OF SCOTT, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 1996 and 1995

Records maintained by the City indicated the following number of customers were being serviced during the month of June, 1996 and 1995:

<u>Department</u>	<u>1996</u>	<u>1995</u>
Gas (metered)	609	612
Water (metered)	1,982	1,909
Sewerage	1,433	1,403

CITY OF SCOTT, LOUISIANA
Utility Fund

Comparative Departmental Analysis of Operating Revenues and Expenses
For the Years Ended June 30, 1996 and 1995

	Totals		Gas	
	1996	1995	1996	1995
Operating revenues:				
Customers service charges	\$ 768,051	\$ 687,285	\$292,334	\$238,663
Permits, reconnections and penalties	37,199	34,250	5,547	4,833
Miscellaneous	119,114	10	133	-
Total operating revenues	<u>924,364</u>	<u>721,545</u>	<u>298,014</u>	<u>243,496</u>
Operating expenses:				
Salaries	168,220	141,868	73,053	60,260
Salaries - plant	29,385	28,809	-	-
Disposal charges - plant	4,597	3,840	-	-
Sewerage inspection	2,425	2,550	-	-
Gas and water purchases	337,453	279,034	120,942	69,051
Supplies and repairs	59,310	48,781	11,430	8,281
Supplies - plant	44,319	28,106	-	-
Repairs and maintenance - garage	9,004	-	3,001	-
Training - plant	105	35	-	-
Service agreement	8,560	8,400	-	-
Utilities	10,410	10,929	-	-
Utilities - plant	20,824	19,841	-	-
Professional fees	11,010	10,850	3,670	3,617
Insurance	42,287	36,540	21,143	18,293
Plant insurance	11,377	8,805	-	-
Insurance for employees	15,715	11,704	5,156	3,428
Insurance for employees - plant	1,294	1,730	-	-
Office expense	5,140	4,792	1,639	1,585
Computer services	5,697	4,548	1,899	1,516
Payroll taxes	12,609	10,698	5,384	4,586
Payroll taxes - plant	2,350	2,301	-	-
Truck expenses	6,134	8,002	1,657	1,779
Truck expense - plant	958	2,060	-	-
Training	805	696	330	191
Uniforms	814	549	430	183
Uniforms - plant	198	179	-	-
Equipment lease	7,761	7,255	2,587	2,418
Bad debts	3,305	2,382	1,322	953
Depreciation	145,052	151,087	23,338	26,758
Depreciation - plant	55,728	55,566	-	-
Miscellaneous	2,471	1,438	773	471
Lab fees - plant	6,097	3,932	-	-
Alarm system - plant	308	-	-	-
Total operating expenses	<u>1,031,722</u>	<u>897,307</u>	<u>277,754</u>	<u>203,370</u>
Net operating income (loss)	<u>\$ (107,358)</u>	<u>\$ (175,762)</u>	<u>\$ 20,260</u>	<u>\$ 40,126</u>
Nonoperating revenues (expenses):				
Special assessments revenue	6,566	9,124		
Interest income	43,889	39,033		
Interest expense	(72,227)	(105,048)		
Amortization of bond issuance cost	(2,171)	-		
Total nonoperating expenses	<u>(23,943)</u>	<u>(56,891)</u>		
Loss before operating transfers	<u>(131,301)</u>	<u>(232,653)</u>		
Operating transfers in (out):				
Operating transfers in	500,000	633,770		
Operating transfers out	(275,000)	(400,000)		
Total operating transfers	<u>225,000</u>	<u>233,770</u>		
Net income	93,699	1,117		
Add: Depreciation on fixed assets acquired by federal and parish grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	35,536	35,536		
Retained earnings, beginning	<u>1,613,045</u>	<u>1,576,392</u>		
Retained earnings, ending	<u>\$1,742,280</u>	<u>\$1,613,045</u>		

Water		Sewerage	
1996	1995	1996	1995
\$290,341	\$270,676	\$ 185,376	\$ 177,946
21,614	20,451	10,038	8,966
118,974	10	7	-
<u>430,929</u>	<u>291,137</u>	<u>195,421</u>	<u>186,912</u>
50,210	51,454	44,957	30,154
-	-	29,385	28,809
-	-	4,597	3,840
-	-	2,425	2,550
216,511	209,983	-	-
16,013	16,254	31,867	24,246
-	-	44,319	28,106
3,002	-	3,001	-
-	-	105	35
-	-	8,560	8,400
-	-	10,410	10,929
-	-	20,824	19,841
3,670	3,616	3,670	3,617
11,194	9,660	9,950	8,587
-	-	11,377	8,805
8,550	4,079	2,009	4,197
-	-	1,294	1,730
1,933	1,588	1,568	1,619
1,899	1,516	1,899	1,516
3,636	3,704	3,589	2,408
-	-	2,350	2,301
2,496	3,381	1,981	2,842
-	-	958	2,060
235	470	240	35
186	183	198	183
-	-	198	179
2,587	2,419	2,587	2,418
1,322	953	661	476
65,988	67,194	55,726	57,135
-	-	55,728	55,566
748	491	950	476
-	-	6,097	3,932
-	-	308	-
<u>390,180</u>	<u>376,945</u>	<u>363,788</u>	<u>316,992</u>
<u>\$ 40,749</u>	<u>\$(85,808)</u>	<u>\$(168,367)</u>	<u>\$(129,080)</u>
=====	=====	=====	=====

CITY OF SCOTT, LOUISIANA

Schedule of Insurance In Force
(Unaudited)
June 30, 1996

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's compensation - Employer's liability	Statutory \$ 100,000
Surety bonds - On public employees	100,000
Comprehensive general liability, bodily injury and property damage	500,000
Vehicle physical damage	456,976
Comprehensive auto liability, bodily injury and property damage	500,000
Special equipment floater	231,374
Liability - water plant	500,000
Fire and lighting, extended coverage, vandalism malicious mischief - Maintenance building on Lions Club Road Sewer plant on Miller Road Police department on Lions Club Road City Hall on Lions Club Road	100,000 51,000 100,000 1,100,000
Law enforcement officers comprehensive liability, personal injury and property damage, \$2,500 deductible	500,000
Public officials' errors and omissions, \$5,000 deductible	500,000
Flood Insurance Operations building on Mill Street Sludge building on Mill Street	586,400 79,200
Boiler and machinery Property damage, \$1,000 deductible	1,500,000

CITY OF SCOTT, LOUISIANA

Combined Schedule of Interest-Bearing Deposits - All Funds
June 30, 1996

	<u>Financial Institution</u>	<u>Maturity Date</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Amount</u>
General Fund:					
Certificate of deposit	B	10/23/96	180 days	4.53%	\$ 11,344
Special Revenue Funds:					
1968 Sales Tax Fund -					
Money Market investment account	B	N/A	N/A	variable	168,180
Certificate of deposit	B	10/09/96	120 days	4.61%	<u>2,061,321</u>
Total 1968 Sales Tax Fund					<u>2,229,501</u>
1984 Sales Tax Fund -					
Money market investment account	B	N/A	N/A	variable	292,574
Certificate of deposit	F	7/23/96	60 days	4.36%	<u>1,626,881</u>
Total 1984 Sales Tax Fund					<u>1,919,455</u>
Total Special Revenue Funds					<u>4,148,956</u>
Capital Projects Fund:					
Sewer System Construction Fund -					
Certificate of deposit	F	9/15/96	180 days	4.52%	331,809
Money market investment account	B	N/A	N/A	variable	38,184
Money market investment account	B	N/A	N/A	variable	<u>46,755</u>
Total Capital Projects Fund					<u>416,748</u>
Utility Fund:					
Utility - unrestricted -					
Certificate of deposit	B	8/18/96	62 days	4.04%	330,320
Utility - bond reserve -					
Certificate of deposit	B	9/16/96	182 days	4.52%	151,100
Utility - bond contingency -					
Certificate of deposit	B	7/24/96	60 days	4.36%	161,697
Utility - bond construction -					
Money market investment account	B	N/A	N/A	variable	60,625
Utility - Special assessment -					
Money market investment account	B	N/A	N/A	variable	10,660
Customer deposits -					
Certificate of deposit	B	10/01/96	90 days	4.53%	<u>75,928</u>
Total Utility Fund					<u>790,330</u>
Total all funds					\$5,367,378 =====

Financial Institution:
F - First National Bank
B - Bank One

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

1. Prior to June 15, the City Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

F. 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 as an extension of formal budgetary integration in the funds.

G. Cash and Interest-Bearing Deposits

Cash and interest-bearing deposits includes amounts in demand deposits and time deposits.

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INTERNAL CONTROL, COMPLIANCE
AND
OTHER GRANT INFORMATION

information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The financial information for the preceding year which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the City of Scott, Louisiana.

Darnall, Sikes, Kolder, Frederick & Rainey
A Corporation of Certified Public Accountants

Lafayette, Louisiana
August 7, 1996

CITY OF SCOTT, LOUISIANA

Statement of General Long-Term Debt
June 30, 1996 and 1995

	<u>Sales Tax Bonds</u>	
	<u>1996</u>	<u>1995</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT		
Amount available in debt service funds for debt retirement	\$ 321,496	\$ 358,106
Amount to be provided from sales tax revenues	<u>1,618,504</u>	<u>1,686,894</u>
Total available and to be provided	<u>\$1,940,000</u>	<u>\$2,045,000</u>
GENERAL LONG-TERM DEBT PAYABLE		
Bonds payable	<u>\$1,940,000</u>	<u>\$2,045,000</u>

CITY OF SCOTT, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1996

	Governmental Fund Types			Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Account Groups			Totals (Memorandum Only) 1996	1995		
	General	Special Revenue	Debt Service			Capital Projects	General Fixed Assets	Long-Term Debt			Totals	
											1996	1995
ASSETS AND OTHER DEBITS												
Cash	\$ 61,777	\$ -	\$ 61,953	\$ -	\$ 154,591	\$ -	\$ -	\$ -	\$ 358,257	\$ 320,603		
Interest-bearing deposits, at cost	11,344	4,148,956	-	416,748	332,861	-	-	-	4,909,909	4,309,319		
Investments, at cost	-	-	241,609	-	-	-	-	-	241,609	246,071		
Receivables (net, where applicable, of allowances for uncollectibles):												
Taxes	891	185,110	-	-	-	-	-	-	186,001	144,348		
Accounts	-	-	-	-	58,809	-	-	-	58,809	54,097		
Unbilled utility receivables	-	-	-	-	27,296	-	-	-	27,296	26,608		
Special assessments receivable - Current	-	-	-	-	12,305	-	-	-	12,305	14,389		
Accrued interest	91	12,271	2,628	4,231	3,937	-	-	-	23,158	24,853		
Due from other governmental agencies	5,280	-	-	-	-	-	-	-	5,280	903		
Due from other funds	34,871	39,433	15,306	-	514,768	-	-	-	604,378	482,853		
Other	-	-	-	-	-	-	-	-	-	4,506		
Prepaid items	-	-	-	-	-	-	-	-	-	3,413		
Restricted assets:												
Cash	-	-	-	-	106,852	-	-	-	106,852	109,788		
Interest-bearing deposits, at cost	-	-	-	-	457,469	-	-	-	457,469	471,157		
Land and buildings	-	-	-	-	-	-	-	-	-	-		
Equipment, furniture and fixtures	-	-	-	-	-	1,631,456	-	-	1,631,456	1,625,346		
Construction in progress	-	-	-	-	-	981,420	-	-	981,420	914,287		
Utility property, plant, and equipment	-	-	-	-	387,346	-	-	-	387,346	80,537		
Accumulated depreciation	-	-	-	-	9,557,844	-	-	-	9,557,844	9,460,932		
Special assessments receivable: Noncurrent	-	-	-	-	(2,157,769)	-	-	-	(2,157,769)	(1,956,989)		
Unamortized bond issuance costs	-	-	-	-	6,932	-	-	-	6,932	13,498		
Amount available in debt service funds	-	-	-	-	21,711	-	-	-	21,711	-		
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	321,496	-	321,496	358,106		
Total assets and other debits	\$114,254	\$4,385,770	\$321,496	\$420,979	\$ 9,484,952	\$79,936	\$1,940,000	\$2,612,876	\$19,360,263	\$18,395,519		

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(continued)

CITY OF SCOTT, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups (Continued)
June 30, 1996

	Governmental Fund Types			Fiduciary Fund Type Agency	Account Groups		Totals (Memorandum Only) 1996 1995
	General	Special Revenue	Debt Service		Capital Projects	Proprietary Fund Type Enterprise	
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts payable	\$ 33,197	\$ 35,604	\$ -	\$ -	\$ 39,722	\$ -	\$ 108,523
Contracts payable	-	9,324	-	-	-	-	9,324
Retainages payable	-	42,044	-	-	-	-	42,044
Other accrued liabilities	20,113	-	-	-	5,179	-	25,292
Payable from restricted assets - Sewerage certificates with government commitment	-	-	-	-	26,617	-	26,617
Revenue bonds	-	-	-	-	80,000	-	80,000
Accrued interest	-	-	-	-	36,630	-	36,630
Customers' deposits	-	-	-	-	73,387	-	73,387
Due to other funds	19,129	490,506	-	-	14,807	-	604,378
General obligation bonds payable	-	-	-	-	-	1,940,000	1,940,000
Revenue bonds payable	-	-	-	-	1,110,000	-	1,110,000
Less: deferred costs	-	-	-	-	(56,371)	-	(56,371)
Sewerage certificates payable with government commitment	-	-	-	-	26,617	-	26,617
Deferred special assessments revenue	-	-	-	-	6,932	-	6,932
Total liabilities	<u>72,439</u>	<u>577,478</u>	<u>-</u>	<u>-</u>	<u>1,363,520</u>	<u>-</u>	<u>4,033,373</u>
Fund equity:							
Contributed capital	-	-	-	-	6,379,152	-	6,379,152
Investment in general fixed assets	-	-	-	-	-	2,612,876	2,612,876
Retained earnings -	-	-	-	-	-	-	-
Reserved for revenue bond retirement	-	-	-	-	287,062	-	287,062
Unreserved	-	-	-	-	1,455,218	-	1,455,218
Total retained earnings	-	-	-	-	1,742,280	-	1,742,280
Fund balances -	-	-	-	-	-	-	-
Reserved for debt service	-	-	321,496	-	-	-	321,496
Unreserved:							
Designated	-	-	-	420,979	-	-	420,979
Undesignated	41,815	3,808,292	-	-	-	-	420,979
Total fund balances	<u>41,815</u>	<u>3,808,292</u>	<u>321,496</u>	<u>420,979</u>	<u>-</u>	<u>-</u>	<u>4,592,582</u>
Total fund equity	<u>41,815</u>	<u>3,808,292</u>	<u>321,496</u>	<u>420,979</u>	<u>8,121,432</u>	<u>-</u>	<u>15,326,890</u>
Total liabilities and fund equity	<u>\$114,254</u>	<u>\$4,385,770</u>	<u>\$321,496</u>	<u>\$420,979</u>	<u>\$9,484,952</u>	<u>\$1,940,000</u>	<u>\$18,395,519</u>

The accompanying notes are an integral part of this statement.

CITY OF SCOTT, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
All Governmental Fund Types
Year Ended June 30, 1996

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)	
					1996	1995
Revenues:						
Taxes	\$ 250,448	\$2,033,495	\$ -	\$ -	\$ 2,283,943	\$ 2,162,178
Licenses and permits	108,123	-	-	-	108,123	92,783
Intergovernmental	80,980	-	-	-	80,980	114,435
Fines and forfeits	51,591	-	-	-	51,591	77,511
Miscellaneous	4,926	195,291	16,356	19,893	236,466	239,379
Total revenues	<u>496,068</u>	<u>2,228,786</u>	<u>16,356</u>	<u>19,893</u>	<u>2,761,103</u>	<u>2,686,286</u>
Expenditures:						
Current -						
General government	215,389	23,345	-	-	238,734	209,306
Public safety -						
Police	423,673	-	-	-	423,673	385,587
Auxiliary police	-	7,121	-	-	7,121	12,392
Fire	-	81,158	-	-	81,158	85,281
Highways and streets	157,035	105,594	-	-	262,629	282,230
Capital outlay	134,098	721,421	-	-	855,519	1,361,074
Debt service -						
Principal retirement	-	-	105,000	-	105,000	85,000
Interest and fiscal charges	-	-	138,958	-	138,958	159,412
Payment to refund debt	-	-	-	-	-	15,507
Total expenditures	<u>930,195</u>	<u>938,639</u>	<u>243,958</u>	<u>-</u>	<u>2,112,792</u>	<u>2,595,789</u>
Excess (deficiency) of revenues over expenditures	<u>(434,127)</u>	<u>1,290,147</u>	<u>(227,602)</u>	<u>19,893</u>	<u>648,311</u>	<u>90,497</u>
Other financing sources (uses):						
Operating transfers in	425,000	-	241,727	-	666,727	1,197,736
Operating transfers out	-	(840,992)	(50,735)	-	(891,727)	(1,431,506)
Proceeds of refunding bonds	-	-	-	-	-	780,000
Payment to refund debt escrow agent	-	-	-	-	-	(770,627)
Total other financing sources (uses)	<u>425,000</u>	<u>(840,992)</u>	<u>190,992</u>	<u>-</u>	<u>(225,000)</u>	<u>(224,397)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(9,127)</u>	<u>449,155</u>	<u>(36,610)</u>	<u>19,893</u>	<u>423,311</u>	<u>(133,900)</u>
Fund balances, beginning	<u>50,942</u>	<u>3,359,137</u>	<u>358,106</u>	<u>401,086</u>	<u>4,169,271</u>	<u>4,303,171</u>
Fund balances, ending	<u>\$ 41,815</u>	<u>\$3,808,292</u>	<u>\$ 321,496</u>	<u>\$420,979</u>	<u>\$ 4,592,582</u>	<u>\$ 4,169,271</u>

The accompanying notes are an integral part of this statement.

CITY OF SCOTT, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual -
All Governmental Fund Types
Year Ended June 30, 1996

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	\$ 246,900	\$ 250,448	\$ 3,548	\$1,980,000	\$2,033,495	\$ 53,495
Licenses and permits	101,225	108,123	6,898	-	-	-
Intergovernmental	83,639	80,980	(2,659)	-	-	-
Fines and forfeits	60,000	51,591	(8,409)	-	-	-
Miscellaneous	5,600	4,926	(674)	161,000	195,291	34,291
Total revenues	<u>497,364</u>	<u>496,068</u>	<u>(1,296)</u>	<u>2,141,000</u>	<u>2,228,786</u>	<u>87,786</u>
Expenditures:						
Current -						
General government	215,132	215,389	(257)	18,880	23,345	(4,465)
Public safety -						
Police	408,115	423,673	(15,558)	-	-	-
Auxiliary police	-	-	-	9,000	7,121	1,879
Fire	-	-	-	81,040	81,158	(118)
Highways and streets	150,257	157,035	(6,778)	96,940	105,594	(8,654)
Capital outlay	148,510	134,098	14,412	718,090	721,421	(3,331)
Debt service -						
Principal retirement	-	-	-	-	-	-
Interest and fiscal	-	-	-	-	-	-
charges	-	-	-	-	-	-
Total expenditures	<u>922,014</u>	<u>930,195</u>	<u>(8,181)</u>	<u>923,950</u>	<u>938,639</u>	<u>(14,689)</u>
Excess (deficiency) of revenues over expenditures	<u>(424,650)</u>	<u>(434,127)</u>	<u>(9,477)</u>	<u>1,217,050</u>	<u>1,290,147</u>	<u>73,097</u>
Other financing sources (uses):						
Operating transfers in	425,000	425,000	-	-	-	-
Operating transfers out	-	-	-	(891,727)	(840,992)	50,735
Total other financing sources (uses)	<u>425,000</u>	<u>425,000</u>	<u>-</u>	<u>(891,727)</u>	<u>(840,992)</u>	<u>50,735</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	350	(9,127)	(9,477)	325,323	449,155	123,832
Fund balances, beginning	<u>50,942</u>	<u>50,942</u>	<u>-</u>	<u>3,359,137</u>	<u>3,359,137</u>	<u>-</u>
Fund balances, ending	<u>\$ 51,292</u>	<u>\$ 41,815</u>	<u>\$(9,477)</u>	<u>\$3,684,460</u>	<u>\$3,808,292</u>	<u>\$123,832</u>

The accompanying notes are an integral part of this statement.

Debt Service Fund			Capital Projects Fund		
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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<u>20,850</u>	<u>16,356</u>	<u>(4,494)</u>	<u>18,500</u>	<u>19,893</u>	<u>1,393</u>
<u>20,850</u>	<u>16,356</u>	<u>(4,494)</u>	<u>18,500</u>	<u>19,893</u>	<u>1,393</u>
.
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105,000	105,000
.
<u>137,123</u>	<u>138,958</u>	<u>(1,835)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>242,123</u>	<u>243,958</u>	<u>(1,835)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(221,273)</u>	<u>(227,602)</u>	<u>(6,329)</u>	<u>18,500</u>	<u>19,893</u>	<u>1,393</u>
241,727	241,727	-	.	.	.
<u>-</u>	<u>(50,735)</u>	<u>(50,735)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>241,727</u>	<u>190,992</u>	<u>(50,735)</u>	<u>-</u>	<u>-</u>	<u>-</u>
20,454	(36,610)	(57,064)	18,500	19,893	1,393
<u>358,106</u>	<u>358,106</u>	<u>-</u>	<u>401,086</u>	<u>401,086</u>	<u>-</u>
<u>\$ 378,560</u>	<u>\$ 321,496</u>	<u>\$(57,064)</u>	<u>\$419,586</u>	<u>\$420,979</u>	<u>\$1,393</u>
=====	=====	=====	=====	=====	=====

CITY OF SCOTT, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings -
 Proprietary Fund Type
 Years Ended June 30, 1996 and 1995

	<u>Enterprise Fund</u>	
	<u>1996</u>	<u>1995</u>
Operating revenues:		
Charges for services	\$ 768,051	\$ 687,285
Permits, reconnections and penalties	37,199	34,250
Miscellaneous	<u>119,114</u>	<u>10</u>
Total operating revenues	<u>924,364</u>	<u>721,545</u>
Operating expenses:		
Gas department expenses	254,416	176,612
Water department expenses	324,192	309,751
Sewerage department expenses	252,334	204,291
Depreciation expense	<u>200,780</u>	<u>206,653</u>
Total operating expenses	<u>1,031,722</u>	<u>897,307</u>
Operating loss	<u>(107,358)</u>	<u>(175,762)</u>
Nonoperating revenues (expenses):		
Special assessment revenue	6,566	9,124
Interest income	43,889	39,033
Interest expense	(72,227)	(105,048)
Amortization of bond issuance cost	<u>(2,171)</u>	<u>-</u>
Total nonoperating expenses	<u>(23,943)</u>	<u>(56,891)</u>
Loss before operating transfers	<u>(131,301)</u>	<u>(232,653)</u>
Operating transfers in (out):		
Operating transfers in	500,000	633,770
Operating transfers out	<u>(275,000)</u>	<u>(400,000)</u>
Total operating transfers	<u>225,000</u>	<u>233,770</u>
Net income	93,699	1,117
Add: Depreciation on fixed assets acquired by federal and parish grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>35,536</u>	<u>35,536</u>
Increase in retained earnings	129,235	36,653
Retained earnings, beginning	<u>1,613,045</u>	<u>1,576,392</u>
Retained earnings, ending	<u>\$1,742,280</u>	<u>\$1,613,045</u>

The accompanying notes are an integral part of this statement.

CITY OF SCOTT, LOUISIANA

Comparative Statement of Cash Flows
 Proprietary Fund Type
 Years Ended June 30, 1996 and 1995

	<u>Enterprise Fund</u>	
	<u>1996</u>	<u>1995</u>
Cash flows from operating activities:		
Net operating loss	\$ (107,358)	\$ (175,762)
Adjustments to reconcile net operating loss to net cash provided by operating activities -		
Depreciation	200,780	206,653
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(4,836)	2,053
Increase (decrease) in provision for uncollectible accounts	124	(227)
Increase in unbilled utility receivables	(688)	(2,608)
Decrease in other receivables	-	2,279
(Increase) decrease in prepaid expense	3,413	(3,413)
Increase (decrease) in accounts payable	(2,522)	2,826
Increase (decrease) in accrued liabilities	(5,655)	9,365
Total adjustments	<u>190,616</u>	<u>216,928</u>
Net cash provided by operating activities	<u>83,258</u>	<u>41,166</u>
Cash flows from noncapital financing activities:		
Cash received from other funds	-	8,090
Cash paid to other funds	(138,886)	(103,974)
Operating transfers in from other funds	500,000	633,770
Operating transfers out to other funds	<u>(275,000)</u>	<u>(400,000)</u>
Net cash provided by noncapital financing activities	<u>86,114</u>	<u>137,886</u>
Cash flows from capital and related financing activities:		
Proceeds from special assessments	8,650	12,914
Interest received from special assessments	3,745	3,204
Proceeds from refunding bonds	1,125,000	-
Principal paid on revenue bonds	(60,000)	(55,000)
Amount transferred to escrow for defeasance of debt	(1,117,008)	-
Interest paid on revenue bonds	(77,478)	(100,253)
Bond issuance costs paid	(23,882)	-
Principal paid on sewerage certificates	(26,617)	(26,617)
Interest paid on sewerage certificates	(6,308)	(8,504)
Acquisition and construction of property, plant and equipment	(403,721)	(83,793)
Proceeds from meter deposits	12,650	11,385
Refund of meter deposits	(11,860)	(12,650)
Capital contributed from municipality	<u>403,720</u>	<u>82,523</u>
Net cash used by capital and related financing activities	<u>(173,109)</u>	<u>(176,791)</u>

(Continued)

CITY OF SCOTT, LOUISIANA

Comparative Statement of Cash Flows (Continued)
 Proprietary Fund Type
 Years Ended June 30, 1996 and 1995

	<u>Enterprise Fund</u>	
	<u>1996</u>	<u>1995</u>
Cash flows from investing activities:		
Interest received on interest-bearing deposits	\$ 41,180	\$ 32,221
Net increase in cash and cash equivalents	37,443	34,482
Cash and cash equivalents, beginning of period	<u>1,014,330</u>	<u>979,848</u>
Cash and cash equivalents, end of period	<u>\$1,051,773</u>	<u>\$1,014,330</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents beginning of period -		
Cash - unrestricted	\$ 118,375	\$ 89,341
Interest-bearing deposits, unrestricted	315,010	298,490
Cash - restricted	109,788	202,639
Interest-bearing deposits, restricted	<u>471,157</u>	<u>389,378</u>
Total cash and cash equivalents	<u>1,014,330</u>	<u>979,848</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	150,344	118,375
Interest-bearing deposits, unrestricted	332,861	315,010
Cash - restricted	111,099	109,788
Interest-bearing deposits, restricted	<u>457,469</u>	<u>471,157</u>
Total cash and cash equivalents	<u>1,051,773</u>	<u>1,014,330</u>
Net increase	<u>\$ 37,443</u>	<u>\$ 34,482</u>

The accompanying notes are an integral part of this statement.

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The City of Scott (City) was incorporated under the provisions of the Lawrason Act. The City operates under the Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the City of Scott conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the City executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the City was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

Based on the foregoing criteria, a certain governmental organization is not part of the City and is thus excluded from the accompanying financial statements. This organization is the volunteer fire department. Although this City does provide facilities and some of its financing, no control is exercised over its operations.

B. Fund Accounting

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

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

Governmental Funds -

General Fund

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

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt service funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital projects funds

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

Proprietary Funds -

Enterprise funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise fund. The City of Scott's enterprise fund is the Utility Fund.

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

Fiduciary Funds -

Agency funds

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, but are used to account for assets held for other funds.

C. Fixed Assets and Long-Term Liabilities

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

All governmental funds are accounted for on a spending or "financial flow" measurement focus, and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased. The City has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. The expenditures for infrastructure during the current year were \$262,308. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated. Estimated amounts are immaterial in relation to total fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

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

Utility System and Improvements	20 - 40 years
Equipment	5 - 10 years

D. Basis of Accounting

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

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year in which they are billed and collected. Fees and nontax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

All proprietary funds are accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables, resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year end.

E. Budget and Budgetary Accounting

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

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

Offices

E. Larry Sikes, CPA
C. Burton Kolder, CPA
Danny P. Frederick, CPA
Chris Rainey, CPA
Clayton E. Darnall, CPA
Eugene H. Darnall, III, CPA
Russell F. Champagne, CPA
Victor R. Slaven, CPA
Conrad O. Chapman, CPA

RETIRED

Eugene H. Darnall, CPA 1990

Lloyd F. Dore, Jr. CPA
Paula D. Bihm, CPA
Christine L. Cousin, CPA
Stephanie M. Higginbotham, CPA
Kathleen T. Darnall, CPA
Jennifer S. Ziegler, CPA
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INDEPENDENT AUDITOR'S REPORT

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Eunice, LA 70535
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Alexandria, LA 71301
(318) 445-5564

The Honorable Hazel Myers, Mayor
and Members of the Board of Aldermen
City of Scott, Louisiana

We have audited the accompanying general purpose financial statements of the City of Scott, Louisiana, as of June 30, 1996, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's elected officials. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Scott, Louisiana, as of June 30, 1996, and the results of its operations and the cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 7, 1996 on our consideration of the City of Scott, Louisiana's internal control structure and a report dated August 7, 1996 on its compliance with laws and regulations.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City of Scott, Louisiana. Such

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

Construction in progress consists of the following projects:

Improvements to waterlines	\$311,920
Gas meter replacement	27,275
Sewer rehabilitation	<u>48,151</u>
Total	<u>\$387,346</u>

(8) Changes in Long-Term Debt

The following is a summary of bonds and sewerage certificate transactions of the City for the year ended June 30, 1996:

	<u>General Obligation</u>	<u>Utilities Revenue</u>	<u>Sewerage Certificates</u>	<u>Total</u>
Bonds and certificates payable, June 30, 1995	\$2,045,000	\$ 1,180,000	\$ 79,851	\$ 3,304,851
Bonds issued	-	1,125,000	-	1,125,000
Bonds and certificates retired	<u>(105,000)</u>	<u>(1,115,000)</u>	<u>(26,617)</u>	<u>(1,246,617)</u>
Bonds and certificates payable, June 30, 1996	<u>\$1,940,000</u>	<u>\$ 1,190,000</u>	<u>\$ 53,234</u>	<u>\$ 3,183,234</u>

CITY OF SCOTT, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
Years Ended June 30, 1996 and 1995

	1996	1995
Operating revenues:		
Charges for services -		
Gas sales	\$ 292,334	\$ 238,663
Water sales	290,341	270,676
Sewer service charges	185,376	177,946
Penalties, permits and connection fees	37,199	34,250
Miscellaneous	119,114	10
Total operating revenues	924,364	721,545
Operating expenses:		
Gas and water purchases	337,453	279,034
Salaries	197,605	170,677
Bad debts	3,305	2,382
Insurance	53,664	45,345
Insurance for employees	17,009	13,434
Professional fees	11,010	10,850
Supplies and repairs	103,629	76,887
Repairs and maintenance - central garage	9,004	-
Dump and disposal charges	4,597	3,840
Truck expense	7,092	10,062
Training	910	731
Uniforms	1,012	728
Service agreement	8,560	8,400
Equipment lease	7,761	7,255
Depreciation expense	200,780	206,653
Utilities and telephone	31,234	30,770
Payroll taxes	14,959	12,999
Sewerage inspection	2,425	2,550
Office expense	5,140	4,792
Computer services	5,697	4,548
Miscellaneous	2,471	1,438
Lab fees	6,097	3,932
Alarm system	308	-
Total operating expenses	1,031,722	897,307
Operating loss	(107,358)	(175,762)

(continued)

CITY OF SCOTT, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
(Continued)
Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Nonoperating revenues (expenses):		
Special assessments revenue	\$ 6,566	\$ 9,124
Interest income	43,889	39,033
Interest expense	(72,227)	(105,048)
Amortization of bond issuance cost	<u>(2,171)</u>	<u>-</u>
Total nonoperating expenses	<u>(23,943)</u>	<u>(56,891)</u>
 Loss before operating transfers	 <u>(131,301)</u>	 <u>(232,653)</u>
Operating transfers in (out):		
Operating transfers in	500,000	633,770
Operating transfers out	<u>(275,000)</u>	<u>(400,000)</u>
Total operating transfers	<u>225,000</u>	<u>233,770</u>
 Net income	 93,699	 1,117
 Add: Depreciation on fixed assets acquired by federal and parish grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	 <u>35,536</u>	 <u>35,536</u>
Increase in retained earnings	129,235	36,653
Retained earnings, beginning	<u>1,613,045</u>	<u>1,576,392</u>
Retained earnings, ending	<u>\$1,742,280</u>	<u>\$1,613,045</u>

CITY OF SCOTT, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows
Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Cash flows from operating activities:		
Net operating loss	\$ (107,358)	\$ (175,762)
Adjustments to reconcile net operating loss to net cash provided by operating activities -		
Depreciation	200,780	206,653
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(4,836)	2,053
Increase (decrease) in provision for uncollectible accounts	124	(227)
Increase in unbilled utility receivables	(688)	(2,608)
Decrease in other receivables	-	2,279
(Increase) decrease in prepaid items	3,413	(3,413)
Increase (decrease) in accounts payable	(2,522)	2,826
Increase (decrease) in accrued liabilities	(5,655)	9,365
Total adjustments	<u>190,616</u>	<u>216,928</u>
Net cash provided by operating activities	<u>83,258</u>	<u>41,166</u>
Cash flows from noncapital financing activities:		
Cash received from other funds	-	8,090
Cash paid to other funds	(138,886)	(103,974)
Operating transfers in from other funds	500,000	633,770
Operating transfers out to other funds	<u>(275,000)</u>	<u>(400,000)</u>
Net cash provided by noncapital financing activities	<u>86,114</u>	<u>137,886</u>
Cash flows from capital and related financing activities:		
Proceeds from special assessments	8,650	12,914
Interest received from special assessments	3,745	3,204
Proceeds from refunding bonds	1,125,000	-
Principal paid on revenue bonds	(60,000)	(55,000)
Amount transferred to escrow for defeasance of debt	(1,117,008)	-
Interest paid on revenue bonds	(77,478)	(100,253)
Bond issuance costs paid	(23,882)	-
Principal paid on sewerage certificates	(26,617)	(26,617)
Interest paid on sewerage certificates	(6,308)	(8,504)
Acquisition and construction of property, plant and equipment	(403,721)	(83,793)
Proceeds from meter deposits	12,650	11,385
Refund of meter deposits	(11,860)	(12,650)
Capital contributed from municipality	<u>403,720</u>	<u>82,523</u>
Net cash used by capital and related financing activities	<u>(173,109)</u>	<u>(176,791)</u>

(Continued)

CITY OF SCOTT, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows (Continued)
Years Ended June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Cash flows from investing activities:		
Interest received on interest-bearing deposits	<u>41,180</u>	<u>32,221</u>
Net increase in cash and cash equivalents	37,443	34,482
Cash and cash equivalents, beginning of period	<u>1,014,330</u>	<u>979,848</u>
Cash and cash equivalents, end of period	<u>\$1,051,773</u>	<u>\$1,014,330</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 118,375	\$ 89,341
Interest-bearing deposits, unrestricted	315,010	298,490
Cash - restricted	109,788	202,639
Interest-bearing deposits, restricted	<u>471,157</u>	<u>389,378</u>
Total cash and cash equivalents	<u>1,014,330</u>	<u>979,848</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	154,591	118,375
Interest-bearing deposits, unrestricted	332,861	315,010
Cash - restricted	106,852	109,788
Interest-bearing deposits, restricted	<u>457,469</u>	<u>471,157</u>
Total cash and cash equivalents	<u>1,051,773</u>	<u>1,014,330</u>
Net increase	<u>\$ 37,443</u>	<u>\$ 34,482</u>

CITY OF SCOTT, LOUISIANA
 Enterprise Fund
 Utility Fund

Schedule of Changes in Restricted Assets
 Year Ended June 30, 1996

	Bond Sinking Fund	Reserve	Contingency	Revenue Bond Construction Fund	Special Assessment Fund	Totals
Cash and interest-bearing deposits, July 1, 1995	<u>\$109,596</u>	<u>\$163,340</u>	<u>\$154,272</u>	<u>\$57,843</u>	<u>\$ 23,297</u>	<u>\$508,348</u>
Cash receipts:						
Special assessment revenue collections	-	-	-	-	8,650	8,650
Transfer from operating account	149,280	-	-	-	7,426	156,706
Interest on investments	-	7,483	7,425	2,782	467	18,157
Interest on special assessments	-	-	-	-	3,745	3,745
Total cash receipts	<u>149,280</u>	<u>7,483</u>	<u>7,425</u>	<u>2,782</u>	<u>20,288</u>	<u>187,258</u>
Total cash and interest-bearing deposits available	<u>258,876</u>	<u>170,823</u>	<u>161,697</u>	<u>60,625</u>	<u>43,585</u>	<u>695,606</u>
Cash disbursements:						
Principal payments	60,000	-	-	-	26,617	86,617
Interest payments	77,478	-	-	-	6,308	83,786
Paying agent fees	2,227	-	-	-	-	2,227
Transfer to operating account	12,319	19,723	-	-	-	32,042
Total disbursements	<u>152,024</u>	<u>19,723</u>	<u>-</u>	<u>-</u>	<u>32,925</u>	<u>204,672</u>
Cash and interest-bearing deposits, June 30, 1996	<u>\$106,852</u>	<u>\$151,100</u>	<u>\$161,697</u>	<u>\$60,625</u>	<u>\$ 10,660</u>	<u>\$490,934</u>

AGENCY FUNDS

Payroll and Disbursement Funds

To account for the centralization of two clearing accounts which are used for the disbursements (except for transfers between funds) of all City funds, including those for purchases, payroll and payroll-related costs.

SUPPLEMENTAL INFORMATION

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

(19) Defeased Debt

On August 1, 1995, the City issued \$1,125,000 of Utilities Revenue Refunding Bonds, Series 1996 with an average interest rate of 5.5 percent to advance refund \$1,055,000 of outstanding Utilities Revenue Bonds, Series 1986 with an average interest rate of 8.373 percent. The net proceeds of \$1,125,000 plus an additional \$15,890 were used to pay issuance costs of \$23,882 and purchase U.S. government securities of \$1,117,008. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded 1986 Series Bonds. As a result, \$1,055,000 are considered defeased and the liability for those bonds has been removed from the Enterprise Fund's balance sheet. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$62,009. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2007 using the straight-line method. The City completed the advance refunding to reduce its total debt service payments over the next 11 years by \$129,793 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$93,914.

(20) Violation of State Statute

Louisiana Revised Statute 38:2212 requires that public entities obtain competitive bids on all purchases exceeding \$10,000.

The City failed to comply with statutory requirements to obtain bids on four separate municipal vehicle purchases amounting to \$77,393.

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

(16) Segment Information for the Enterprise Fund

The City of Scott maintains one enterprise fund with three departments which provide gas, water and sewerage services. Segment information for the year ended June 30, 1996 was as follows:

	<u>Gas</u> <u>Department</u>	<u>Water</u> <u>Department</u>	<u>Sewerage</u> <u>Department</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
Operating revenues	<u>\$298,014</u>	<u>\$430,929</u>	<u>\$ 195,421</u>	<u>\$ 924,364</u>
Depreciation	23,338	65,988	111,454	200,780
Other expenses	<u>254,416</u>	<u>324,192</u>	<u>252,334</u>	<u>830,942</u>
Total operating expenses	<u>277,754</u>	<u>390,180</u>	<u>363,788</u>	<u>1,031,722</u>
Operating income (loss)	<u>\$ 20,260</u>	<u>\$ 40,749</u>	<u>\$(168,367)</u>	<u>\$ (107,358)</u>

(17) Compensation of City Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 1996 follows:

Hazel Myers, Mayor	\$25,000
Aldermen:	
Norwood Menard	5,386
Gerald Boullion	3,600
John Blanchard	3,600
Mark Moreau	3,600
Bill Young	<u>3,600</u>
	<u>\$44,786</u>

(18) Prior Year Debt Defeasance

At June 30, 1996, the City of Scott advance refunded \$725,000 of Series 1994 Public Improvement Sales Tax Bonds. The refunding met the criteria of a debt defeasance and, therefore, the liability was removed from the general long-term debt account group. At June 30, 1996, there were \$680,000 of outstanding bonds.

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

B. The City of Scott, under a contract dated November 1, 1986 and expiring October 31, 1996, is required to purchase its water from the City of Lafayette. The City purchased water during 1996 in the amount of \$216,511 of which \$17,692 was owed for purchases for the month of June, 1996.

C. On February 1, 1994, the City of Scott entered into a contract with Browning-Ferris, Inc. for a three year term which will expire on January 31, 1997. Under the terms of the contract, solid waste collection customers are billed directly by Browning-Ferris, Inc., therefore, there were no revenues or expenses related to solid waste collection and removal services during the year.

(15) Contributed Capital

Amounts contributed to the enterprise fund for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants externally restricted for capital acquisitions is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This amortization is closed to the appropriate contributed capital account and is reflected as an adjustment to net income on the Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type.

The sources of contributed capital used to acquire and construct facilities for the enterprise fund are as follows:

	<u>Municipality</u>	<u>Parish Grants</u>	<u>Federal Grants</u>	<u>Private Organizations</u>	<u>Total</u>
Total contributed capital	\$4,947,885	\$26,574	\$1,646,625	\$4,106	\$6,625,190
Less: Accumulated amortization	<u>-</u>	<u>7,157</u>	<u>238,881</u>	<u>-</u>	<u>246,038</u>
Net contributed capital	<u>\$4,947,885</u>	<u>\$19,417</u>	<u>\$1,407,744</u>	<u>\$4,106</u>	<u>\$6,379,152</u>

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

Under the terms of the \$266,168 Series 1987 Sewerage Certificate indenture, dated October 1, 1987, the City of Scott has a legally binding special and limited obligation to pay said certificates. All special assessment revenues derived from the collection of special assessments levied by Special Assessment Ordinance No. 1 of the Consolidated Sewerage District of the City of Scott, adopted July 8, 1987, are pledged and dedicated to the retirement of said certificates.

The special assessments levied operate as a lien and privilege against all the real estate assessed and described in the Assessment Ordinance, which lien and privilege primes all other claims except taxes and prior recorded local or special assessments.

The City of Scott was in compliance with all significant limitations and restrictions in these bond indentures at June 30, 1996.

(12) Retirement Commitments

All employees of the City of Scott are members of the Social Security System. The City and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the City; 7.65% by the employee). The City's contribution during the year ended June 30, 1996 amounted to \$46,307. Policemen for the City of Scott have elected not to participate in the state retirement system for policemen.

(13) Pending Litigation

There are several lawsuits presently pending against the City of Scott involving possible monetary liability. The attorney anticipates that any unfavorable judgement in these cases would be covered by the City's insurance.

(14) Utility Fund Contracts

- A. The City of Scott, under contract dated October 1, 1991, is required to purchase its natural gas from Louisiana Municipal Natural Gas Purchasing and Distribution Authority. Termination of the contract requires a six month notice. The Authority will serve as an agent for the administration of the City's existing gas purchase contracts between United Gas Pipeline Company, expiring January 1, 2000, and UER Marketing Company. The City purchased natural gas during 1996 in the amount of \$120,942, of which \$3,618 was owed for purchases for the month of June, 1996.

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

facilities; providing additional funds to maintain the City's auxiliary police force and volunteer fire department; maintaining the natural gas transmission and distribution system of the City; and funding into bonds for any of these purposes in accordance with the Louisiana Revised Statutes. The 1984 sales and use tax is currently dedicated to retiring the 11/1/89 and 11/1/94 Sales Tax Bonds.

(11) Flow of Funds; Restrictions on Use - Utilities Revenues

Under the terms of the bond indentures of the \$1,500,000 Series 1986 Utilities Revenue Bonds and the \$1,125,000 Series 1995 Utilities Revenues Refunding Bonds, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Utilities System, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the "Revenue Bond Sinking Fund" an amount constituting 1/12 of the next maturing installment of principal and 1/6 of the next maturing installment of interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a "Revenue Bond Reserve Fund" a sum equal to the Reserve Fund requirement (\$151,100 at June 30, 1996). The money in the Reserve Fund shall be retained solely for the purpose of paying the principal and interest on the bonds payable from the Sinking Fund as to which there would otherwise be default.

Each month, a sum at least equal to 5 percent of the gross revenues of the Utilities System Fund for the preceding month must be deposited into a "Capital Additions and Contingencies Fund" until a maximum sum of \$150,000 is accumulated therein. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds. The balance in this fund shall never be reduced below a minimum of \$50,000.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

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Eugene H. Darnall, CPA 1990

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

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The Honorable Hazel Myers, Mayor
and Members of the Board of Aldermen
City of Scott, Louisiana

We have audited the general purpose financial statements of the City of Scott, Louisiana, as of and for the year ended June 30, 1996, and have issued our report thereon dated August 7, 1996.

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

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

In planning and performing our audit of the general purpose financial statements of the City of Scott, Louisiana, for the year ended June 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

Bonds and certificates payable at June 30, 1996 are comprised of the following individual issues:

General Obligation Bonds:

1,450,000 of Public Improvement Bonds, Series ST-2, due in annual installments of \$50,000 to \$135,000 through May 1, 2010; interest from 7.0 percent to 10.0 percent; payable from 04/01/84 sales tax revenues	\$1,220,000
\$780,000 Public Improvement Sales Tax Refunding Bonds, Series 1995, due in annual installments of \$65,000 to \$100,000 through May 1, 2005; interest at 5.625 percent; payable from 04/01/84 sales tax revenues	<u>720,000</u>
	<u>\$1,940,000</u>

Utilities Revenue Bonds:

\$1,500,000 Utilities Revenue Bonds, Series 1986, due in one final installment of \$65,000 on July 1, 1996; interest at 8.0 percent; payable from Utilities System revenues	\$ 65,000
\$1,125,000 Utilities Revenue Refunding Bonds, Series 1995, due in annual installments of \$15,000 to \$135,000 through July 1, 2006; interest at 5.50%; payable from Utilities System Revenues	<u>1,125,000</u>
	<u>\$1,190,000</u>

Sewerage Certificates:

\$266,168 of Sewerage Certificates with government commitment, due in annual installments of \$26,617 through October 1, 1997; interest from 7.75 to 8.20 percent; payable from special assessment revenues	\$53,234
---	----------

LIABILITIES AND FUND EQUITY	<u>1996</u>	<u>1995</u>
Liabilities:		
Current liabilities (payable from current assets) -		
Accounts payable	\$ 39,722	\$ 42,244
Accrued liabilities	5,179	10,834
Due to other funds	<u>14,807</u>	<u>35,634</u>
Total current liabilities (payable from current assets)	<u>59,708</u>	<u>88,712</u>
Current liabilities (payable from restricted assets) -		
Sewerage certificates payable with government commitment	26,617	26,617
Revenue bonds payable	80,000	60,000
Interest payable	36,630	53,826
Customers' deposits	<u>73,387</u>	<u>72,597</u>
Total current liabilities (payable from restricted assets)	<u>216,634</u>	<u>213,040</u>
Long-term liabilities:		
Revenue bonds payable, net of deferred costs (1996 \$56,371; 1995 \$0)	1,053,629	1,120,000
Sewerage certificates payable with government commitment	26,617	53,234
Deferred special assessments revenue	<u>6,932</u>	<u>13,497</u>
Total long-term liabilities	<u>1,087,178</u>	<u>1,186,731</u>
Total liabilities	<u>1,363,520</u>	<u>1,488,483</u>
Fund equity:		
Contributed capital -		
Municipality	4,947,885	4,544,165
Parish grants, net of accumulated amortization (1996 \$7,157; 1995 \$6,539)	19,417	20,035
Federal grants, net of accumulated amortization (1996 \$238,881; 1995 \$203,962)	1,407,744	1,442,663
Private organizations	<u>4,106</u>	<u>4,106</u>
Total contributed capital	<u>6,379,152</u>	<u>6,010,969</u>
Retained earnings -		
Reserved for revenue bond retirement	287,062	310,062
Unreserved	<u>1,455,218</u>	<u>1,302,983</u>
Total retained earnings	<u>1,742,280</u>	<u>1,613,045</u>
Total fund equity	<u>8,121,432</u>	<u>7,624,014</u>
Total liabilities and fund equity	<u>\$9,484,952</u>	<u>\$9,112,497</u>

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

(6) Restricted Assets - Proprietary Fund Type (Utility Fund)

Restricted assets consisted of the following at June 30:

	<u>1996</u>	<u>1995</u>
Revenue bond and interest sinking account	\$106,852	\$109,596
Revenue bond reserve account	151,100	163,340
Revenue bond contingency account	161,697	154,272
Revenue bond construction account	60,625	57,843
Special assessment cash	10,660	23,297
Customers' deposits	<u>73,387</u>	<u>72,597</u>
 Total restricted assets	 <u>\$564,321</u>	 <u>\$580,945</u>

(7) Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>07/01/95</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/96</u>
Land and buildings	\$1,625,346	\$ 6,110	\$ -	\$1,631,456
Equipment, furniture and fixtures	<u>914,287</u>	<u>82,028</u>	<u>14,895</u>	<u>981,420</u>
Total general fixed assets	<u>\$2,539,633</u>	<u>\$88,138</u>	<u>\$14,895</u>	<u>\$2,612,876</u>

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

	<u>Enterprise</u>
Land	\$ 50,420
Gas system	958,657
Water system	3,269,015
Sewerage system	2,317,223
Sewerage treatment plant	2,775,360
Machinery and equipment	187,169
Construction in progress	<u>387,346</u>
Total	9,945,190
Less: Accumulated depreciation	<u>(2,157,769)</u>
 Net	 <u>\$ 7,787,421</u>

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Lafayette Parish. City property tax revenues are budgeted in the year billed.

For the year ended June 30, 1996, taxes of 4.63 mills were levied on property with assessed valuations totaling \$12,434,774 and were dedicated to general corporate purposes.

Total taxes levied were \$57,573. Taxes receivable at June 30, 1996 were \$891, all of which was current.

(4) Due From Other Governmental Agencies

Due from other governmental agencies consists of a reimbursement from the U. S. Department of Justice of \$5,280 which represents funds for the Office of Community Oriented Policing Services (COPS) Program in 1996.

(5) Interfund Receivables/Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 34,871	\$ 19,129
Special revenue funds:		
6/22/68 Sales Tax Fund	14,041	192,761
4/01/84 Sales Tax Fund	25,392	297,745
Debt service fund:		
Sales Tax Bonds Fund	15,306	-
Utility Fund	514,768	14,807
Agency funds:		
Payroll Fund	-	31,722
Disbursement Fund	-	<u>48,214</u>
Totals	<u>\$604,378</u> =====	<u>\$604,378</u> =====

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 1996, are secured as follows:

Bank balances	\$5,831,867

Federal deposit insurance	\$ 300,000
Pledged securities (Category 3)	<u>5,531,867</u>

Total federal insurance and pledged securities	\$5,831,867

Pledged securities in Category 3 is comprised of uninsured and unregistered investments with securities held by the pledging institution, or by its trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

B. Investments

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

	<u>Category</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
U. S. Treasury Notes	\$241,609	-	-	\$241,609	\$247,314
	-----	-----	-----	-----	-----

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

N. Capitalization of Interest Expense

It is the policy of the City of Scott to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. At June 30, 1996 there were no assets under construction requiring interest to be capitalized.

O. Comparative Data

Comparative total data 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, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

P. Total Columns on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in 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.

(2) Cash and Investments

A. Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 1996, the City has cash and interest-bearing deposits (book balances) totaling \$5,832,487 as follows:

Demand deposits	\$ 465,109
Money market accounts	616,978
Time deposits	<u>4,750,400</u>
Total	<u>\$5,832,487</u>

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

H. Investments

Under state law, the City may invest in United States bonds, treasury notes, or certificates. Investments are stated at cost or amortized cost.

I. Short-Term 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.

J. Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

K. Bad Debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At June 30, 1996 and 1995, an allowance for ad valorem taxes was considered unnecessary due to the immateriality of uncollected ad valorem taxes (see Note 3). The allowance for uncollectibles for customers' utility receivables was \$3,488 and \$3,364 at June 30, 1996 and 1995, respectively.

L. Vacation and Sick Leave

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot be carried over. All full-time employees are allowed 48 hours of annual sick leave. All unused sick leave may be carried over, with 30 percent of the accumulated balance payable at termination of employment. At June 30, 1996 the City has no material accumulated leave benefits required to be reported in accordance with GASB Statement No. 16 "Accounting for Compensated Absences".

M. Bond Discount and Bond Issue Costs

Bond discount and bond issue costs are being amortized by the straight-line method over the life of the related bond issue.

CITY OF SCOTT, LOUISIANA
AGENCY FUNDS

Combining Balance Sheet
June 30, 1996
With Comparative Totals for June 30, 1995

	<u>Payroll Fund</u>	<u>Disbursement Fund</u>	<u>Totals</u>	
			<u>1996</u>	<u>1995</u>
ASSETS				
Cash	<u>\$31,722</u>	<u>\$48,214</u>	<u>\$79,936</u>	<u>\$44,160</u>
LIABILITIES				
Due to other funds	<u>\$31,722</u>	<u>\$48,214</u>	<u>\$79,936</u>	<u>\$44,160</u>

CITY OF SCOTT, LOUISIANA
AGENCY FUNDS

Combining Statement of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 1996

	<u>Balances</u> <u>July 1, 1995</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 1996</u>
<u>PAYROLL FUND</u>				
ASSETS				
Cash	\$27,865	\$ 636,517	\$ 632,660	\$31,722
	=====	=====	=====	=====
LIABILITIES				
Due to other funds	\$27,865	\$ 635,740	\$ 631,883	\$31,722
State income taxes payable	-	9,552	9,552	-
Credit union payable	-	19,558	19,558	-
	-----	-----	-----	-----
Total liabilities	\$27,865	\$ 664,850	\$ 660,993	\$31,722
	=====	=====	=====	=====
<u>DISBURSEMENT FUND</u>				
ASSETS				
Cash	\$16,295	\$1,219,025	\$1,187,106	\$48,214
	=====	=====	=====	=====
LIABILITIES				
Due to other funds	\$16,295	\$1,570,720	\$1,538,801	\$48,214
	=====	=====	=====	=====
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$44,160	\$1,855,542	\$1,819,766	\$79,936
	=====	=====	=====	=====
LIABILITIES				
Due to other funds	\$44,160	\$2,206,460	\$2,170,684	\$79,936
State income taxes payable	-	9,552	9,552	-
Credit union payable	-	19,558	19,558	-
	-----	-----	-----	-----
Total liabilities	\$44,160	\$2,235,570	\$2,199,794	\$79,936
	=====	=====	=====	=====

GENERAL FIXED ASSETS ACCOUNT GROUP

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

CITY OF SCOTT, LOUISIANA

Comparative Statement of General Fixed Assets
June 30, 1996 and 1995

	<u>1996</u>	<u>1995</u>
General fixed assets, at cost:		
Land and buildings	\$1,631,456	\$1,625,346
Equipment, furniture and fixtures	<u>981,420</u>	<u>914,287</u>
Total general fixed assets	<u>\$2,612,876</u>	<u>\$2,539,633</u>
Investment in general fixed assets:		
Property acquired from -		
General Fund revenues	\$ 378,486	\$ 331,701
Sales tax revenues	781,372	754,914
Federal revenue sharing revenues	88,206	88,206
State revenue sharing revenues	20,194	20,194
Capital Projects Fund revenues	1,338,040	1,338,040
Utility Fund revenues	<u>6,578</u>	<u>6,578</u>
Total investment in general fixed assets	<u>\$2,612,876</u>	<u>\$2,539,633</u>

CITY OF SCOTT, LOUISIANA

Statement of Changes in General Fixed Assets
Year Ended June 30, 1996

	<u>Land and Buildings</u>	<u>Equipment Furniture and Fixtures</u>	<u>Totals</u>
General fixed assets, beginning of year	<u>\$1,625,346</u>	<u>\$914,287</u>	<u>\$2,539,633</u>
Additions:			
General Fund revenues	6,110	55,570	61,680
Sales tax revenues	<u>-</u>	<u>26,458</u>	<u>26,458</u>
Total additions	<u>6,110</u>	<u>82,028</u>	<u>88,138</u>
Deletions	<u>-</u>	<u>14,895</u>	<u>14,895</u>
General fixed assets, end of year	<u><u>\$1,631,456</u></u>	<u><u>\$981,420</u></u>	<u><u>\$2,612,876</u></u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service fund.

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

The annual requirements to amortize all debts outstanding at June 30, 1996, including interest payments of \$1,370,661, are as follows:

<u>Year ending June 30,</u>	<u>General Obligation</u>	<u>Utility Revenue</u>	<u>Sewerage Certificates</u>	<u>Total</u>
1997	\$ 243,497	\$ 144,063	\$30,742	\$ 418,302
1998	239,841	148,575	28,680	417,096
1999	242,115	148,488	-	390,603
2000	243,978	143,262	-	387,240
2001	240,209	142,900	-	383,109
2002-2006	1,127,765	716,963	-	1,844,728
2007-2010	<u>574,105</u>	<u>138,712</u>	<u>-</u>	<u>712,817</u>
	<u>\$2,911,510</u>	<u>\$1,582,963</u>	<u>\$59,422</u>	<u>\$4,553,895</u>

(9) Dedication of Proceeds and Flow of Funds - 1% Sales and Use Tax Dated 6/22/68

Proceeds of a 1% sales and use tax levied by the City of Scott (1996 collections \$1,016,747; 1995 \$965,953) are dedicated to the following purposes:

Construction, acquiring, extending, improving and/or maintaining sewers and sewerage disposal works, waterworks, drainage facilities, streets and sidewalks, including the purchase of equipment therefor, title to which improvements shall be in the public name, or for any one or more of said purposes. The tax is also subject to funding into bonds of the City in the manner authorized in the Louisiana Revised Statutes.

(10) Dedication of Proceeds and Flow of Funds - 1% Sales and Use Tax Dated 4/1/84

Proceeds of a 1% sales and use tax levied by the City of Scott beginning April 1, 1984 (1996 collections \$1,016,748; 1995 \$965,953) are dedicated to the following purposes:

Constructing, acquiring, extending, improving, operating and/or maintaining public streets and bridges, sewers and sewerage disposal works, recreational facilities and drainage facilities; purchasing and acquiring the necessary land, equipment and furnishings for any of the aforesaid public works, improvements and