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CITY OF SCOTT, LOUISIANA

Financial Report

Year Ended June 30, 1999

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Release Date **NOV 10 1999**

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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, 1999, we noted one area in which the efficiency and effectiveness of the operations of the city could be improved. Comment 1 was also included in our management letter dated September 17, 1998 relative to our audit of the June 30, 1998 general purpose financial statements and is mentioned again for re-emphasis.

- 99-1. 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 in the gas, water and sewer departments.
- 99-2. In reference to the City of Scott Police Department,
 - a) Citation books should be accounted for as new books are given to specific police personnel and as voided or unused tickets are returned.
 - b) Citations issued and outstanding which have neither been paid nor designated "no pay" should be followed up on to determine the status of the citation.

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.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
August 10, 1999

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INDEPENDENT AUDITORS' REPORT

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 and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Scott, Louisiana, management. 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, 1999, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The year 2000 supplemental information (page 30) is required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the City of Scott is or will become year 2000 compliant, that the City's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the City does business are or will become year 2000 compliant.

The supplemental information (pages 30-79) is presented for purposes of additional analysis. Such 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.

In accordance with Government Auditing Standards, we have also issued a report dated August 10, 1999 on our consideration of the City of Scott's internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts and grants.

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.

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
August 10, 1999

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

CITY OF SCOTT, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
June 30, 1999

	Governmental Fund Types				Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Account Groups			Totals (Memorandum Only)	
	General	Debt		Capital Projects			General Fixed Assets	Long-Term Debt	1999		
		Special Revenue	Service						1999		1998
ASSETS AND OTHER DEBITS											
Cash	\$112,066	\$ -	\$ 94,563	\$ -	\$ 129,395	\$251,749	\$ -	\$ -	\$ 587,773	\$ 556,206	
Interest-bearing deposits, at cost	12,958	4,518,276	-	477,695	396,257	-	-	-	5,405,186	5,853,159	
Investments, at cost	-	-	253,436	-	-	-	-	-	253,436	236,102	
Receivables (net, where applicable, of allowances for uncollectibles):											
Taxes	234	170,000	-	-	-	-	-	-	170,234	172,529	
Accounts	-	-	-	-	77,251	-	-	-	77,251	71,425	
Unbilled utility receivables	-	-	-	-	38,171	-	-	-	38,171	33,825	
Accrued interest	112	8,093	2,354	5,201	5,916	-	-	-	21,676	33,985	
Due from other governmental agencies	31,208	-	-	-	-	-	-	-	31,208	12,636	
Due from other funds	243,602	454,930	-	-	557,395	8,118	-	-	1,264,045	739,404	
Restricted assets:											
Cash	-	-	-	-	126,031	-	-	-	126,031	124,038	
Interest-bearing deposits, at cost	-	-	-	-	263,729	-	-	-	263,729	471,324	
Investments	-	-	-	-	155,039	-	-	-	155,039	-	
Land and buildings	-	-	-	-	-	-	-	1,646,455	1,646,455	1,646,455	
Equipment, furniture and fixtures	-	-	-	-	-	-	-	1,235,906	1,235,906	1,222,084	
Construction in progress	-	-	-	-	131,055	-	-	-	131,055	14,314	
Utility property, plant, and equipment	-	-	-	-	10,415,789	-	-	-	10,415,789	10,415,077	
Accumulated depreciation	-	-	-	-	(2,822,389)	-	-	-	(2,822,389)	(2,593,209)	
Unamortized bond issuance costs	-	-	-	-	15,198	-	-	-	15,198	17,369	
Amount available in debt service fund	-	-	-	-	-	-	344,931	-	344,931	327,144	
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	-	-	
Total assets and other debits	\$400,180	\$5,151,299	\$350,353	\$482,896	\$9,488,837	\$259,867	\$2,882,361	1,275,069	\$20,635,793	\$20,786,723	

(continued)

CITY OF SCOTT, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups (Continued)
June 30, 1999

	Governmental Fund Types				Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Account Groups			Totals (Memorandum Only) 1999	1998	
	General Fund	Special Revenue	Debt Service	Capital Projects			General Fixed Assets	Long-Term Debt	Totals			
									1999			1998
LIABILITIES, FUND EQUITY, AND OTHER CREDITS												
Liabilities:												
Accounts payable	\$ 51,495	\$ 80,836	\$ -	\$ -	\$ 69,354	\$ -	\$ -	\$ -	\$ 201,685	\$ 127,311		
Retainage payable	-	8,377	-	-	-	-	-	-	8,377	-		
Other accrued liabilities	23,782	-	-	-	101,287	-	-	-	125,069	18,680		
Payable from restricted assets -												
Revenue bonds	-	-	-	-	95,000	-	-	-	95,000	95,000		
Accrued interest	-	-	-	-	25,438	-	-	-	25,438	28,050		
Customers' deposits	-	-	-	-	81,457	-	-	-	81,457	77,127		
Due to other funds	4,035	930,076	5,422	-	64,645	259,867	-	-	1,264,045	739,404		
General obligation bonds payable	-	-	-	-	-	-	1,620,000	-	1,620,000	1,760,000		
Revenue bonds payable	-	-	-	-	830,000	-	-	-	830,000	925,000		
Less: deferred costs	-	-	-	-	(39,460)	-	-	-	(39,460)	(45,097)		
Total liabilities	<u>79,312</u>	<u>1,019,289</u>	<u>5,422</u>	<u>-</u>	<u>1,227,721</u>	<u>259,867</u>	<u>1,620,000</u>	<u>-</u>	<u>4,211,611</u>	<u>3,725,475</u>		
Equity and other credits:												
Contributed capital	-	-	-	-	6,853,182	-	-	-	6,853,182	6,770,643		
Investment in general fixed assets	-	-	-	-	-	-	2,882,361	-	2,882,361	2,868,539		
Retained earnings -												
Reserved for revenue bond retirement	-	-	-	-	273,132	-	-	-	273,132	328,630		
Unreserved	-	-	-	-	1,134,802	-	-	-	1,134,802	1,412,504		
Total retained earnings	-	-	-	-	1,407,934	-	-	-	1,407,934	1,741,134		
Fund balances -												
Reserved for debt service	-	-	344,931	-	-	-	-	-	344,931	327,144		
Unreserved:												
Designated	-	-	-	482,896	-	-	-	-	482,896	461,446		
Undesignated	320,868	4,132,010	-	-	-	-	-	-	4,452,878	4,892,342		
Total fund balances	<u>320,868</u>	<u>4,132,010</u>	<u>344,931</u>	<u>482,896</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,280,705</u>	<u>5,680,932</u>		
Total fund equity	<u>320,868</u>	<u>4,132,010</u>	<u>344,931</u>	<u>482,896</u>	<u>8,261,116</u>	<u>-</u>	<u>2,882,361</u>	<u>-</u>	<u>16,424,182</u>	<u>17,061,248</u>		
Total liabilities and fund equity	<u>\$400,180</u>	<u>\$5,151,299</u>	<u>\$350,353</u>	<u>\$482,896</u>	<u>\$9,488,837</u>	<u>\$259,867</u>	<u>\$1,620,000</u>	<u>\$2,882,361</u>	<u>\$20,635,793</u>	<u>\$20,786,723</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, 1999

	General Fund	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)	
					1999	1998
Revenues:						
Taxes	\$ 283,901	\$ 2,083,378	\$ -	\$ -	\$2,367,279	\$2,321,209
Licenses and permits	132,968	-	-	-	132,968	124,301
Intergovernmental	145,724	-	-	-	145,724	189,716
Fines and forfeits	131,454	-	-	-	131,454	78,460
Miscellaneous	6,653	211,605	14,033	21,450	253,741	274,415
Total revenues	<u>700,700</u>	<u>2,294,983</u>	<u>14,033</u>	<u>21,450</u>	<u>3,031,166</u>	<u>2,988,101</u>
Expenditures:						
Current -						
General government	353,235	23,945	-	-	377,180	272,264
Public safety:						
Police	851,027	-	-	-	851,027	527,468
Auxiliary Police	-	8,442	-	-	8,442	6,590
Fire	-	106,298	-	-	106,298	110,348
Highways and streets	284,588	202,431	-	-	487,019	355,777
Capital outlay	189,782	884,454	-	-	1,074,236	403,484
Debt service -						
Principal retirement	-	-	140,000	-	140,000	120,000
Interest and fiscal charges	-	-	97,191	-	97,191	95,360
Total expenditures	<u>1,678,632</u>	<u>1,225,570</u>	<u>237,191</u>	<u>-</u>	<u>3,141,393</u>	<u>1,893,291</u>
Excess (deficiency) of revenues over expenditures	<u>(977,932)</u>	<u>1,069,413</u>	<u>(223,158)</u>	<u>21,450</u>	<u>(110,227)</u>	<u>1,094,810</u>
Other financing sources (uses):						
Operating transfers in	1,105,000	-	240,945	-	1,345,945	826,335
Operating transfers out	-	(1,635,945)	-	-	(1,635,945)	(1,036,335)
Proceeds from debt refinancing	-	-	-	-	-	1,110,000
Payment to refund debt	-	-	-	-	-	(1,149,866)
Total other financing sources (uses)	<u>1,105,000</u>	<u>(1,635,945)</u>	<u>240,945</u>	<u>-</u>	<u>(290,000)</u>	<u>(249,866)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	127,068	(566,532)	17,787	21,450	(400,227)	844,944
Fund balances, beginning	<u>193,800</u>	<u>4,698,542</u>	<u>327,144</u>	<u>461,446</u>	<u>5,680,932</u>	<u>4,835,988</u>
Fund balances, ending	<u>\$ 320,868</u>	<u>\$ 4,132,010</u>	<u>\$344,931</u>	<u>\$482,896</u>	<u>\$5,280,705</u>	<u>\$5,680,932</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, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	\$ 259,661	\$ 283,901	\$ 24,240	\$ 2,046,772	\$ 2,083,378	\$ 36,606
Licenses and permits	105,100	132,968	27,868	-	-	-
Intergovernmental	103,191	145,724	42,533	-	-	-
Fines and forfeits	100,000	131,454	31,454	-	-	-
Miscellaneous	5,331	6,653	1,322	224,121	211,605	(12,516)
Total revenues	<u>573,283</u>	<u>700,700</u>	<u>127,417</u>	<u>2,270,893</u>	<u>2,294,983</u>	<u>24,090</u>
Expenditures:						
Current -						
General government	334,419	353,235	(18,816)	25,421	23,945	1,476
Public safety:						
Police	853,851	851,027	2,824	-	-	-
Auxiliary Police	-	-	-	7,500	8,442	(942)
Fire	-	-	-	108,478	106,298	2,180
Highways and streets	271,256	284,588	(13,332)	126,004	202,431	(76,427)
Capital outlay	168,241	189,782	(21,541)	848,351	884,454	(36,103)
Debt service -						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>1,627,767</u>	<u>1,678,632</u>	<u>(50,865)</u>	<u>1,115,754</u>	<u>1,225,570</u>	<u>(109,816)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,054,484)</u>	<u>(977,932)</u>	<u>75,125</u>	<u>1,155,139</u>	<u>1,069,413</u>	<u>(85,726)</u>
Other financing sources (uses):						
Operating transfers in	1,055,000	1,105,000	50,000	-	-	-
Operating transfers out	-	-	-	(1,755,500)	(1,635,945)	119,555
Total other financing sources (uses)	<u>1,055,000</u>	<u>1,105,000</u>	<u>50,000</u>	<u>(1,755,500)</u>	<u>(1,635,945)</u>	<u>119,555</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	516	127,068	125,125	(600,361)	(566,532)	33,829
Fund balances, beginning	<u>193,800</u>	<u>193,800</u>	<u>-</u>	<u>4,698,542</u>	<u>4,698,542</u>	<u>-</u>
Fund balances, ending	<u>\$ 194,316</u>	<u>\$ 320,868</u>	<u>\$125,125</u>	<u>\$ 4,098,181</u>	<u>\$ 4,132,010</u>	<u>\$ 33,829</u>

The accompanying notes are an integral part of this statement.

Debt Service Funds			Capital Projects Funds		
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,043</u>	<u>14,033</u>	<u>6,990</u>	<u>21,000</u>	<u>21,450</u>	<u>450</u>
<u>7,043</u>	<u>14,033</u>	<u>6,990</u>	<u>21,000</u>	<u>21,450</u>	<u>450</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
140,000	140,000	-	-	-	-
<u>96,108</u>	<u>97,191</u>	<u>(1,083)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>236,108</u>	<u>237,191</u>	<u>(1,083)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(229,065)</u>	<u>(223,158)</u>	<u>8,073</u>	<u>21,000</u>	<u>21,450</u>	<u>450</u>
240,500	240,945	445	-	-	-
-	-	-	-	-	-
<u>240,500</u>	<u>240,945</u>	<u>445</u>	<u>-</u>	<u>-</u>	<u>-</u>
11,435	17,787	8,518	21,000	21,450	450
<u>327,144</u>	<u>327,144</u>	<u>-</u>	<u>461,446</u>	<u>461,446</u>	<u>-</u>
<u>\$338,579</u>	<u>\$344,931</u>	<u>\$ 8,518</u>	<u>\$482,446</u>	<u>\$482,896</u>	<u>\$ 450</u>

CITY OF SCOTT, LOUISIANA
Proprietary Fund Type

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings -
For the Years Ended June 30, 1999 and 1998

	Enterprise	
	1999	1998
Operating revenues:		
Charges for services	\$ 878,509	\$ 866,141
Permits, reconnections and penalties	55,588	50,753
Miscellaneous	1,729	7,839
Total operating revenues	935,826	924,733
Operating expenses:		
Gas department expenses	330,390	240,245
Water department expenses	607,776	338,223
Sewerage department expenses	403,908	260,118
Depreciation expense	229,179	225,533
Total operating expenses	1,571,253	1,064,119
Operating loss	(635,427)	(139,386)
Nonoperating revenues (expenses):		
Interest income	37,133	39,917
Interest expense	(57,650)	(62,253)
Amortization of bond issuance cost	(2,171)	(2,171)
Total nonoperating revenues (expenses)	(22,688)	(24,507)
Loss before operating transfers	(658,115)	(163,893)
Operating transfers in (out):		
Operating transfers in	1,060,000	460,000
Operating transfers out	(770,000)	(250,000)
Total operating transfers	290,000	210,000
Net income (loss)	(368,115)	46,107
Add: Depreciation on fixed assets acquired by federal and parish grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	34,915	34,915
Increase (decrease) in retained earnings	(333,200)	81,022
Retained earnings, beginning	1,741,134	1,660,112
Retained earnings, ending	\$1,407,934	\$1,741,134

The accompanying notes are an integral part of this statement.

CITY OF SCOTT, LOUISIANA
Proprietary Fund Type

Comparative Statement of Cash Flows
Years Ended June 30, 1999 and 1998

	Enterprise Fund	
	1999	1998
Cash flows from operating activities:		
Net operating loss	<u>\$ (635,427)</u>	<u>\$ (139,386)</u>
Adjustments to reconcile net operating loss to net cash provided by operating activities -		
Depreciation	229,179	225,533
Changes in assets and liabilities:		
Increase in accounts receivable	(6,073)	(10,769)
Increase in provision for uncollectible accounts	247	382
Increase in unbilled utility receivables	(4,346)	(1,527)
Decrease in accrued interest receivable	486	-
Decrease in prepaid expense	-	2,042
Increase in accounts payable	29,602	7,133
Increase (decrease) in accrued liabilities	91,038	(2,691)
Total adjustments	<u>340,133</u>	<u>220,103</u>
Net cash provided (used) by operating activities	<u>(295,294)</u>	<u>80,717</u>
Cash flows from noncapital financing activities:		
Cash paid to other funds	(1,900)	(2,314)
Operating transfers in from other funds	1,060,000	460,000
Operating transfers out to other funds	<u>(770,000)</u>	<u>(250,000)</u>
Net cash provided by noncapital financing activities	<u>288,100</u>	<u>207,686</u>
Cash flows from capital and related financing activities:		
Proceeds from special assessments	-	5,396
Interest received from special assessments	-	535
Principal paid on revenue bonds	(95,000)	(90,000)
Interest paid on revenue bonds	(53,488)	(58,575)
Principal paid on sewerage certificates	-	(26,617)
Interest paid on sewerage certificates	-	(2,628)
Acquisition and construction of property, plant and equipment	(116,852)	(78,292)
Proceeds from meter deposits	15,210	13,080
Refund of meter deposits	(10,880)	(10,740)
Capital contributed from municipality	<u>116,854</u>	<u>78,291</u>
Net cash used by capital and related financing activities	<u>(144,156)</u>	<u>(169,550)</u>

CITY OF SCOTT, LOUISIANA
Proprietary Fund Type

Comparative Statement of Cash Flows (Continued)
Years Ended June 30, 1999 and 1998

	Enterprise Fund	
	1999	1998
Cash flows from investing activities:		
Proceeds from interest-bearing deposits with maturity in excess of ninety days	151,100	-
Purchase of interest-bearing deposits with maturity in excess of ninety days	(337,500)	-
Interest received on interest-bearing deposits	35,996	36,631
Net cash provided (used) by investing activities	(150,404)	36,631
Net increase (decrease) in cash and cash equivalents	(301,754)	155,484
Cash and cash equivalents, beginning of period	1,034,705	879,221
Cash and cash equivalents, end of period	\$ 732,951	\$1,034,705
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents beginning of period -		
Cash - unrestricted	212,941	90,153
Interest-bearing deposits, unrestricted	377,502	350,423
Cash - restricted	124,038	121,511
Interest-bearing deposits, restricted	471,324	468,234
Less: Interest-bearing deposits with a maturity in excess of 90 days	(151,100)	(151,100)
Total cash and cash equivalents	1,034,705	879,221
Cash and cash equivalents, end of period -		
Cash - unrestricted	129,395	212,941
Interest-bearing deposits, unrestricted	396,257	377,502
Cash - restricted	126,031	124,038
Interest-bearing deposits, restricted	418,768	471,324
Less: Interest-bearing deposits with a maturity in excess of 90 days	(337,500)	(151,100)
Total cash and cash equivalents	732,951	1,034,705
Net increase (decrease)	\$ (301,754)	\$ 155,484

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, published by the American Institute of Certified Public Accountants. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements in which case, GASB prevails.

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

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

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:

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 \$598,033. 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.

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

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

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:

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.

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

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.

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 interest-bearing deposits and investments with a maturity of three months or less when purchased to be cash equivalents.

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

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, 1999 and 1998, 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 \$4,202 and \$3,995 at June 30, 1999 and 1998, 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, 1999 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.

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, 1999 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.

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

Q. Report Classification

Certain previously reported amounts for the year ended June 30, 1998 have been reclassified to conform to the June 30, 1999 classifications.

(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, 1999, the City has cash and interest-bearing deposits (book balances) totaling \$6,382,719 as follows:

Demand deposits - non-interest bearing	\$ 713,804
Interest-bearing - demand deposit	1,358,843
Time deposits	<u>4,310,072</u>
 Total	 <u><u>\$6,382,719</u></u>

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, 1999, are secured as follows:

Bank balances	<u>\$ 6,833,582</u>
 Federal deposit insurance	 \$ 275,000
Pledged securities (Category 3)	<u>6,558,582</u>
 Total federal insurance and pledged securities	 <u><u>\$ 6,833,582</u></u>

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

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.

	Category			Carrying Amount	Market Value
	1	2	3		
U. S. Treasury Notes	<u>\$408,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$408,475</u>	<u>\$396,420</u>

(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, 1999, taxes of 3.82 mills were levied on property with assessed valuations totaling \$19,217,542 and were dedicated to general corporate purposes.

Total taxes levied were \$73,411. Taxes receivable at June 30, 1999 were \$234 which was current.

CITY OF SCOTT, LOUISIANA
Notes to Financial Statements (Continued)

(4) Interfund Receivables/Payables

A summary of interfund receivables and payables at June 30, 1999 follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 243,602	\$ 4,035
Special revenue funds:		
6/22/68 Sales Tax Fund	4,035	626,558
4/01/84 Sales Tax Fund	450,895	303,518
Debt service fund:		
Sales Tax Bonds Fund	-	5,422
Utility Fund	557,395	64,645
Agency funds:		
Payroll Fund	-	174,139
Disbursement Fund	<u>8,118</u>	<u>85,728</u>
 Totals	 <u>\$1,264,045</u>	 <u>\$1,264,045</u>

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

Restricted assets consisted of the following at June 30:

	<u>1999</u>	<u>1998</u>
Revenue bond and interest sinking account	\$126,031	\$124,038
Revenue bond reserve account	112,500	151,100
Revenue bond contingency account	155,039	176,542
Revenue bond construction account	69,772	66,555
Customers' deposits	<u>81,457</u>	<u>77,127</u>
 Total restricted assets	 <u>\$544,799</u>	 <u>\$595,362</u>

CITY OF SCOTT, LOUISIANA
Notes to Financial Statements (Continued)

(6) Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 07/01/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06/30/99</u>
Land and buildings	\$1,646,455	\$ -	\$ -	\$1,646,455
Equipment, furniture and fixtures	<u>1,222,084</u>	<u>190,875</u>	<u>177,053</u>	<u>1,235,906</u>
Total general fixed assets	<u><u>\$2,868,539</u></u>	<u><u>\$190,875</u></u>	<u><u>\$177,053</u></u>	<u><u>\$2,882,361</u></u>

A summary of proprietary fund type property, plant and equipment at June 30, 1999 follows:

	<u>Enterprise</u>
Land	\$ 50,420
Gas system	1,045,292
Water system	3,739,186
Sewerage system	2,554,259
Sewerage treatment plant	2,806,834
Machinery and equipment	219,798
Construction in progress	<u>131,055</u>
Total	10,546,844
Less: Accumulated depreciation	<u>(2,822,389)</u>
Net	<u><u>\$ 7,724,455</u></u>

Construction in progress consists of the following projects:

Sewer rehabilitation	\$ 50,001
Sewer lift station	14,315
Water line extensions and improvements	<u>66,739</u>
	<u><u>\$131,055</u></u>

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

(7) 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, 1999:

	<u>General Obligation</u>	<u>Utilities Revenue</u>	<u>Total</u>
Bonds and certificates payable, June 30, 1998	\$1,760,000	\$1,020,000	\$2,780,000
Bonds issued	-	-	-
Bonds and certificates retired	<u>(140,000)</u>	<u>(95,000)</u>	<u>(235,000)</u>
Bonds and certificates payable, June 30, 1999	<u>\$1,620,000</u>	<u>\$ 925,000</u>	<u>\$2,545,000</u>

Bonds and certificates payable at June 30, 1999 are comprised of the following individual issues:

General Obligation Bonds:

\$780,000 Public Improvement Sales Tax Refunding Bonds, Series 1994, due in annual installments of \$75,000 to \$100,000 through May 1, 2005; interest at 5.625 percent; payable from sales tax revenues \$ 520,000

\$1,110,000 Public Improvement Sales Tax Refunding Bonds, Series 1998, due in annual installments of \$75,000 to \$130,000 through May 1, 2010; interest at 5.20 percent; payable from sales tax revenues 1,100,000

\$1,620,000

\$1,125,000 Utilities Revenue Refunding Bonds, Series 1995, due in annual installment of \$95,000 to \$135,000 through July 1, 2006; interest at 5.5 percent; payable from Utilities System Revenues \$ 925,000

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

The annual requirements to amortize all debts outstanding at June 30, 1999, including interest payments of \$697,917 are as follows:

<u>Year Ending June 30,</u>	<u>General Obligation</u>	<u>Utility Revenue</u>	<u>Total</u>
2000	\$ 236,450	\$ 143,262	\$ 379,712
2001	233,331	142,900	376,231
2002	239,953	147,125	387,078
2003	240,751	141,075	381,826
2004	236,009	144,750	380,759
2005-2009	777,825	422,726	1,200,551
2010	<u>136,760</u>	<u>-</u>	<u>136,760</u>
	<u>\$2,101,079</u>	<u>\$1,141,838</u>	<u>\$3,242,917</u>

(8) 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 (1999 collections \$1,041,689; 1998 \$1,027,465) 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.

(9) 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 (1999 collections \$1,041,689; 1998 \$1,027,465) 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 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 Series 1994 and Series 1998 Public Improvement Sales Tax Bonds.

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

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

Under the terms of the bond indentures of 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 (\$112,500 at June 30, 1999). 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.

The City of Scott was in compliance with all significant limitations and restrictions in these bond indentures at June 30, 1999.

(11) Retirement Commitments

All employees are members of one of the following retirement systems:

Federal Social Security System
Municipal Employees' Retirement System of Louisiana
Municipal Police Employees' Retirement System of Louisiana

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

Pertinent information relative to each plan follows:

A) Federal Social Security System

All employees of the City of Scott are members of the Federal 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). Total covered wages for the year ended June 30, 1999 and 1998, totaled \$856,960 and \$741,430, respectively. The City's contribution during the years ended June 30, 1999 and 1998 amounted to \$65,557 and \$56,719, respectively.

B) Municipal Employees' Retirement System of Louisiana

Eligible employees of the City participate in the Municipal Employees' Retirement System, which is a multiple-employer public employee retirement system. The plan is controlled and administered by a separate board of trustees and provides retirement, disability and death benefits to plan members and their beneficiaries. Pertinent information relative to the plan follows:

Plan members were required to contribute 5.00 percent of their annual covered salary to the system during the year ended June 30, 1999, while the City was required to contribute the statutory rate of 3.75 percent of the total annual covered salary. The City's contribution to the system for the year ended June 30, 1999 was \$15,742, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

C) Municipal Police Employees' Retirement System of Louisiana

Eligible employees of the City participate in the Municipal Police Employees' Retirement System, which is a multiple-employer public employee retirement system. The plan is controlled and administered by a separate board of trustees and provides retirement, disability and death benefits to plan members and their beneficiaries. Pertinent information relative to the plan follows:

Plan members were required to contribute 7.5 percent of their annual covered salary to the system during the year ended June 30, 1999, while the City was required to contribute the statutory rate of 9.0 percent of the total annual covered salary. The City's contribution to the system for the year ended June 30, 1999 was \$27,741, equal to the required contribution for each year.

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Municipal Police Employees' Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809-7017.

D) Retroactive Retirement Payment

On July 1, 1999, the City paid \$427,991 to the Municipal Employees' Retirement System of Louisiana and \$208,407 to the Municipal Police Employees' Retirement System to purchase retroactive years of service for its employees. Of this total payment of \$636,398, \$365,584 was recorded as an expenditure in the General Fund, and \$270,814 was recorded as an expense in the Utility Fund for the fiscal year ended June 30, 1999.

(12) Litigation and Claims

At June 30, 1999, the City Scott is involved in several lawsuits claiming damages. In the opinion of the City's legal counsel, the only exposure to the City would be any costs in defense of the lawsuits with no liability to the City in excess of insurance coverage.

(13) 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 the year ended June 30, 1999, in the amount of \$73,426, of which \$3,173 was owed for purchases for the month of June, 1999.

B. The City of Scott, under a contract dated June 1, 1997, and expiring May 31, 2022, is required to purchase its water from the City of Lafayette. The City purchased water during 1999 in the amount of \$290,191 of which \$27,937 was owed for purchases for the month of June, 1999. In addition, water purchases in the amount of \$111,849 were recorded for incorrect billings by the City of Lafayette, of which \$97,260 was owed at June 30, 1999.

(14) 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.

CITY OF SCOTT, LOUISIANA

Notes to Financial Statements (Continued)

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	\$5,527,283	\$26,574	\$1,646,625	\$4,106	\$7,204,588
Less: Accumulated amortization	-	9,010	342,396	-	351,406
Net contributed capital	<u>\$5,527,283</u>	<u>\$17,564</u>	<u>\$1,304,229</u>	<u>\$4,106</u>	<u>\$6,853,182</u>

(15) 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, 1999 was as follows:

	<u>Gas Department</u>	<u>Water Department</u>	<u>Sewerage Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	<u>\$ 204,085</u>	<u>\$ 500,332</u>	<u>\$ 231,409</u>	<u>\$ 935,826</u>
Depreciation	27,751	78,460	122,968	229,179
Other expenses	<u>330,390</u>	<u>607,776</u>	<u>403,908</u>	<u>1,342,074</u>
Total operating expenses	<u>358,141</u>	<u>686,236</u>	<u>526,876</u>	<u>1,571,253</u>
Operating income (loss)	<u>\$(154,056)</u>	<u>\$(185,904)</u>	<u>\$ (295,467)</u>	<u>\$(635,427)</u>

CITY OF SCOTT, LOUISIANA
Notes to Financial Statements (Continued)

(16) Compensation of City Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 1999 follows:

Hazel Myers, Mayor	\$ 28,884
Aldermen:	
Norwood Menard	6,577
Gerald Boullion	4,385
John Blanchard	4,385
Mark Moreau	1,985
Bill Young	4,385
Bob Boudreaux	<u>2,400</u>
	<u>\$ 53,001</u>

(17) Risk Management

The City is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

SUPPLEMENTAL INFORMATION

CITY OF SCOTT, LOUISIANA

Impact of Year 2000 on Computer Programs (Unaudited)

Impact of Year 2000 on Computer Programs (Unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the City's computer programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, among other things, *a temporary inability to process transactions, or engage in similar normal business activities.*

The City has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting City operations and have identified such systems as being financial reporting and payroll.

Both the financial reporting and payroll have been assessed. The City is in the process of remediating the situation by changing from the software application currently utilized to a year 2000 software application. Testing and validation should not be necessary, as the software vendor has assured that the application is year 2000 compatible.

There are no remaining contracted amounts committed to this project as of June 30, 1999.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the City is or will be Year 2000 ready, that the City's remediation efforts will be successful in whole or in part, or that the parties with whom the City does business will be year 2000 ready. The City is utilizing external resources to identify and test the systems for Year 2000 compliance.

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, LOUISIANA
General Fund

Comparative Balance Sheet
June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
Cash	\$112,066	\$ 84,983
Interest-bearing deposits	12,958	12,429
Receivables:		
Ad valorem taxes receivable	234	284
Accrued interest receivable	112	137
Due from other governmental agencies	31,208	12,636
Due from other funds	<u>243,602</u>	<u>135,756</u>
 Total assets	 <u>\$400,180</u>	 <u>\$246,225</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 51,495	\$ 39,959
Accrued liabilities	23,782	8,431
Due to other funds	<u>4,035</u>	<u>4,035</u>
Total liabilities	79,312	52,425
 Fund balance:		
Unreserved, undesignated	 <u>320,868</u>	 <u>193,800</u>
 Total liabilities and fund balance	 <u>\$400,180</u>	 <u>\$246,225</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, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 259,661	\$ 283,901	\$ 24,240	\$ 266,279
Licenses and permits	105,100	132,968	27,868	124,301
Intergovernmental	103,191	145,724	42,533	189,716
Fines and forfeits	100,000	131,454	31,454	78,460
Miscellaneous	5,331	6,653	1,322	8,841
Total revenues	<u>573,283</u>	<u>700,700</u>	<u>127,417</u>	<u>667,597</u>
Expenditures:				
General government:	334,419	353,235	(18,816)	250,924
Public safety:			-	
Police	853,851	851,027	2,824	527,468
Highways and streets	271,256	284,588	(13,332)	181,711
Capital outlay	168,241	189,782	(21,541)	200,546
Total expenditures	<u>1,627,767</u>	<u>1,678,632</u>	<u>(50,865)</u>	<u>1,160,649</u>
Deficiency of revenues over expenditures	<u>(1,054,484)</u>	<u>(977,932)</u>	<u>76,552</u>	<u>(493,052)</u>
Other financing sources:				
Operating transfers from -				
Utility Fund	720,000	770,000	50,000	250,000
1968 Sales Tax Fund	250,000	250,000	-	250,000
1984 Sales Tax Fund	85,000	85,000	-	85,000
Total other financing sources	<u>1,055,000</u>	<u>1,105,000</u>	<u>50,000</u>	<u>585,000</u>
Excess of revenues and other sources over expenditures and other uses	517	127,068	126,551	91,948
Fund balance, beginning	<u>193,800</u>	<u>193,800</u>	<u>-</u>	<u>101,852</u>
Fund balance, ending	<u>\$ 194,317</u>	<u>\$ 320,868</u>	<u>\$126,551</u>	<u>\$ 193,800</u>

CITY OF SCOTT, LOUISIANA
General Fund

Statement of Revenues Compared to Budget (GAAP Basis)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Taxes:				
Ad valorem	\$ 69,000	\$ 72,872	\$ 3,872	\$ 67,112
Franchise -				
Electric	180,000	199,787	19,787	188,334
Natural gas	2,600	3,181	581	3,246
Cable TV	8,061	8,061	-	7,587
Total taxes	<u>259,661</u>	<u>283,901</u>	<u>24,240</u>	<u>266,279</u>
Licenses and permits:				
Liquor and beer licenses	7,600	5,730	(1,870)	6,315
Occupational licenses	7,600	7,605	5	7,325
Insurance occupational licenses	58,000	84,511	26,511	80,362
Building permits	20,000	22,462	2,462	19,319
Electrical permits	9,100	9,600	500	8,195
Work permits	800	710	(90)	590
Air conditioner permits	2,000	2,350	350	2,195
Total licenses and permits	<u>105,100</u>	<u>132,968</u>	<u>27,868</u>	<u>124,301</u>
Intergovernmental:				
Federal grant -				
U.S. Department of Justice	26,558	61,096	34,538	62,769
State of Louisiana -				
Department of the Treasury:				
Tobacco taxes	22,000	24,950	2,950	24,950
Department of Revenue and				
Taxation:				
Beer taxes	15,000	14,424	(576)	10,804
Video poker	30,000	35,621	5,621	33,295
Department of Transportation:	8,713	8,713	-	7,898
Rural development grant	-	-	-	50,000
Other	920	920	-	-
Total intergovernmental	<u>103,191</u>	<u>145,724</u>	<u>42,533</u>	<u>189,716</u>

(continued)

CITY OF SCOTT, LOUISIANA
General Fund

Statement of Revenues Compared to Budget (GAAP Basis) (Continued)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Fines and forfeits:				
Fines and court costs	<u>100,000</u>	<u>131,454</u>	<u>31,454</u>	<u>78,460</u>
Miscellaneous:				
Interest	335	505	170	594
Other sources	<u>4,996</u>	<u>6,148</u>	<u>1,152</u>	<u>8,247</u>
Total miscellaneous	<u>5,331</u>	<u>6,653</u>	<u>1,322</u>	<u>8,841</u>
 Total revenues	 <u>\$573,283</u>	 <u>\$700,700</u>	 <u>\$127,417</u>	 <u>\$667,597</u>

CITY OF SCOTT, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
General government:				
Mayor and council				
salaries	\$ 53,010	\$ 53,001	\$ 9	\$ 44,800
Other salaries	57,787	64,840	(7,053)	45,413
Auto expense	1,000	1,215	(215)	2,390
Payroll taxes	8,463	8,956	(493)	6,899
Retirement - current	2,550	2,655	(105)	3,856
Retirement - retroactive	37,836	37,836	-	-
Scott business appreciation	-	396	(396)	2,202
Utilities	5,730	5,873	(143)	7,236
Telephone	6,360	6,909	(549)	5,540
Advertising and publications	20,000	19,858	142	18,565
Repairs and maintenance	13,600	12,915	685	15,138
Dues and conventions	3,000	2,728	272	1,476
Legal fees	30,667	36,537	(5,870)	17,882
Other professional fees	12,000	13,750	(1,750)	12,810
General insurance	18,035	17,654	381	12,418
Group insurance	5,300	5,856	(556)	5,839
Office supplies	23,231	23,200	31	18,048
Alarm system	407	407	-	352
Uniforms	3,050	3,177	(127)	2,725
Tower charge	240	240	-	-
Public relations	1,216	1,216	-	-
Drug testing	5,100	4,280	820	2,716
Building permits	4,400	3,778	623	5,198
Electrical permits	5,650	6,848	(1,198)	6,327
Twinning - St. Aubin	4,000	4,000	-	4,000
Founders Day	2,000	2,000	-	2,000
Council on Aging	5,600	5,600	-	5,600
Vaccination	-	2,603	(2,603)	-
Culture	2,050	2,045	5	-
Congres Mondial	-	903	(903)	-
Miscellaneous	2,137	1,960	177	1,494
Total general government	<u>334,419</u>	<u>353,235</u>	<u>(18,816)</u>	<u>250,924</u>

(continued)

CITY OF SCOTT, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Public safety:				
Police -				
Salaries	342,924	343,959	(1,035)	283,954
Payroll taxes	26,920	29,938	(3,018)	25,225
Retirement - current	25,276	28,479	(3,203)	1,295
Retirement - retroactive	219,979	219,979	-	-
K-9 dog	1,000	1,329	(329)	-
Auto expense	22,840	24,726	(1,886)	33,490
Uniforms and supplies	9,922	7,570	2,352	3,353
Training, lodging and travel	2,800	3,744	(944)	1,757
Dues and subscriptions	1,130	952	178	896
General insurance	52,000	55,923	(3,923)	59,047
Group insurance	31,000	29,582	1,418	29,208
Miscellaneous	1,300	6,937	(5,637)	827
Auto repairs and maintenance	58,400	39,870	18,530	38,416
Repairs and maintenance garage	21,170	21,224	(54)	16,777
Tower charges	6,240	6,240	-	6,200
Janitorial	4,750	4,681	69	4,021
Firearms and ammunition	2,000	2,353	(353)	850
Telephone	6,800	6,623	177	6,225
Office equipment repairs and maintenance	3,550	3,550	-	3,290
Utilities	4,250	4,248	2	3,319
Office supplies	9,100	8,880	220	5,881
Consulting fees	500	240	260	1,500
DARE Program	-	-	-	1,937
Total public safety	<u>853,851</u>	<u>851,027</u>	<u>2,824</u>	<u>527,468</u>

(continued)

CITY OF SCOTT, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Highways and streets:				
Salaries	82,755	81,916	839	84,477
Retirement - current	2,850	3,337	(487)	-
Retirement - retroactive	88,135	88,135	-	-
Payroll taxes	7,100	6,491	609	6,744
Street lighting	43,300	43,283	17	42,833
General insurance	25,420	27,829	(2,409)	26,428
Group insurance	9,500	13,687	(4,187)	9,451
Uniforms	1,088	1,088	-	1,009
Grass cutting	340	260	80	267
Lawn maintenance	10,200	18,044	(7,844)	9,015
Repairs and maintenance	-	-	-	1,400
Miscellaneous	568	518	50	87
Total highways and streets	<u>271,256</u>	<u>284,588</u>	<u>(13,332)</u>	<u>181,711</u>
Capital outlay:				
General government -				
Office fixtures and				
equipment	5,425	8,514	(3,089)	33,427
Public safety -				
Police:				
Automobiles	112,659	131,107	(18,448)	73,830
Equipment	50,157	37,846	12,311	11,421
Highways and streets -				
Christmas decorations	-	6,235	(6,235)	3,881
Arboretum	-	6,080	(6,080)	12,679
Drainage project	-	-	-	3,760
Automobiles	-	-	-	11,548
Culture & recreation -				
Park project (appropriation to				
parish government)	-	-	-	50,000
Total capital outlay	<u>168,241</u>	<u>189,782</u>	<u>(21,541)</u>	<u>200,546</u>
Total expenditures	<u>\$1,627,767</u>	<u>\$1,678,632</u>	<u>\$ (50,865)</u>	<u>\$1,160,649</u>

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.

CITY OF SCOTT, LOUISIANA
Special Revenue Funds

Combining Balance Sheet
June 30, 1999
With Comparative Totals for June 30, 1998

	<u>6/22/68</u> <u>Sales Tax</u>	<u>4/1/84</u> <u>Sales Tax</u>	<u>Totals</u>	
			<u>1999</u>	<u>1998</u>
ASSETS				
Interest-bearing deposits, at cost	\$2,663,648	\$ 1,854,628	\$4,518,276	\$5,006,884
Receivables:				
Taxes receivable	85,000	85,000	170,000	172,245
Accrued interest receivable	1,192	6,901	8,093	19,716
Due from other funds	<u>4,035</u>	<u>450,895</u>	<u>454,930</u>	<u>62,306</u>
 Total assets	 <u>\$2,753,875</u>	 <u>\$ 2,397,424</u>	 <u>\$5,151,299</u>	 <u>\$5,261,151</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 17,023	\$ 63,813	\$ 80,836	\$ 47,600
Retainage payable	8,377	-	8,377	-
Due to other funds	<u>626,558</u>	<u>303,518</u>	<u>930,076</u>	<u>515,009</u>
Total liabilities	651,958	367,331	1,019,289	562,609
 Fund balances:				
Unreserved, undesignated	<u>2,101,917</u>	<u>2,030,093</u>	<u>4,132,010</u>	<u>4,698,542</u>
 Total liabilities and fund balances	 <u>\$2,753,875</u>	 <u>\$ 2,397,424</u>	 <u>\$5,151,299</u>	 <u>\$5,261,151</u>

CITY OF SCOTT, LOUISIANA
Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 1999

With Comparative Totals for June 30, 1998

	<u>6/22/68</u>	<u>4/1/84</u>	<u>Totals</u>	
	Sales Tax	Sales Tax	1999	1998
Revenues:				
Taxes	\$1,041,689	\$1,041,689	\$2,083,378	\$ 2,054,930
Miscellaneous - interest	<u>114,174</u>	<u>97,431</u>	<u>211,605</u>	<u>226,622</u>
Total revenues	<u>1,155,863</u>	<u>1,139,120</u>	<u>2,294,983</u>	<u>2,281,552</u>
Expenditures:				
General government	9,979	13,966	23,945	21,340
Public safety:				
Auxiliary Police	-	8,442	8,442	6,590
Fire	-	106,298	106,298	110,348
Highways and streets	33,646	168,785	202,431	174,066
Capital outlay	<u>717,090</u>	<u>167,364</u>	<u>884,454</u>	<u>204,938</u>
Total expenditures	<u>760,715</u>	<u>464,855</u>	<u>1,225,570</u>	<u>517,282</u>
Excess of revenues over expenditures	395,148	674,265	1,069,413	1,764,270
Other financing uses:				
Operating transfers out	<u>(950,000)</u>	<u>(685,945)</u>	<u>(1,635,945)</u>	<u>(1,036,335)</u>
Excess (deficiency) of revenues over expenditures and other uses	(554,852)	(11,680)	(566,532)	727,935
Fund balances, beginning	<u>2,656,769</u>	<u>2,041,773</u>	<u>4,698,542</u>	<u>3,970,607</u>
Fund balances, ending	<u>\$2,101,917</u>	<u>\$2,030,093</u>	<u>\$4,132,010</u>	<u>\$ 4,698,542</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, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance- Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 1,023,386	\$1,041,689	\$ 18,303	\$1,027,465
Miscellaneous - interest	124,853	114,174	(10,679)	127,185
Total revenues	<u>1,148,239</u>	<u>1,155,863</u>	<u>7,624</u>	<u>1,154,650</u>
Expenditures:				
General government -				
Collection fees	4,825	4,654	171	4,810
Professional fees	5,160	5,325	(165)	5,860
Total general government	<u>9,985</u>	<u>9,979</u>	<u>6</u>	<u>10,670</u>
Highways and streets -				
Supplies and repairs	30,000	33,646	(3,646)	95,782
Capital outlay -				
Highways and streets:				
Herbicide Program	25,000	18,546	6,454	32,881
Building additions	-	-	-	4,332
Equipment	-	-	-	29,417
Street overlay and patchwork	493,237	517,731	(24,494)	-
Total highways and streets	<u>518,237</u>	<u>536,277</u>	<u>(18,040)</u>	<u>66,630</u>
Water and sewer:				
Waterline extension and other projects	55,129	61,889	(6,760)	27,088
Apollo sewer	20,183	29,029	(8,846)	-
Clarifier air compressor	10,988	10,988	-	-
Block building - sewer plant	6,242	3,042	3,200	-
Engineering fees	33,691	35,207	(1,516)	-
Sewer improvements	30,000	33,255	(3,255)	2,240
Equipment/fence	1,500	-	1,500	23,287
Total water and sewer	<u>157,733</u>	<u>173,410</u>	<u>(15,677)</u>	<u>52,615</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 (Continued)
Year Ended June 30, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Streets and drainage - Engineering fees	<u>7,700</u>	<u>7,403</u>	<u>297</u>	<u>-</u>
Total capital outlay	<u>683,670</u>	<u>717,090</u>	<u>(33,420)</u>	<u>119,245</u>
Total expenditures	<u>723,655</u>	<u>760,715</u>	<u>(37,060)</u>	<u>225,697</u>
Excess of revenues over expenditures	<u>424,584</u>	<u>395,148</u>	<u>(29,436)</u>	<u>928,953</u>
Other financing uses:				
Operating transfers to -				
Utility Fund	(760,000)	(700,000)	60,000	(300,000)
General Fund	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Total other financing uses	<u>(1,010,000)</u>	<u>(950,000)</u>	<u>60,000</u>	<u>(550,000)</u>
Excess (deficiency) of revenues over expenditures and other uses	(585,416)	(554,852)	30,564	378,953
Fund balance, beginning	<u>2,656,769</u>	<u>2,656,769</u>	<u>-</u>	<u>2,277,816</u>
Fund balance, ending	<u>\$ 2,071,353</u>	<u>\$2,101,917</u>	<u>\$ 30,564</u>	<u>\$2,656,769</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, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Taxes	\$1,023,386	\$1,041,689	\$ 18,303	\$1,027,465
Miscellaneous -				
Interest	99,268	91,980	(7,288)	-
Other	-	5,451	5,451	99,437
Total revenues	<u>1,122,654</u>	<u>1,139,120</u>	<u>16,466</u>	<u>1,126,902</u>
Expenditures:				
General government -				
Sales tax collection fee	4,825	4,654	171	4,810
Professional fees	5,160	5,325	(165)	5,860
Miscellaneous	5,451	3,987	1,464	3,987
Total general government	<u>15,436</u>	<u>13,966</u>	<u>1,470</u>	<u>10,670</u>
Public safety -				
Auxiliary police:				
Uniforms	5,000	6,384	(1,384)	3,348
Training	-	-	-	801
Auto expense	2,500	2,058	442	2,441
Total auxiliary police	<u>7,500</u>	<u>8,442</u>	<u>(942)</u>	<u>6,590</u>
Fire:				
Contract	75,000	75,000	-	75,000
Telephone and supplies	3,430	3,560	(130)	3,124
Professional fees	5,500	5,235	265	4,640
Salaries and benefits	24,348	22,498	1,850	25,847
Uniforms	200	-	200	512
Insurance	-	5	(5)	1,225
Total fire	<u>108,478</u>	<u>106,298</u>	<u>2,180</u>	<u>110,348</u>
Total public safety	<u>115,978</u>	<u>114,740</u>	<u>1,238</u>	<u>116,938</u>
Highways and streets -				
Central garage	21,169	21,225	(56)	16,777
Vehicle and equipment repairs and maintenance	44,835	45,565	(730)	47,188
Engineering	30,000	101,995	(71,995)	14,319
Total highways and streets	<u>96,004</u>	<u>168,785</u>	<u>(72,781)</u>	<u>78,284</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, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Capital outlay -				
Equipment	54,681	58,546	(3,865)	21,878
Drainage and erosion projects	-	-	-	540
Streets overlay and patchwork	58,000	57,139	861	33,275
Parks	50,000	50,000	-	30,000
Gas system improvements	2,000	1,679	321	-
Total capital outlay	<u>164,681</u>	<u>167,364</u>	<u>(2,683)</u>	<u>85,693</u>
Total expenditures	<u>392,099</u>	<u>464,855</u>	<u>(72,756)</u>	<u>291,585</u>
Excess of revenues over expenditures	<u>730,555</u>	<u>674,265</u>	<u>(56,290)</u>	<u>835,317</u>
Other financing uses -				
Operating transfers to:				
Utility Fund	(420,000)	(360,000)	60,000	(160,000)
Sales Tax Bonds Debt Service Fund	(240,500)	(240,945)	(445)	(241,335)
General Fund	(85,000)	(85,000)	-	(85,000)
Total other financing uses	<u>(745,500)</u>	<u>(685,945)</u>	<u>59,555</u>	<u>(486,335)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(14,945)	(11,680)	3,265	348,982
Fund balance, beginning	<u>2,041,773</u>	<u>2,041,773</u>	<u>-</u>	<u>1,692,791</u>
Fund balance, ending	<u>\$2,026,828</u>	<u>\$2,030,093</u>	<u>\$ 3,265</u>	<u>\$2,041,773</u>

DEBT SERVICE FUND

Sales Tax Bonds Fund -

To accumulate monies for payment of \$780,000 of sales tax bonds, Series 1994, which are due in annual installments, plus interest, through maturity in 2005 and \$1,120,000 of public improvement sales tax refunding bonds, Series 1998 which are due in annual installments, plus interest, through maturity in 2010. Debt service is financed from the collection of the City's 1984 1% sales tax.

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

Comparative Balance Sheet
June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
ASSETS		
Cash	\$ 94,563	\$ 93,836
Investments, at cost	253,436	236,102
Accrued interest receivable	<u>2,354</u>	<u>2,628</u>
 Total assets	 <u><u>\$350,353</u></u>	 <u><u>\$332,566</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	\$ 5,422	\$ 5,422
Fund balances:		
Reserved for debt service	<u>344,931</u>	<u>327,144</u>
 Total liabilities and fund balance	 <u><u>\$350,353</u></u>	 <u><u>\$332,566</u></u>

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, 1999
With Comparative Actual Amounts for Year Ended June 30, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Miscellaneous - interest	\$ 7,043	\$ 14,033	\$ 6,990	\$ 18,213
Expenditures:				
Debt service -				
Principal retirement	140,000	140,000	-	120,000
Interest and fiscal charges	96,108	97,191	(1,083)	95,360
Total expenditures	<u>236,108</u>	<u>237,191</u>	<u>(1,083)</u>	<u>215,360</u>
Deficiency of revenues over expenditures	<u>(229,065)</u>	<u>(223,158)</u>	<u>8,073</u>	<u>(197,147)</u>
Other financing sources (uses):				
Operating transfers from - 1984 Sales Tax Fund	240,500	240,945	445	241,335
Proceeds from debt refinancing	-	-	-	1,110,000
Payment to refund debt	-	-	-	<u>(1,149,866)</u>
Total other financing sources (uses)	<u>240,500</u>	<u>240,945</u>	<u>445</u>	<u>201,469</u>
Excess of revenues and other sources over expenditures and other uses	11,435	17,787	8,518	4,322
Fund balance, beginning	<u>327,144</u>	<u>327,144</u>	<u>-</u>	<u>322,822</u>
Fund balance, ending	<u><u>\$338,579</u></u>	<u><u>\$344,931</u></u>	<u><u>\$ 8,518</u></u>	<u><u>\$ 327,144</u></u>

CAPITAL PROJECTS FUNDS

Sewer System Construction Fund -

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

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

Comparative Balance Sheet
 June 30, 1999 and 1998

	1999	1998
ASSETS		
Interest-bearing deposits, at cost	\$477,695	\$456,344
Accrued interest receivable	5,201	5,102
 Total assets	 \$482,896	 \$461,446
FUND BALANCE		
Fund balance:		
Unreserved, designated for capital expenditures	\$482,896	\$461,446

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, 1999
 With Comparative Actual Amounts for Year Ended June 30, 1998

	1999			1998 Actual
	Budget	Actual	Variance - Favorable (Unfavorable)	
Revenue:				
Miscellaneous - interest	\$ 21,000	\$ 21,450	\$ 450	\$ 20,739
Expenditures	-	-	-	-
Excess of revenues over expenditures	21,000	21,450	450	20,739
Fund balance, beginning	<u>461,446</u>	<u>461,446</u>	<u>-</u>	<u>440,707</u>
Fund balance, ending	<u><u>\$482,446</u></u>	<u><u>\$482,896</u></u>	<u><u>\$ 450</u></u>	<u><u>\$461,446</u></u>

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

CITY OF SCOTT, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Balance Sheet
June 30, 1999 and 1998

	1999	1998
ASSETS		
Current assets:		
Cash	\$ 129,395	\$ 212,941
Interest-bearing deposits, at cost	396,257	377,502
Accounts receivable, net of allowance for uncollectible accounts (1999 \$4,202; 1998 \$3,955)	77,251	71,425
Unbilled utility receivables	38,171	33,825
Accrued interest receivable	5,916	6,402
Due from other funds	557,395	532,829
Total current assets	1,204,385	1,234,924
Restricted assets:		
Revenue bond and interest sinking account -		
Cash	126,031	124,038
Revenue bond reserve account -		
Interest-bearing deposits, at cost	112,500	151,100
Revenue bond contingency account -		
Interest-bearing deposits, at cost	-	176,542
Investments	155,039	-
Revenue bond contingency account -		
Revenue bond construction fund -		
Interest-bearing deposits, at cost	69,772	66,555
Customers' deposits -		
Interest-bearing deposits, at cost	81,457	77,127
Total restricted assets	544,799	595,362
Property, plant and equipment:		
Property, plant and equipment, at cost, net of accumulated depreciation (1999 \$2,822,389; 1998 \$2,593,209)	7,593,400	7,821,868
Construction in progress	131,055	14,314
Net property, plant and equipment	7,724,455	7,836,182
Other noncurrent assets:		
Unamortized bond issuance costs	15,198	17,369
 Total assets	 \$9,488,837	 \$9,683,837

	<u>1999</u>	<u>1998</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
<i>Current liabilities (payable from current assets) -</i>		
Accounts payable	\$ 69,354	\$ 39,752
Accrued liabilities	101,287	10,249
Due to other funds	64,645	41,979
Total current liabilities (payable from current assets)	<u>235,286</u>	<u>91,980</u>
<i>Current liabilities (payable from restricted assets) -</i>		
Revenue bonds payable	95,000	95,000
Interest payable	25,438	28,050
Customers' deposits	81,457	77,127
Total current liabilities (payable from restricted assets)	<u>201,895</u>	<u>200,177</u>
<i>Long-term liabilities:</i>		
Revenue bonds payable, net of deferred costs (1999 \$39,460; 1998 \$45,097)	<u>790,540</u>	<u>879,903</u>
Total liabilities	<u>1,227,721</u>	<u>1,172,060</u>
Fund equity:		
<i>Contributed capital -</i>		
Municipality	5,527,283	5,409,829
Parish grants, net of accumulated amortization (1999 \$9,010; 1998 \$8,393)	17,564	18,181
Federal grants, net of accumulated amortization (1999 \$342,396; 1998 \$308,098)	1,304,229	1,338,527
Private organizations	4,106	4,106
Total contributed capital	<u>6,853,182</u>	<u>6,770,643</u>
<i>Retained earnings -</i>		
Reserved for revenue bond retirement	273,132	328,630
Unreserved	1,134,802	1,412,504
Total retained earnings	<u>1,407,934</u>	<u>1,741,134</u>
Total fund equity	<u>8,261,116</u>	<u>8,511,777</u>
Total liabilities and fund equity	<u>\$9,488,837</u>	<u>\$9,683,837</u>

CITY OF SCOTT, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Charges for services -		
Gas sales	\$ 196,757	\$ 241,354
Water sales	461,957	406,351
Sewer service charges	219,795	218,436
Penalties, permits and connection fees	55,588	50,753
Miscellaneous	1,729	7,839
Total operating revenues	<u>935,826</u>	<u>924,733</u>
 Operating expenses:		
Gas and water purchases	475,466	323,753
Salaries	230,578	197,314
Retirement - current	7,622	-
Retirement - retroactive	270,814	-
Meter reader expense	27,791	10,874
Bad debts	3,382	2,532
Insurance	74,308	70,180
Insurance for employees	14,654	16,596
Professional fees	12,501	12,321
Supplies and repairs	102,832	87,291
Repairs and maintenance - central garage	18,192	14,379
Dump and disposal charges	1,925	3,054
Truck expense	5,504	4,735
Training	973	1,515
Uniforms	1,284	920
Service agreement	8,560	12,840
Equipment lease	16,791	8,394
Depreciation expense	229,179	225,533
Utilities and telephone	29,112	34,559
Payroll taxes	18,025	15,426
Sewerage inspection	3,075	4,275
Office expense	5,037	4,921
Computer services	5,907	5,279
Tower charge	2,100	-
Miscellaneous	856	3,087
Lab fees	4,522	4,033
Alarm system	263	308
Total operating expenses	<u>1,571,253</u>	<u>1,064,119</u>
 Operating loss	<u>(635,427)</u>	<u>(139,386)</u>

(continued)

CITY OF SCOTT, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
(Continued)
Years Ended June 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Nonoperating revenues (expenses):		
Interest income	\$ 37,133	\$ 39,917
Interest expense	(57,650)	(62,253)
Amortization of bond issuance cost	<u>(2,171)</u>	<u>(2,171)</u>
Total nonoperating expenses	<u>(22,688)</u>	<u>(24,507)</u>
Loss before operating transfers	<u>(658,115)</u>	<u>(163,893)</u>
Operating transfers in (out):		
Operating transfers in	1,060,000	460,000
Operating transfers out	<u>(770,000)</u>	<u>(250,000)</u>
Total operating transfers	<u>290,000</u>	<u>210,000</u>
Net income (loss)	(368,115)	46,107
Add: Depreciation on fixed assets acquired by federal and parish grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	 <u>34,915</u>	 <u>34,915</u>
Increase (decrease) in retained earnings	(333,200)	81,022
Retained earnings, beginning	<u>1,741,134</u>	<u>1,660,112</u>
Retained earnings, ending	<u><u>\$1,407,934</u></u>	<u><u>\$1,741,134</u></u>

CITY OF SCOTT, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows
Years Ended June 30, 1999 and 1998

	1999	1998
Cash flows from operating activities:		
Net operating loss	\$ (635,427)	\$ (139,386)
Adjustments to reconcile net operating loss to net cash provided by operating activities -		
Depreciation	229,179	225,533
Changes in assets and liabilities:		
Increase in accounts receivable	(6,073)	(10,769)
Increase in provision for uncollectible accounts	247	382
Increase in unbilled utility receivables	(4,346)	(1,527)
Decrease in accrued interest receivable	486	-
Decrease in prepaid expense	-	2,042
Increase in accounts payable	29,602	7,133
Increase (decrease) in accrued liabilities	91,038	(2,691)
Total adjustments	340,133	220,103
Net cash provided (used) by operating activities	(295,294)	80,717
Cash flows from noncapital financing activities:		
Cash paid to other funds	(1,900)	(2,314)
Operating transfers in from other funds	1,060,000	460,000
Operating transfers out to other funds	(770,000)	(250,000)
Net cash provided by noncapital financing activities	288,100	207,686
Cash flows from capital and related financing activities:		
Proceeds from special assessments	-	5,396
Interest received from special assessments	-	535
Principal paid on revenue bonds	(95,000)	(90,000)
Interest paid on revenue bonds	(53,488)	(58,575)
Principal paid on sewerage certificates	-	(26,617)
Interest paid on sewerage certificates	-	(2,628)
Acquisition and construction of property, plant and equipment	(116,852)	(78,292)
Proceeds from meter deposits	15,210	13,080
Refund of meter deposits	(10,880)	(10,740)
Capital contributed from municipality	116,854	78,291
Net cash used by capital and related financing activities	(144,156)	(169,550)

CITY OF SCOTT, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows (Continued)
Years Ended June 30, 1999 and 1998

	1999	1998
Cash flows from investing activities:		
Proceeds from interest-bearing deposits with maturity in excess of ninety days	151,100	-
Purchase of interest-bearing deposits with maturity in excess of ninety days	(337,500)	-
Interest received on interest-bearing deposits	35,996	36,631
Net cash provided (used) by investing activities	(150,404)	36,631
Net increase (decrease) in cash and cash equivalents	(301,754)	155,484
Cash and cash equivalents, beginning of period	1,034,705	879,221
Cash and cash equivalents, end of period	\$ 732,951	\$1,034,705
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents beginning of period -		
Cash - unrestricted	\$ 212,941	\$ 90,153
Interest-bearing deposits, unrestricted	377,502	350,423
Cash - restricted	124,038	121,511
Interest-bearing deposits, restricted	471,324	468,234
Less: Interest-bearing deposits with a maturity in excess of 90 days	(151,100)	(151,100)
Total cash and cash equivalents	1,034,705	879,221
Cash and cash equivalents, end of period -		
Cash - unrestricted	129,395	212,941
Interest-bearing deposits, unrestricted	396,257	377,502
Cash - restricted	126,031	124,038
Interest-bearing deposits, restricted	418,768	471,324
Less: Interest-bearing deposits with a maturity in excess of 90 days	(337,500)	(151,100)
Total cash and cash equivalents	732,951	1,034,705
Net increase (decrease)	\$ (301,754)	\$ 155,484

CITY OF SCOTT, LOUISIANA
 Enterprise Fund
 Utility Fund

Schedule of Changes in Restricted Assets
 Year Ended June 30, 1999

	Bond Sinking Fund	Reserve	Contingency	Revenue Bond Construction Fund	Totals
Cash and interest-bearing deposits, July 1, 1998	\$124,038	\$151,100	\$176,542	\$66,555	\$518,235
Cash receipts:					
Transfer from operating account	151,619	112,500	156,428	-	420,547
Interest on interest-bearing deposits	-	52	2,584	3,217	5,853
Total cash receipts	151,619	112,552	159,012	3,217	426,400
Total cash and interest-bearing deposits available	275,657	263,652	335,554	69,772	944,635
Cash disbursements:					
Principal payments	95,000	-	-	-	95,000
Interest payments	53,488	-	-	-	53,488
Paying agent fees	1,138	-	-	-	1,138
Transfer to operating account	-	151,152	180,515	-	331,667
Total disbursements	149,626	151,152	180,515	-	481,293
Cash, interest-bearing deposits and investments, June 30, 1999	\$126,031	\$112,500	\$155,039	\$69,772	\$463,342

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.

CITY OF SCOTT, LOUISIANA
Agency Funds

Combining Balance Sheet
June 30, 1999
With Comparative Totals for June 30, 1998

	<u>Payroll Fund</u>	<u>Disbursement Fund</u>	<u>Totals</u>	
			<u>1999</u>	<u>1998</u>
ASSETS				
Cash	\$174,139	\$77,610	\$251,749	\$164,446
Due from other funds	<u>-</u>	<u>8,118</u>	<u>8,118</u>	<u>8,513</u>
 Total assets	 <u>\$174,139</u>	 <u>\$85,728</u>	 <u>\$259,867</u>	 <u>\$172,959</u>
LIABILITIES				
Due to other funds	<u>\$174,139</u>	<u>\$85,728</u>	<u>\$259,867</u>	<u>\$172,959</u>

CITY OF SCOTT, LOUISIANA
Agency Funds

Combining Statement of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 1999

	<u>Balances</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 1999</u>
<u>PAYROLL FUND</u>				
ASSETS				
Cash	\$ 91,276	\$1,009,603	\$ 926,740	\$ 174,139
LIABILITIES				
Due to other funds	\$ 91,276	\$1,334,706	\$1,249,192	\$ 176,790
State income taxes payable	-	24,023	24,023	-
Credit union payable	-	84,702	75,456	9,246
Municipal employee retirement payable	-	40,055	51,952	(11,897)
Total liabilities	<u>\$ 91,276</u>	<u>\$1,483,486</u>	<u>\$1,400,623</u>	<u>\$ 174,139</u>
<u>DISBURSEMENT FUND</u>				
ASSETS				
Cash	\$ 73,170	\$1,484,449	\$1,480,009	\$ 77,610
Due from other funds	8,513	187,208	187,603	8,118
Total assets	<u>\$ 81,683</u>	<u>\$1,671,657</u>	<u>\$1,667,612</u>	<u>\$ 85,728</u>
LIABILITIES				
Due to other funds	<u>\$ 81,683</u>	<u>\$1,327,877</u>	<u>\$1,323,832</u>	<u>\$ 85,728</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 164,446	\$2,494,052	\$2,406,749	\$ 251,749
Due from other funds	8,513	187,208	187,603	8,118
Total assets	<u>\$ 172,959</u>	<u>\$2,681,260</u>	<u>\$2,594,352</u>	<u>\$ 259,867</u>
LIABILITIES				
Due to other funds	\$ 172,959	\$2,662,583	\$2,573,024	\$ 262,518
State income taxes payable	-	24,023	24,023	-
Credit union payable	-	84,702	75,456	9,246
Municipal employee retirement payable	-	40,055	51,952	(11,897)
Total liabilities	<u>\$ 172,959</u>	<u>\$2,811,363</u>	<u>\$2,724,455</u>	<u>\$ 259,867</u>

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, 1999 and 1998

	<u>1999</u>	<u>1998</u>
General fixed assets, at cost:		
Land and buildings	\$1,646,455	\$1,646,455
Equipment, furniture and fixtures	<u>1,235,906</u>	<u>1,222,084</u>
Total general fixed assets	<u>\$2,882,361</u>	<u>\$2,868,539</u>
Investment in general fixed assets:		
Property acquired from -		
General Fund revenues	\$ 593,337	\$ 526,187
Sales tax revenues	836,591	889,154
Federal revenue sharing revenues	87,441	88,206
State revenue sharing revenues	20,194	20,194
Capital Projects Fund revenues	1,338,040	1,338,040
Utility Fund revenues	<u>6,758</u>	<u>6,758</u>
Total investment in general fixed assets	<u>\$2,882,361</u>	<u>\$2,868,539</u>

CITY OF SCOTT, LOUISIANA

Statement of Changes in General Fixed Assets
Year Ended June 30, 1999

	<u>Land and Buildings</u>	<u>Equipment Furniture and Fixtures</u>	<u>Total</u>
General fixed assets, beginning of year	<u>\$1,646,455</u>	<u>\$1,222,084</u>	<u>\$2,868,539</u>
Additions:			
General Fund revenues	-	139,010	139,010
Sales tax revenues	<u>-</u>	<u>51,865</u>	<u>51,865</u>
Total additions	<u>-</u>	<u>190,875</u>	<u>190,875</u>
Deletions	<u>-</u>	<u>177,053</u>	<u>177,053</u>
General fixed assets, end of year	<u><u>\$1,646,455</u></u>	<u><u>\$1,235,906</u></u>	<u><u>\$2,882,361</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
Statement of General Long-Term Debt
June 30, 1999 and 1998

	Sales Tax Bonds	
	1999	1998
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT		
Amount available in debt service funds for debt retirement	\$ 344,931	\$ 327,144
Amount to be provided from sales tax revenues	<u>1,275,069</u>	<u>1,432,856</u>
Total available and to be provided	<u><u>\$1,620,000</u></u>	<u><u>\$1,760,000</u></u>
GENERAL LONG-TERM DEBT PAYABLE		
Bonds payable	<u><u>\$1,620,000</u></u>	<u><u>\$1,760,000</u></u>

**COMPLIANCE, INTERNAL CONTROL
AND
OTHER GRANT INFORMATION**

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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

The Honorable Hazel Meyers, 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, 1999, and have issued our report thereon dated August 10, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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 over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

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

Kolder, Champagne, Slaven & Rainey, LLC
Certified Public Accountants

Lafayette, Louisiana
August 10, 1999

CITY OF SCOTT, LOUISIANA

Schedule of Prior and Current Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 1999

Compliance -

There were no compliance findings at June 30 1999.

Internal Control Over Financial Reporting -

The item noted below was a finding at June 30 1998 and again at June 30, 1999.

99-1(IC) Inadequate Segregation of Accounting Functions:

Finding:

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

Recommendation:

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

Management's Corrective Action Plan:

No response is considered necessary.

Management Letter -

Management letter item 99-1 was mentioned at June 30, 1998 and was not completely corrected and was, therefore, necessary to mention again at June 30, 1999 as follows:

99-1(ML) Operating Losses in Utility Fund

The City's gas, water and sewer departments were operated at a loss for the year ended June 30, 1999. The utility rate structure in these departments should be evaluated and increased so as to enable the City to operate these on a profitable basis.

Management's Corrective Action Plan

Management intends to review the rate structure and operating expenses in each of these departments. Rates will be modified to enable these departments to operate profitably.

(continued)

CITY OF SCOTT, LOUISIANA

Schedule of Prior and Current Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended June 30, 1999

99-2a) and b) (ML) Police Department Citations

- a) Some of the citation books given to police personnel are not properly accounted for. A list of citation books should be maintained and updated as new books are distributed and voided and unused citations are returned.
- b) The status of numerous citations which have been issued is in question because they do not appear on the police department's database as paid or designated "no pay." These citations should be followed up on to determine the status of the citation.

Management's Corrective Action Plan

Management intends to review its database program in order enable the tracking of citations from distribution to resolution.

OTHER SUPPLEMENTARY INFORMATION

CITY OF SCOTT, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 1999 and 1998

Records maintained by the City indicated the following number of customers were being serviced during the month of June, 1999 and 1998:

<u>Department</u>	<u>1999</u>	<u>1998</u>
Gas (metered)	586	585
Water (metered)	2,200	2,115
Sewerage	1,571	1,521

CITY OF SCOTT, LOUISIANA

Enterprise Fund

Utility Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended June 30, 1999 and 1998

	Totals		Gas	
	1999	1998	1999	1998
Operating revenues:				
Customers service charges	\$ 878,509	\$ 866,141	\$ 196,757	\$ 241,354
Permits, reconnections and penalties	55,588	50,753	6,751	8,203
Miscellaneous	1,729	7,839	577	2,613
Total operating revenues	<u>935,826</u>	<u>924,733</u>	<u>204,085</u>	<u>252,170</u>
Operating expenses:				
Salaries	194,823	165,575	83,440	69,792
Salaries - plant	35,755	31,739	-	-
Retirement - current	7,622	-	2,830	-
Retirement - retroactive	270,814	-	96,184	-
Meter reader expense	27,791	10,874	6,948	4,889
Disposal charges - plant	1,925	3,054	-	-
Sewerage inspection	3,075	4,275	-	-
Gas and water purchases	475,466	323,753	73,426	98,142
Supplies and repairs	54,819	55,799	5,987	10,929
Supplies - plant	48,013	31,492	-	-
Repairs and maintenance - garage	18,192	14,379	6,064	4,793
Training - plant	303	467	-	-
Tower charge	2,100	-	600	-
Service agreement	8,560	12,840	-	-
Telephone - plant	620	-	-	-
Utilities	9,857	12,316	-	-
Utilities - plant	18,635	22,243	-	-
Professional fees	12,501	12,321	4,162	4,107
Insurance	56,686	50,206	26,205	25,912
Plant insurance	17,622	19,974	-	-
Insurance for employees	14,654	16,596	5,337	5,746
Office expense	5,037	4,921	1,748	2,165
Computer services	5,907	5,279	1,969	1,843
Payroll taxes	15,343	12,953	6,488	5,452
Payroll taxes - plant	2,682	2,473	-	-
Truck expenses	3,751	3,124	1,179	1,218
Truck expenses - plant	1,753	1,610	-	-
Training	670	1,049	190	214
Uniforms	1,073	789	422	263
Uniforms - plant	211	131	-	-
Equipment lease	16,791	8,394	5,597	2,798
Bad debts	3,382	2,532	1,353	1,013
Depreciation	169,942	168,677	27,751	27,751
Depreciation - plant	59,237	56,856	-	-
Miscellaneous	856	3,087	261	969
Lab fees - plant	4,522	4,033	-	-
Alarm system - plant	263	308	-	-
Total operating expenses	<u>1,571,253</u>	<u>1,064,119</u>	<u>358,141</u>	<u>267,996</u>
Net operating income (loss)	<u>\$ (635,427)</u>	<u>\$ (139,386)</u>	<u>\$ (154,056)</u>	<u>\$ (15,826)</u>

Water		Sewerage	
1999	1998	1999	1998
\$ 461,957	\$406,351	\$ 219,795	\$ 218,436
37,799	29,409	11,038	13,141
576	2,613	576	2,613
<u>500,332</u>	<u>438,373</u>	<u>231,409</u>	<u>234,190</u>
56,226	48,175	55,157	47,608
-	-	35,755	31,739
1,949	-	2,843	-
51,101	-	123,529	-
20,843	5,985	-	-
-	-	1,925	3,054
-	-	3,075	4,275
402,040	225,611	-	-
25,692	18,232	23,140	26,638
-	-	48,013	31,492
6,064	4,793	6,064	4,793
-	-	303	467
600	-	900	-
-	-	8,560	12,840
-	-	620	-
-	-	9,857	12,316
-	-	18,635	22,243
4,162	4,107	4,177	4,107
16,386	12,049	14,095	12,245
-	-	17,622	19,974
5,217	5,604	4,100	5,246
1,748	1,378	1,541	1,378
1,969	1,843	1,969	1,593
4,428	3,791	4,427	3,710
-	-	2,682	2,473
1,258	1,148	1,314	758
-	-	1,753	1,610
349	345	131	490
440	263	211	263
-	-	211	131
5,597	2,798	5,597	2,798
1,353	1,013	676	506
78,460	77,403	63,731	63,523
-	-	59,237	56,856
354	1,088	241	1,030
-	-	4,522	4,033
-	-	263	308
<u>686,236</u>	<u>415,626</u>	<u>526,876</u>	<u>380,497</u>
<u>\$ (185,904)</u>	<u>\$ 22,747</u>	<u>\$ (295,467)</u>	<u>\$ (146,307)</u>

CITY OF SCOTT, LOUISIANA

Schedule of Insurance In Force
(Unaudited)
June 30, 1999

Description of Coverage	Coverage Amounts
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	474,702
Comprehensive auto liability, bodily injury and property damage	500,000
Special equipment floater	235,874
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	1,386,000
Law enforcement officers comprehensive liability, personal injury and property damage, \$2,500 deductible	500,000
Public officials' errors and omissions, \$2,500 deductible	500,000
Flood Insurance Operations building on Mill Street Sludge building on Mill Street	230,900 67,900
Boiler and machinery Property damage, \$1,000 deductible	1,600,000

CITY OF SCOTT, LOUISIANA

Combined Schedule of Interest-Bearing Deposits and Investments - All Funds
June 30, 1999

	<u>Financial Institution</u>	<u>Maturity Date</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Amount</u>
Interest-bearing deposits -					
General Fund:					
Certificate of deposit	B	10/8/99	180 days	3.9	\$ 12,958
Special Revenue Funds:					
1968 Sales Tax Fund -					
Money Market investment account	B	N/A	N/A	Variable	605,407
Certificate of deposit	B	7/26/99	30 days	4.4	2,058,240
Total 1968 Sales Tax Fund					<u>2,663,648</u>
1984 Sales Tax Fund -					
Money market investment account	B	N/A	N/A	Variable	558,376
Certificate of deposit	B	7/10/99	60 days	3.7	1,296,253
Total 1984 Sales Tax Fund					<u>1,854,628</u>
Total Special Revenue Funds					<u>4,518,276</u>
Capital Projects Fund:					
Sewer System Construction Fund -					
Certificate of deposit	B	8/31/99	180 days	4.2	379,906
Money market investment account	B	N/A	N/A	Variable	43,945
Money market investment account	B	N/A	N/A	Variable	53,844
Total Capital Projects Fund					<u>477,695</u>
Utility Fund:					
Utility - unrestricted -					
Certificate of deposit	B	10/25/99	182 days	4.2	375,215
Utility - bond reserve -					
Certificate of deposit	B	8/13/99	180 days	4.2	112,500
Utility - bond construction -					
Money market investment account	B	N/A	N/A	Variable	69,772
Utility - unrestricted -					
Money market investment account	B	N/A	N/A	Variable	21,042
Customer deposits -					
Money market investment account	B	N/A	N/A	Variable	6,457
Certificate of deposit	B	12/06/99	180 days	5.25	75,000
Total Utility Fund					<u>659,986</u>
Total interest-bearing deposits					<u>5,668,915</u>
Investments -					
Sales Tax Bond Reserve Fund:					
U. S. Treasury Note		10/31/02	48 months	5.75	253,436
Utility Fund:					
U. S. Treasury Note		11/16/03	5 years	5.75	155,039
Total investments					<u>408,475</u>
Total interest-bearing deposits and investments					<u>\$6,077,390</u>

Financial Institution:

B Bank One