

CITY OF SCOTT, LOUISIANA

Financial Report

Year Ended June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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The Honorable Purvis Morrison, Mayor,
and Members of the Board of Aldermen
City of Scott, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scott, Louisiana (City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scott, Louisiana, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 25 to the financial statements, in 2018, the City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules and the schedules of changes in net OPEB liability and related ratios, employer OPEB contributions, employer's share of net pension liability and employer contributions on pages 49 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Scott, Louisiana's basic financial statements. The other supplementary information on pages 60 through 85 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The comparative statements on pages 60, 61, and 79 through 85 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these comparative statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The prior year comparative information on the comparative statements has been derived from the City of Scott's 2017 financial statements, which were subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements from which they have been derived.

The various schedules on pages 62 through 78 included in other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2018, on our consideration of the City of Scott, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 9, 2018

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

CITY OF SCOTT, LOUISIANA

Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 7,134,838	\$ 2,615,979	\$ 9,750,817
Investments	2,236,343	88,907	2,325,250
Receivables, net	501,444	451,191	952,635
Internal balances	(1,963,053)	1,963,053	-
Due from other governmental units	192,181	-	192,181
Prepaid items	94,974	17,770	112,744
Total current assets	<u>8,196,727</u>	<u>5,136,900</u>	<u>13,333,627</u>
Noncurrent assets:			
Restricted assets:			
Interest-bearing deposits	6,417,715	88,005	6,505,720
Investments	-	175,080	175,080
Capital assets:			
Land and construction in progress	3,321,672	2,345,132	5,666,804
Other capital assets, net	14,475,818	11,857,611	26,333,429
Total noncurrent assets	<u>24,215,205</u>	<u>14,465,828</u>	<u>38,681,033</u>
Total assets	<u>32,411,932</u>	<u>19,602,728</u>	<u>52,014,660</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	1,115,040	134,484	1,249,524
Deferred outflows of resources related to net OPEB obligation	5,530	1,410	6,940
Total deferred outflows of resources	<u>1,120,570</u>	<u>135,894</u>	<u>1,256,464</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	340,698	202,886	543,584
Unearned revenue	71,187	71,675	142,862
Capital lease payable	-	28,081	28,081
DHH water loan payable	-	31,000	31,000
Customers' deposits payable	-	189,699	189,699
Bonds payable	425,000	-	425,000
Accrued interest payable	22,586	-	22,586
Total current liabilities	<u>859,471</u>	<u>523,341</u>	<u>1,382,812</u>
Noncurrent liabilities:			
Compensated absences payable	29,518	1,235	30,753
DHH water loan payable	-	699,748	699,748
Bonds payable	7,640,000	-	7,640,000
Net OPEB obligation payable	577,394	142,677	720,071
Net pension liability	3,464,404	347,128	3,811,532
Total noncurrent liabilities	<u>11,711,316</u>	<u>1,190,788</u>	<u>12,902,104</u>
Total liabilities	<u>12,570,787</u>	<u>1,714,129</u>	<u>14,284,916</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	253,434	15,561	268,995
NET POSITION			
Net investment in capital assets	9,918,593	13,517,300	23,435,893
Restricted for sales tax dedications	6,508,983	-	6,508,983
Restricted for capital expenditures	6,173,780	-	6,173,780
Restricted for debt service	251,019	-	251,019
Unrestricted (deficit)	(2,144,094)	4,491,632	2,347,538
Total net position	<u>\$ 20,708,281</u>	<u>\$ 18,008,932</u>	<u>\$ 38,717,213</u>

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

CITY OF SCOTT, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2018

Activities	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 1,327,303	\$ 301,464	\$ -	\$ -	\$ (1,025,839)	\$ -	\$ (1,025,839)
Public safety:							
Police	2,945,529	310,114	244,128	-	(2,391,287)	-	(2,391,287)
Fire	499,315	-	-	-	(499,315)	-	(499,315)
Streets	1,689,457	-	9,460	109,470	(1,570,527)	-	(1,570,527)
Culture and tourism	121,093	31,299	-	28,327	(61,467)	-	(61,467)
Interest on long-term debt	276,190	-	-	-	(276,190)	-	(276,190)
Total governmental activities	<u>6,858,887</u>	<u>642,877</u>	<u>253,588</u>	<u>137,797</u>	<u>(5,824,625)</u>	<u>-</u>	<u>(5,824,625)</u>
Business-type activities:							
Gas	470,511	498,592	-	-	-	28,081	28,081
Water	1,447,833	1,333,527	-	79,370	-	(34,936)	(34,936)
Sewer	517,869	610,285	-	-	-	92,416	92,416
Garbage	858,556	865,688	-	-	-	7,132	7,132
Total business-type activities	<u>3,294,769</u>	<u>3,308,092</u>	<u>-</u>	<u>79,370</u>	<u>-</u>	<u>92,693</u>	<u>92,693</u>
Total	<u>\$ 10,153,656</u>	<u>\$ 3,950,969</u>	<u>\$ 253,588</u>	<u>\$ 217,167</u>	<u>(5,824,625)</u>	<u>92,693</u>	<u>(5,731,932)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					250,110	-	250,110
Sales and use taxes, levied for general purposes					5,632,092	-	5,632,092
Franchise taxes					539,275	-	539,275
Grants and contributions not restricted to specific programs -							
State sources					14,484	-	14,484
Non employer pension contribution					80,408	9,989	90,397
Interest and investment earnings					195,953	15,899	211,852
Miscellaneous					14,949	-	14,949
Transfers					(132,232)	132,232	-
Total general revenues and transfers					<u>6,595,039</u>	<u>158,120</u>	<u>6,753,159</u>
Change in net position					770,414	250,813	1,021,227
Net position - June 30, 2017, as restated					19,937,867	17,758,119	37,695,986
Net position - June 30, 2018					<u>\$ 20,708,281</u>	<u>\$ 18,008,932</u>	<u>\$ 38,717,213</u>

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

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

General Fund

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

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

1968 Sales Tax Fund -

To account for the receipt and use of the proceeds of a 1% sales and use tax. These taxes are dedicated and used for the purpose of construction, acquiring, extending, improving and/or maintaining sewers and sewerage disposal works, waterworks, drainage facilities, streets and sidewalks, including the purchase of equipment therefore, 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.

1984 Sales Tax Fund -

To account for the receipt and use of the proceeds of a 1% sales and use tax. These taxes are dedicated and used for the purpose 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.

Apollo Road Economic Development District Sales Tax Fund -

To account for the receipt and use of the proceeds of a 1% sales and use tax levied on the businesses located in the Apollo Road Economic Development District, State of Louisiana (the "District"). These taxes are dedicated and used for the purpose of financing economic development projects in the District.

Destination Point Road Economic Development District Sales Tax Fund -

To account for the receipt and use of the proceeds of a 1% sales and use tax levied on the businesses located in the Destination Point Economic Development District, State of Louisiana (the "District"). These taxes are dedicated and used for the purpose of financing economic development projects in the District.

Capital Projects Fund

Sewer System Construction/Grants Fund -

To account for improvements made to the City's sewerage system using proceeds from various federal and state grants and City funds. This fund is also utilized to account for various other grant projects.

Debt Service Fund

Sales Tax Bonds Fund -

To accumulate monies for payment of \$10,000,000 of Sales Tax Bonds, Series 2012. Debt service is financed from the collection of the City's 1984 1% sales tax and the Apollo Economic Development District sales tax.

Enterprise Fund

Utility Fund -

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

CITY OF SCOTT, LOUISIANA

Balance Sheet
Governmental Funds
June 30, 2018

	1968 Sales		1984 Sales		Destination Point		Sales Tax Bonds	Total
	General	Special Revenue	Special Revenue	Apollo Economic Development District Sales Tax Special Revenue	Economic Development District Sales Tax Special Revenue	Sewer System Construction/ Grants		
ASSETS								
Cash	\$ 113,492	\$ 36,890	\$ 314,757	\$ 660,848	\$ -	\$ 1,615	\$ -	\$ 1,127,602
Interest-bearing deposits	475,980	1,021,135	2,821,362	1,512,176	176,583	6,144,110	273,605	12,424,951
Investments	510,810	1,611,575	113,958	-	-	-	-	2,236,343
Receivables:								
Taxes	121	214,044	214,044	51,787	18,979	-	-	498,975
Accrued interest	-	296	296	193	27	-	-	812
Due from other funds	832,166	-	481,959	1,203,071	-	315,752	-	2,832,948
Due from other governmental units	6,078	-	-	186,103	-	-	-	192,181
Other	1,657	-	-	-	-	-	-	1,657
Prepaid items	94,974	-	-	-	-	-	-	94,974
Total assets	<u>\$ 2,035,278</u>	<u>\$ 2,883,940</u>	<u>\$ 3,946,376</u>	<u>\$ 3,614,178</u>	<u>\$ 195,589</u>	<u>\$ 6,461,477</u>	<u>\$ 273,605</u>	<u>\$ 19,410,443</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 115,761	\$ 53,775	\$ 15,568	\$ 22,929	\$ -	\$ -	\$ -	\$ 208,033
Retainage payable	-	101,183	-	21,922	-	-	-	123,105
Accrued liabilities	3,653	2,559	2,747	500	101	-	-	9,560
Due to other funds	620,030	1,595,950	2,289,081	3,243	-	287,697	-	4,796,001
Unearned revenue	49,645	-	21,542	-	-	-	-	71,187
Total liabilities	<u>789,089</u>	<u>1,753,467</u>	<u>2,328,938</u>	<u>48,594</u>	<u>101</u>	<u>287,697</u>	<u>-</u>	<u>5,207,886</u>
Fund balances -								
Nonspendable (prepaid items)	94,974	-	-	-	-	-	-	94,974
Restricted - sales tax dedications	-	1,130,473	1,617,438	3,565,584	195,488	-	-	6,508,983
Restricted - capital expenditures	-	-	-	-	-	6,173,780	-	6,173,780
Restricted - debt service	-	-	-	-	-	-	273,605	273,605
Unassigned	1,151,215	-	-	-	-	-	-	1,151,215
Total fund balances	<u>1,246,189</u>	<u>1,130,473</u>	<u>1,617,438</u>	<u>3,565,584</u>	<u>195,488</u>	<u>6,173,780</u>	<u>273,605</u>	<u>14,202,557</u>
Total liabilities and fund balances	<u>\$ 2,035,278</u>	<u>\$ 2,883,940</u>	<u>\$ 3,946,376</u>	<u>\$ 3,614,178</u>	<u>\$ 195,589</u>	<u>\$ 6,461,477</u>	<u>\$ 273,605</u>	<u>\$ 19,410,443</u>

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

CITY OF SCOTT, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

Total fund balances for governmental funds at June 30, 2018 \$ 14,202,557

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 1,352,261	
Construction in progress	1,969,411	
Buildings and improvements, net of \$1,777,835 accumulated depreciation	4,976,731	
Infrastructure, net of \$12,047,689 accumulated depreciation	8,720,761	
Equipment, furniture, and fixtures net of \$2,599,681 accumulated depreciation	<u>778,326</u>	17,797,490

The deferred outflows of expenditures for the municipal and police employees retirement systems and net OPEB obligation are not a use of current resources, and therefore, are not reported in the funds 1,120,570

Long-term liabilities at June 30, 2018:

Accrued interest payable	(22,586)	
Bonds payable	(8,065,000)	
Compensated absences	(29,518)	
Net OPEB obligation	(577,394)	
Net pension payable	<u>(3,464,404)</u>	(12,158,902)

The deferred inflows of contributions for the municipal and police employees retirement systems and net OPEB obligation are not available resources, and therefore, are not reported in the funds (253,434)

Total net position of governmental activities at June 30, 2018 \$ 20,708,281

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

CITY OF SCOTT, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2018

	General	1968 Sales Sales Tax Special Revenue	1984 Sales Sales Tax Special Revenue	Apollo Economic Development District Sales Tax Special Revenue	Destination Point Economic Development District Sales Tax Special Revenue	Sewer System Construction/ Grants	Sales Tax Bonds	Total
Revenues:								
Taxes	\$ 789,385	\$ 2,437,257	\$ 2,437,257	\$ 561,137	\$ 196,441	\$ -	\$ -	\$ 6,421,477
Licenses and permits	301,464	-	-	-	-	-	-	301,464
Intergovernmental	296,399	-	-	-	-	-	-	296,399
Fines and forfeits	310,114	-	-	-	-	-	-	310,114
Miscellaneous	59,208	37,059	33,622	108,397	142	109,470	3,773	351,671
Total revenues	<u>1,756,570</u>	<u>2,474,316</u>	<u>2,470,879</u>	<u>669,534</u>	<u>196,583</u>	<u>109,470</u>	<u>3,773</u>	<u>7,681,125</u>
Expenditures:								
Current -								
General government	1,093,289	56,998	56,998	5,423	1,095	-	-	1,213,803
Public safety:								
Police	2,522,809	-	-	-	-	-	-	2,522,809
Fire	-	-	498,688	-	-	-	-	498,688
Streets	731,509	184,675	104,203	-	-	-	-	1,020,387
Culture and tourism	58,632	-	-	-	-	-	-	58,632
Capital outlay	118,981	379,606	138,000	410,010	-	79,800	-	1,126,397
Debt service -								
Principal retirement	-	-	-	-	-	-	410,000	410,000
Interest and agent fees	-	-	-	-	-	-	277,215	277,215
Total expenditures	<u>4,525,220</u>	<u>621,279</u>	<u>797,889</u>	<u>415,433</u>	<u>1,095</u>	<u>79,800</u>	<u>687,215</u>	<u>7,127,931</u>
Excess (deficiency) of revenues over expenditures	<u>(2,768,650)</u>	<u>1,853,037</u>	<u>1,672,990</u>	<u>254,101</u>	<u>195,488</u>	<u>29,670</u>	<u>(683,442)</u>	<u>553,194</u>
Other financing sources (uses):								
Transfers in	2,788,000	-	-	-	-	6,144,110	694,900	9,627,010
Transfers out	-	(1,390,102)	(1,555,450)	(6,813,690)	-	-	-	(9,759,242)
Total other financing sources (uses)	<u>2,788,000</u>	<u>(1,390,102)</u>	<u>(1,555,450)</u>	<u>(6,813,690)</u>	<u>-</u>	<u>6,144,110</u>	<u>694,900</u>	<u>(132,232)</u>
Net changes in fund balances	19,350	462,935	117,540	(6,559,589)	195,488	6,173,780	11,458	420,962
Fund balances, beginning	<u>1,226,839</u>	<u>667,538</u>	<u>1,499,898</u>	<u>10,125,173</u>	<u>-</u>	<u>-</u>	<u>262,147</u>	<u>13,781,595</u>
Fund balances, ending	<u>\$ 1,246,189</u>	<u>\$ 1,130,473</u>	<u>\$ 1,617,438</u>	<u>\$ 3,565,584</u>	<u>\$ 195,488</u>	<u>\$ 6,173,780</u>	<u>\$ 273,605</u>	<u>\$ 14,202,557</u>

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

CITY OF SCOTT, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018

Total net changes in fund balances at June 30, 2018 per statement of revenues, expenditures and changes in fund balances	\$ 420,962
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The change in net position reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on statement of revenues, expenditures and changes in fund balances	\$ 995,501	
Depreciation expense for the year ended June 30, 2018	<u>(896,334)</u>	99,167

Bond principal retirement considered as an expenditure on the statement of revenues, expenditures, and changes in fund balances whereas the payment reduces the balance of bonds payable on the statement of net position	410,000
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Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis	1,025
---	-------

Change in compensated absences at June 30, 2018 not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure	(4,484)
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Pension expense not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure	(215,204)
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Nonemployer's contributions to the municipal employees and the police employees pension plans	80,408
--	--------

Change in net OPEB obligation at June 30, 2018 not requiring the use of current economic resources and, therefore, not recorded as a fund expenditure	<u>(21,460)</u>
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Total changes in net position at June 30, 2018 per statement of activities	<u>\$ 770,414</u>
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The accompanying notes are an integral part of the basic financial statements.

CITY OF SCOTT, LOUISIANA

Statement of Net Position
 Proprietary Fund
 June 30, 2018

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 2,615,979
Investments	88,907
Receivables:	
Accounts	312,306
Unbilled utility receivables	136,079
Accrued interest receivable	2,806
Due from other funds	2,008,136
Prepaid items	<u>17,770</u>
Total current assets	<u>5,181,983</u>
Noncurrent assets:	
Restricted assets -	
Interest-bearing deposits	88,005
Investments	175,080
Capital assets -	
Land and construction in progress	2,345,132
Other capital assets, net of accumulated depreciation	<u>11,857,611</u>
Total noncurrent assets	<u>14,465,828</u>
Total assets	<u>19,647,811</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	134,484
Deferred outflows of resources related to net OPEB obligation	<u>1,410</u>
Total deferred outflows of resources	<u>135,894</u>
LIABILITIES	
Current liabilities:	
Accounts payable	200,215
Accrued liabilities	2,671
Unearned revenue	71,675
Capital lease payable	28,081
DHH water loan payable	31,000
Customers' deposits payable	189,699
Due to other funds	<u>45,083</u>
Total current liabilities	<u>568,424</u>
Noncurrent liabilities:	
Compensated absences payable	1,235
DHH water loan payable	699,748
Net OPEB obligation payable	142,677
Net pension liability	<u>347,128</u>
Total noncurrent liabilities	<u>1,190,788</u>
Total liabilities	<u>1,759,212</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>15,561</u>
NET POSITION	
Net investment in capital assets	13,517,300
Unrestricted	<u>4,491,632</u>
Total net position	<u>\$ 18,008,932</u>

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

CITY OF SCOTT, LOUISIANA

Statement of Revenues, Expenses, and Change in Fund Net Position -
 Proprietary Fund
 For the Year Ended June 30, 2018

	<u>Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Gas charges	\$ 487,886
Water service charges	1,286,418
Sewer service charges	595,141
Garbage service charges	855,782
Penalties, permits and connection fees	<u>82,865</u>
Total operating revenues	<u>3,308,092</u>
Operating expenses:	
Salaries	331,505
Retirement	34,968
OPEB benefit	3,664
Disposal charges	2,934
Gas and water purchases	1,083,612
Garbage collection fees	858,556
Supplies and repairs	170,457
Utilities and telephone	47,888
Professional fees	28,304
General insurance	75,610
Group health insurance	54,557
Office expense	15,050
Payroll taxes	24,728
Truck expenses	14,837
Training	3,245
Uniforms	4,117
Bad debts	41,120
Depreciation expense	482,971
Miscellaneous	<u>56</u>
Total operating expenses	<u>3,278,179</u>
Operating income	<u>29,913</u>

(continued)

CITY OF SCOTT, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2018

	<u>Enterprise Fund</u>
Nonoperating revenues (expenses):	
Nonemployer pension contribution	9,989
Interest income	15,899
Interest expense	<u>(16,590)</u>
Total nonoperating revenues (expenses)	<u>9,298</u>
Income before capital contributions and transfers	<u>39,211</u>
Capital contributions	<u>79,370</u>
Transfers in (out):	
Transfer from 1984 Sales Tax Fund	445,000
Transfer from 1968 Sales Tax Fund	1,390,102
Transfer from Apollo EDD Sales Tax Fund	322,130
Transfer to General Fund	<u>(2,025,000)</u>
Total transfers in (out)	<u>132,232</u>
Change in net position	250,813
Net position, beginning, as restated	<u>17,758,119</u>
Net position, ending	<u>\$ 18,008,932</u>

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

CITY OF SCOTT, LOUISIANA

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2018

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$3,336,069
Payments to suppliers	(2,338,588)
Payments to employees	<u>(455,562)</u>
Net cash provided by operating activities	<u>541,919</u>
 Cash flows from noncapital financing activities:	
Cash received from other funds	537,470
Net proceeds from meter deposits	70
Transfers from other funds	1,835,102
Transfers to other funds	<u>(1,702,870)</u>
Net cash provided by noncapital financing activities	<u>669,772</u>
 Cash flows from capital and related financing activities:	
Proceeds from DHH water loan	239,384
Payment on DHH water loan	(20,000)
Interest on DHH water loan	(13,921)
Payment of capital lease	(26,778)
Interest on capital lease	(2,669)
Capital contributions	79,370
Acquisition of property, plant and equipment	<u>(1,348,676)</u>
Net cash used by capital and related financing activities	<u>(1,093,290)</u>
 Cash flows from investing activities:	
Proceeds of investments and interest-bearing deposits with maturity in excess of ninety days	1,994,515
Purchase of investments and interest-bearing deposits with maturity in excess of ninety days	<u>(1,998,138)</u>
Interest on investments	13,188
Net cash provided by investing activities	<u>9,565</u>
 Net increase in cash and cash equivalents	127,966
 Cash and cash equivalents, beginning of period	<u>841,867</u>
 Cash and cash equivalents, end of period	<u>\$ 969,833</u>

(continued)

CITY OF SCOTT, LOUISIANA

Statement of Cash Flows
Proprietary Fund (Continued)
For the Year Ended June 30, 2018

	Enterprise Fund
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 29,913
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	482,971
Pension and OPEB expense	(2,472)
Provision for uncollectible accounts	11,538
Changes in current assets and liabilities:	
Decrease in accounts receivable	72,532
Increase in unbilled utility receivables	(53,298)
Increase in prepaid items	(4,373)
Increase in accounts payable	3,557
Decrease in accrued liabilities	(1,565)
Increase in unearned revenue	2,795
Increase in compensated absences payable	321
Net cash provided by operating activities	\$ 541,919
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Interest-bearing deposits - unrestricted	2,001,523
Interest-bearing deposits - restricted	574,495
Less: Interest-bearing deposits with maturity in excess of 90 days	(1,734,151)
Total cash and cash equivalents, beginning of period	841,867
Cash and cash equivalents, end of period -	
Interest-bearing deposits - unrestricted	2,615,979
Interest-bearing deposits - restricted	88,005
Less: Interest-bearing deposits with maturity in excess of 90 days	(1,734,151)
Total cash and cash equivalents, end of period	969,833
Net increase in cash and cash equivalents	\$ 127,966

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

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the City of Scott (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

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

This report includes all funds that 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 City of Scott Volunteer Fire Department. Although the City does provide facilities and some of its financing, no control is exercised over its operations.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Fund Financial Statements

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the City are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the City are described below:

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 -

1968 Sales Tax Fund -

The 1968 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

1984 Sales Tax Fund -

The 1984 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

Apollo Economic Development District Sales Tax Fund -

The Apollo Economic Development District Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax levied on the businesses located in the Apollo Road Economic Development District and is legally restricted to expenditures for economic development projects in the District.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Destination Point Economic Development District Sales Tax Fund -

The Destination Point Economic Development District Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax levied on the businesses located in the Destination Point Economic Development District and is legally restricted to expenditures for economic development projects in the District.

Debt Service Fund –

Sales Tax Bonds Fund –

The Sales Tax Bonds Fund is used to accumulate monies for payment of \$10,000,000 of Sales Tax Bonds, Series 2012. Debt service is financed from the collection of the City's 1984 1% sales tax and the Apollo Economic Development District sales tax.

Capital Projects Fund –

Sewer System Construction/Grants Fund –

The Sewer System Construction/Grants Fund is used to account for improvements made to the City's Sewerage System using proceeds from federal and state grants and City Funds. This fund is also utilized to account for various other grant projects.

Proprietary Fund -

Enterprise Fund

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 of Scott's enterprise fund is the Utility Fund.

C. Measurement Focus/Basis of Accounting

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

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

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

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

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City. Under state law, the City may invest in United States bonds, treasury notes, or certificates. Investments are stated at amortized cost.

For the purpose of the proprietary fund statement of cash flows, “cash and cash equivalents” include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.”

Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customer’s utility service receivables as their major receivables. Uncollectible utility service 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. The allowance for uncollectibles for customers’ utility receivables was \$18,877 at June 30, 2018. 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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds’ infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	20 years

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

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the governmental and proprietary fund that are legally restricted as to their use. The restricted assets are related to bond proceeds for capital expenditures, sales tax bond debt service accounts, and utility meter deposits.

Long-term debt

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

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits payable.

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

Compensated Absences

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, 2018, the City has \$30,753 of noncurrent accumulated leave benefits required to be reported in accordance with GASB Statement No. 16 "Accounting for Compensated Absences".

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At June 30, 2018, the City's deferred inflows and outflows of resources are attributable to its pension plans and other postemployment benefit plan.

Equity Classifications

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

- a. Net investment in capital assets – Consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – Net position is considered restricted if the use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the City's debt. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – Consists of all other net position that does not meet the definition of the two components and is available for general use by the City.

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows.

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the City's Mayor and Board of Aldermen, which is the highest level of decision-making authority for the City.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes determined by a formal decision of the City’s Mayor and Board of Aldermen.
- e. Unassigned – all other spendable amounts.

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

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - By Character
- Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

F. Revenue Restrictions

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 3
Gas, water and sewer revenue	Utility operations

The City uses unrestricted resources only when restricted resources are fully depleted.

G. 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 capital assets in the Proprietary Fund. At June 30, 2018, there was no interest expense paid for assets under construction and, therefore, no capitalized interest expense was recorded on the books.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. During the fiscal year ended June 30, 2018, taxes were levied by the City in July 2017 and were billed to taxpayers by the Assessor in November 2017. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessor of Lafayette Parish and are collected by the Sheriff. City property tax revenues are budgeted in the year billed.

For the year ended June 30, 2018, taxes of 3.11 mills were levied on property with assessed valuations totaling \$81,645,053 and were dedicated to general corporate purposes. Total taxes levied were \$253,916. Taxes receivable at June 30, 2018 was \$121, which was current.

(3) Sales and Use Tax

Proceeds of a 1% sales and use tax levied by the City of Scott beginning June 22, 1968 (2018 collections \$2,437,257) 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 therefore, 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.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Proceeds of a 1% sales and use tax levied by the City of Scott beginning April 1, 1984 (2018 collections \$2,437,257) 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.

Proceeds of a 1% sales and use tax levied by the City of Scott beginning December 1, 2007 on businesses located in the Apollo Road Economic Development District (2018 collections \$561,137) are dedicated for financing economic development projects in the District.

Proceeds of a 1% sales and use tax levied by the City of Scott beginning December 1, 2007 on businesses located in the Destination Point Economic Development District (2018 collections \$196,441) are dedicated for financing economic development projects in the District.

(4) Cash, Interest-Bearing Deposits 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 the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2018, the City had cash and interest-bearing deposits (book balances) totaling \$16,256,537 as follows:

Demand deposits	\$ 2,164,306
Money market accounts	9,530,491
Time deposits	<u>4,561,740</u>
Total	<u>\$16,256,537</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. 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 similar federal security 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 City or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2018, are secured as follows:

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Bank balances	<u>\$ 16,716,227</u>
Federal deposit insurance	\$ 750,000
Pledged securities	<u>15,966,227</u>
Total	<u>\$ 16,716,227</u>

Deposits in the amount of \$15,966,227 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized, 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. The City does not have a policy for custodial credit risk.

B. Investments

The City participates in the Louisiana Asset Management Pool (LAMP), a local government investment pool. As of June 30, 2018, investments in LAMP amounted to \$2,500,330.

LAMP is administered by LAMP, Inc. a non-profit corporation organized under the laws of the State of Louisiana. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools.

- a. Credit risk: LAMP is rated AAAM by Standard & Poors.
- b. Custodial credit risk: In accordance with GASB Codification Section 150.128, the investment in LAMP is not exposed to custodial credit risk because LAMP participants' investments in the pool are evidenced by shares of the pool and, therefore, not evidenced by securities that exist in physical or book entry form. The City's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- c. Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- d. Inherent rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The WAM for LAMP's total investments is 60 days as of June 30, 2018.
- e. Foreign currency risk: Not applicable to 2a7-like securities.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. The financial report for LAMP may be accessed on its website (www.lamppool.com).

(5) Receivables

Receivables at June 30, 2018 of \$952,635 consist of the following:

	Destination						Total
	General	1968 Sales Tax	1984 Sales Tax	Apollo EDD Sales Tax	Point EDD Sales Tax	Utility	
Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$312,306	\$312,306
Unbilled utility	-	-	-	-	-	136,079	136,079
Taxes:							
Ad valorem	121	-	-	-	-	-	121
Sales tax	-	214,044	214,044	51,787	18,979	-	498,854
Interest	-	296	296	193	27	2,806	3,618
Other	1,657	-	-	-	-	-	1,657
Totals	<u>\$ 1,778</u>	<u>\$ 214,340</u>	<u>\$ 214,340</u>	<u>\$ 51,980</u>	<u>\$ 19,006</u>	<u>\$ 451,191</u>	<u>\$ 952,635</u>

(6) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2018 consisted of the following:

General Fund:

Amount due from Louisiana Municipal Advisory and Technical Services Bureau for insurance occupational licenses for the month of June 30, 2018 \$ 1,348

Amount due from the State of Louisiana Department of Transportation for grass cutting grant for the fiscal year ended June 30, 2018 4,730

6,078

Apollo Road Economic Development District Sales Tax Fund:

Amount due from Facility Planning and Control for reimbursement of expenditures for Apollo Road Extension water and sewer line installation 186,103

Total \$ 192,181

(7) Restricted Assets

Restricted assets in the governmental funds at June 30, 2018 consisted of bond proceeds restricted for capital expenditures in the amount of \$6,144,110 and \$273,605 restricted for debt service payments. Restricted assets in the proprietary fund at June 30, 2018 consisted of a construction fund for an automatic water meter project of \$73,386 and amounts owed to customers for utility deposits in the amount of \$189,699.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance 06/30/17	Additions	Deletions	Balance 06/30/18
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,238,584	\$ 113,677	\$ -	\$ 1,352,261
Construction in progress	1,462,171	627,095	119,855	1,969,411
Other capital assets:				
Buildings	6,751,366	3,200	-	6,754,566
Infrastructure	20,636,764	131,686	-	20,768,450
Equipment, furniture and fixtures	3,213,023	239,698	74,714	3,378,007
Totals	<u>33,301,908</u>	<u>1,115,356</u>	<u>194,569</u>	<u>34,222,695</u>
Less accumulated depreciation				
Buildings	1,595,121	182,714	-	1,777,835
Infrastructure	11,600,927	446,762	-	12,047,689
Equipment, furniture and fixtures	2,407,537	266,858	74,714	2,599,681
Total accumulated depreciation	<u>15,603,585</u>	<u>896,334</u>	<u>74,714</u>	<u>16,425,205</u>
Governmental activities, capital assets, net	<u>\$ 17,698,323</u>	<u>\$ 219,022</u>	<u>\$ 119,855</u>	<u>\$ 17,797,490</u>
Business-type activities:				
Capital assets not being depreciated:				
Land - sewer system	\$ 50,420	\$ -	\$ -	\$ 50,420
Construction in progress - water and sewer systems projects	2,239,278	1,305,937	1,250,504	2,294,711
Other capital assets:				
Gas system	1,070,698	-	-	1,070,698
Water system	6,699,234	1,217,331	-	7,916,565
Sewer system	10,475,360	74,071	-	10,549,431
Machinery and equipment	728,451	1,841	10,734	719,558
Totals	<u>21,263,441</u>	<u>2,599,180</u>	<u>1,261,238</u>	<u>22,601,383</u>
Less accumulated depreciation				
Gas system	877,379	19,371	-	896,750
Water system	2,416,639	161,609	-	2,578,248
Sewer system	4,246,583	276,294	-	4,522,877
Machinery and equipment	385,802	25,697	10,734	400,765
Total accumulated depreciation	<u>7,926,403</u>	<u>482,971</u>	<u>10,734</u>	<u>8,398,640</u>
Business-type activities, capital assets, net	<u>\$ 13,337,038</u>	<u>\$ 2,116,209</u>	<u>\$ 1,250,504</u>	<u>\$ 14,202,743</u>

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 61,533
Police	280,827
Fire	627
Streets	520,128
Culture and recreation	<u>33,219</u>
Total depreciation expense	<u>\$ 896,334</u>

Depreciation expense was charged to business-type activities as follows:

Gas	\$ 20,554
Water	168,391
Sewer	<u>294,026</u>
Total depreciation expense	<u>\$ 482,971</u>

(9) Accounts and Other Payables

The accounts and other payables of \$543,584 consisted of the following at June 30, 2018:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 208,033	\$ 200,215	\$ 408,248
Retainage	123,105	-	123,105
Accrued liabilities	<u>9,560</u>	<u>2,671</u>	<u>12,231</u>
Totals	<u>\$ 340,698</u>	<u>\$ 202,886</u>	<u>\$ 543,584</u>

(10) Changes in Long-Term Liabilities

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2018:

	<u>Long-Term Debt</u>			<u>Other Liabilities</u>
	<u>General Obligation Bonds</u>	<u>Capital Lease</u>	<u>DHH Water Loan Payable</u>	<u>Compensated Absences</u>
Long-term debt as of July 1, 2017	\$ 8,475,000	\$ 54,859	\$ 511,364	\$ 25,948
Additions	-	-	239,384	11,426
Retirements	<u>(410,000)</u>	<u>(26,778)</u>	<u>(20,000)</u>	<u>(6,621)</u>
Long-term debt as of June 30, 2018	<u>\$ 8,065,000</u>	<u>\$ 28,081</u>	<u>\$ 730,748</u>	<u>\$ 30,753</u>

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt payable at June 30, 2018 is comprised of the following:

Governmental activities:

		<u>Current</u>
General obligation bonds -		
\$10,000,000 Public Improvement Sales Tax Bonds, Series 2012, due in annual installments of \$365,000 to \$665,000 through December 1, 2032; interest at 2.5 to 4.0 percent; payable from Apollo Economic Development District sales tax revenues	<u>\$ 8,065,000</u>	<u>\$ 425,000</u>

Business-type activities:

\$104,746 equipment lease dated October 2, 2014, due in four annual installments of \$29,447 including interest at 4.865 percent through September 2018; payable from utility system revenues and 1984 sales tax revenues	<u>\$ 28,081</u>	<u>\$ 28,081</u>
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DHH water loan payable -

Loan from the Louisiana Department of Health and Hospitals; interest at 1.95%; payable from utility system revenues. The balance through June 30, 2018 is net of a 20% debt forgiveness.	<u>\$ 730,748</u>	<u>\$ 31,000</u>
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Equipment held under the capital lease had a book value at June 30, 2018 of \$110,210 (cost of \$135,643 less accumulated amortization of \$25,433). Amortization in the amount of \$6,782 is included in depreciation expense for the year ended June 30, 2018.

During the fiscal year ended June 30, 2018, the City borrowed \$239,384 (net of \$59,846 which was forgiven) from the Louisiana Department of Health and Hospitals, resulting in a loan balance of \$730,748 at June 30, 2018. The loan is an interim loan to finance the costs of an automated water meter project. Upon completion of the project, the City will issue taxable water revenue bonds for permanent financing of the project.

The debt is due as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal Payments	Interest Payments	Principal Payments	Interest Payments
2019	\$ 425,000	\$ 264,651	\$ 59,081	\$ 10,766
2020	440,000	251,676	699,748	-
2021	455,000	238,251	-	-
2022	470,000	224,376	-	-
2023	485,000	210,051	-	-
2024 - 2028	2,665,000	808,200	-	-
2029 - 2033	3,125,000	306,086	-	-
Total	<u>\$ 8,065,000</u>	<u>\$ 2,303,291</u>	<u>\$ 758,829</u>	<u>\$ 10,766</u>

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Flow of Funds; Restrictions on Use – Apollo Economic Development District Sales Tax Revenues

Under the terms of the bond indenture on outstanding Public Improvement Sales Tax Bonds, Series 2012, as long as any bonds are outstanding, the City is required to budget annually to maintain sufficient excess annual revenues available for repayment of debt service on bonds. Payment of annual debt service on the bonds shall be a priority and the City must ensure that sufficient excess annual revenues remain available to pay such debt service as and when due. As a result, the City is required to maintain a separate account within the debt service fund that is designated as the “Series 2012 Sinking Fund Account”. Each month, there will be set aside into the fund an amount constituting 1/12th of the next maturing installment of principal and 1/6th of the interest due on the next interest payment date. Such transfers shall be fully sufficient to assure the prompt payment of the principal and interest installments as they become due and may be used only for such payments.

Pursuant to the General Bond Ordinance, the City covenants to fix, establish, maintain and collect revenues so long as any principal and interest is unpaid on the bonds, and to provide excess annual revenues in each fiscal year in an amount equal to at least 130% of the highest annual principal and interest requirements on the bonds issued.

The City of Scott was in compliance with all significant limitations and restrictions in the bond indenture as of June 30, 2018.

(12) Unearned Revenue

Unearned revenue at June 30, 2018 consists of the following:

Amount received from Entergy for weatherization of citizens' homes which has not yet been spent as of June 30, 2018	\$ 2,839
Amount received from unsettled police narcotics cases as of June 30, 2018	<u>46,806</u>
Total General Fund	49,645
1984 Sales Tax Fund -	
Insurance proceeds received for the damage to an excavator which will be recognized when it is sold	<u>21,542</u>
Total governmental activities	71,187
Business-type activities - Utility Fund:	
Amount billed in June 2018 for garbage service revenues for July 2018	<u>71,675</u>
Total unearned revenue	<u>\$ 142,862</u>

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Post Retirement Health Care and Life Insurance Benefits

Plan description – The City of Scott (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The employees are covered by several retirement systems with similar eligibility provisions. Based on historical experience as described by administrative staff, most employees enter a three year D.R.O.P. at age 60.

Employees covered by benefit terms – At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>44</u>
Total	<u>53</u>

Total OPEB Liability

The City’s total OPEB liability of \$720,071 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	4.0%, including inflation
Discount rate	3.87%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period.

Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2018.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Changes in the Total OPEB Liability

OPEB liability at June 30, 2017	\$ 695,352
Changes for the year:	
Service Cost	12,839
Interest	26,488
Differences between expected and actual experience	7,348
Benefit payments and net transfers	<u>(21,956)</u>
Net changes	<u>24,719</u>
OPEB liability at June 30, 2018	<u>\$ 720,071</u>
Covered employee payroll	\$2,432,936
Net OPEB liability has a percentage of covered employee payroll	29.6%

Sensitivity of the total OPEB liability to changes in the discount rate -- The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 843,901</u>	<u>\$ 720,071</u>	<u>\$ 620,879</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates -- The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$ 619,351</u>	<u>\$ 720,071</u>	<u>\$ 844,862</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$25,124. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	<u>\$ 6,940</u>	<u>\$ -</u>

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended <u>June 30</u>	
2019	\$ 408
2020	408
2021	408
2022	408
2023	408
Thereafter	<u>4,900</u>
Total	<u>\$6,940</u>

(14) Pension Plans

The City participates in two cost-sharing defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all City employees participate in one of the following retirement systems:

Plan Descriptions:

Municipal Employees' Retirement Systems (MERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1731 and 11:1781. The Government participates in Plan B.

State of Louisiana - Municipal Police Employees' Retirement System (MPERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:2211 and 11:2220.

The systems' financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

A brief summary of eligibility and benefits of the plans are provided in the following table:

	<u>MERS</u>	<u>MPERS</u>
Final average salary	Final average compensation	Highest 36 months or 60 months ²
Years of service required and/or age eligible for benefits	25 years of any age 10 years age 60 20 years any age ¹	25 years of any age 20 years age 55 12 years age 55 20 years any age ¹ 30 years any age ³ 25 years age 55 ³ 10 years age 60 ³
Benefit percent per years of service	3.00%	2.50 - 3.33% ⁴

¹ With actuarial reduced benefits

² Membership commencing January 1, 2013

³ Under non hazardous duty sub plan commencing January 1, 2013

⁴ Membership commencing January 1, 2013 non hazardous duty plan 2.5%, hazardous duty plan 3.0%, membership prior to January 1, 2013 3.33%.

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. Contributions of employees, employers, and non-employer contributing entities effective for the year ended June 30, 2018 for the defined benefit pension plans in which the City is a participating employer were as follows:

<u>Plan</u>	<u>Active Member Contribution Percentage</u>	<u>Employer Contribution Percentage</u>	<u>Nonemployer Contributing Entities</u>	<u>Government Contributions</u>
MERS	5.00%	13.25%	\$ 29,378	\$ 118,184
MPERS	10.00%	30.75%	\$ 61,019	\$ 356,713

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Net Pension Liability

The City's net pension liability at June 30, 2018 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the City is a participating employer. The City's net pension liability for each plan was measured as of the plan's measurement date (June 30, 2017 for both plans) and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability for each of the plans in which it participates was based on the City's required contributions in proportion to total required contributions for all employers. As of the most recent measurement date, the City's proportion for each plan and the change in proportion from the prior measurement date were as follows:

<u>Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Proportionate Share (%) of Net Pension Liability</u>	<u>Increase/(Decrease) from Prior Measurement Date</u>
MERS	\$ 1,020,966	1.179990%	-0.011391%
MPERS	<u>2,790,566</u>	0.319637%	0.010369%
Total	<u>\$3,811,532</u>		

Since the measurement date of the net pension liability was June 30, 2017, the net pension liability is based upon fiduciary net position for each of the plans as of those dates. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the City's net pension liability is available in the separately issued plan financial reports for those fiscal years. The financial report for each plan may be accessed on their website as follows:

- MERS - <http://www.mersla.com/>
- MPERS - <http://lampers.org/>

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Actuarial Assumptions

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for each of the defined benefit plans in which the primary government is a participating employer:

	MERS	MPERS
Date of experience study on which significant assumptions are based	7/1/2009 - 6/30/2014	7/1/2009 - 6/30/2014
Actuarial cost method	Entry Age Normal	Entry Age Normal
Investment rate of return	7.4%, net of investment expense	7.325%, net of investment expense
Expected remaining service lives	4	4
Inflation rate	2.775%	2.700%
Projected salary increases	5.0%	4.25% - 9.75%
Projected benefit changes including COLAs	None	None
Source of mortality assumptions	(1), (2), (3)	(3), (4), (5)

- (1) RP-2000 Employee Table for active members set back 2 years for males and females
- (2) RP-2000 Healthy Annuitant Table set forward 2 years and projected to 2028 for males using Scale AA for males and set forward 1 year and projected to 2028 using Scale AA for females
- (3) RP-2000 Disabled Lives Mortality Table for disabled annuitants set back 5 years for males and 3 years for females
- (4) RP-2000 Sex Distinct Employee Table set back 4 years for males and set back 3 years for females
- (5) RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table Projected to 2029 for males using Scale AA and set back 1 year and Projected to 2029 for females using Scale AA

Cost of Living Adjustments

The pension plans in which the City participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis.

Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide systems (MERS and MPERS) to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Discount Rate

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, each of the pension plan's fiduciary net positions was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability for MERS was 7.4%, a decrease of -0.10% from the prior valuation. The discount rate used to measure the total pension liability for MPERS was 7.325%, a decrease of -0.175% from the prior valuation.

Long-term Rate of Return

For MERS and MPERS, the long-term expected rate of return for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following tables:

Asset Class	MERS		MPERS	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	35%	1.60%	21%	0.52%
Public Equity	50%	2.30%	53%	3.66%
Alternative Investments	15%	0.70%	20%	1.10%
Other	-	-	6%	0.16%
Totals	100%	4.60%	100%	5.44%
Inflation		2.60%		2.75%
Expected nominal return		7.20%		8.19%

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended June 30, 2018, the City recognized \$210,639 and \$476,180 in pension expense related to the MERS and MPERS defined benefit plans, respectively.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	MERS	MPERS	Total
Difference between expected and actual experience	\$ 5,349	\$ 18,273	\$ 23,622
Changes of assumptions	44,954	198,564	243,518
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	9,222	158,134	167,356
Net differences between projected and actual earnings on plan investments	215,113	122,160	337,273
Contributions subsequent to the measurement date	120,216	357,539	477,755
Total	<u>\$394,854</u>	<u>\$854,670</u>	<u>\$1,249,524</u>

	Deferred Inflows of Resources		
	MERS	MPERS	Total
Difference between expected and actual experience	\$22,163	\$ 21,449	\$ 43,612
Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	23,604	201,779	225,383
Total	<u>\$45,767</u>	<u>\$223,228</u>	<u>\$268,995</u>

Deferred outflows of resources of \$477,755 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Year Ended	MERS	MPERS	Total
June 30			
2019	\$ 94,207	\$ 135,507	\$ 229,714
2020	79,225	84,489	163,714
2021	45,760	119,383	165,143
2022	9,679	(65,476)	(55,797)
Total	<u>\$ 228,871</u>	<u>\$ 273,903</u>	<u>\$ 502,774</u>

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Sensitivity of the Government’s Proportional Share of the Net Pension Liabilities to Changes in the Discount Rate:

The following presents the Government’s proportionate shares of the net pension liabilities of the plans, calculated using their respective discount rates, as well as what the Government’s proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Plan	Current Discount Rate	Net Pension Liability		
		1% Decrease	Current Discount Rate	1% Increase
MERS	7.40%	\$ 1,321,015	\$ 1,020,966	\$ 764,916
MPERS	7.325%	3,855,436	2,790,566	1,897,217
Total		\$ 5,176,451	\$ 3,811,532	\$ 2,662,133

Payables to the Pension Plans

At June 30, 2018, the City had no contractually required contributions payable to MERS and MPERS for the month of June 2018.

(15) Social Security System

Employees of the City of Scott who are not eligible to participate in any other retirement system are members of the Social Security System. The City and its employees contribute a percentage of each employee's salary to the System (7.65 percent contributed by the City; 7.65 percent contributed by the employee). The City's contributions during the years ending June 30, 2018, 2017, and 2016 amounted to \$170,332, \$180,048 and \$178,326, respectively.

(16) On-Behalf Payment of Salaries

The State of Louisiana paid the City’s policemen and firemen \$143,995 of supplemental pay during the year ended June 30, 2018. Such payments are recorded as intergovernmental revenues and public safety and general government expenditures in the government-wide and General Fund financial statements.

(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, nor have settlements exceeded coverage for the past three years.

(18) Litigation and Claims

At June 30, 2018, the City 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.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

(19) Utility Fund Contracts

- A. The City, 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 City purchased natural gas during the year ended June 30, 2018 in the amount of \$128,337, of which \$6,125 was owed for purchases for the month of June 2018.
- B. The City, 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 the fiscal year ended June 30, 2018 in the amount of \$955,275, of which \$80,287 was owed for purchases for the month of June 2018.

(20) Departmental Information for the Enterprise Fund

The City of Scott maintains one enterprise fund with three departments which provide gas, water, and sewerage services. Departmental information for the year ended June 30, 2018 is as follows:

	<u>Gas</u> <u>Department</u>	<u>Water</u> <u>Department</u>	<u>Sewerage</u> <u>Department</u>	<u>Garbage</u> <u>Department</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
Operating revenues	<u>\$ 498,592</u>	<u>\$ 1,333,527</u>	<u>\$ 610,285</u>	<u>\$ 865,688</u>	<u>\$ 3,308,092</u>
Operating expenses:					
Depreciation	20,554	168,391	294,026	-	482,971
Other	<u>449,957</u>	<u>1,262,852</u>	<u>223,843</u>	<u>858,556</u>	<u>2,795,208</u>
Total operating expenses	<u>470,511</u>	<u>1,431,243</u>	<u>517,869</u>	<u>858,556</u>	<u>3,278,179</u>
Operating income (loss)	<u>\$ 28,081</u>	<u>\$ (97,716)</u>	<u>\$ 92,416</u>	<u>\$ 7,132</u>	<u>\$ 29,913</u>

(21) Compensation of City Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2018 follows:

Purvis Morrison, Mayor	\$ 80,156
Aldermen:	
Jan-Scott Richard	16,482
Troy Bergeron	11,775
Doyle Boudreaux	11,775
Danny Hollier	11,775
Terry Montoucet	11,775
Total	<u>\$ 143,738</u>

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

(22) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to Purvis Morrison, Mayor, for the year ended June 30, 2018 follows:

Salary	\$ 80,156
Benefits - insurance	7,529
Benefits - retirement	10,752
Car allowance	7,200
Cell phone	1,203
Auto expense	2,370
Conference travel	2,003
Special meals	892
Other	87
Total	<u>\$ 112,192</u>

(23) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2018:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Major funds:		
Governmental funds -		
General Fund	\$ 832,166	\$ 620,030
1968 Sales Tax Special Revenue Fund	-	1,595,950
1984 Sales Tax Special Revenue Fund	481,959	2,289,081
Apollo EDD Sales Tax Special Revenue Fund	1,203,071	3,243
Sewer System Construction/Grants Capital Projects Fund	315,752	287,697
Proprietary Fund -		
Enterprise Fund	<u>2,008,136</u>	<u>45,083</u>
Total	<u>\$ 4,841,084</u>	<u>\$ 4,841,084</u>

These balances resulted from short-terms loans made to other funds. All interfund balances will be repaid within one year.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Transfers

Interfund transfers consisted of the following at June 30, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major funds:		
Governmental funds -		
General Fund	\$ 2,788,000	\$ -
1968 Sales Tax Special Revenue Fund	-	1,390,102
1984 Sales Tax Special Revenue Fund	-	1,555,450
Apollo EDD Sales Tax Special Revenue Fund	-	6,813,690
Sewer System Construction/Grants Fund	6,144,110	-
Sales Tax Bonds Fund	694,900	-
Proprietary Fund -		
Enterprise Fund	<u>1,835,102</u>	<u>1,702,870</u>
Total	<u>\$ 11,462,112</u>	<u>\$ 11,462,112</u>

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(24) Tax Abatement

Louisiana's State Constitution Chapter VII Section 21 authorizes the State Board of Commerce and Industry to create a ten (10) year ad valorem tax abatement program for new manufacturing establishments in the State. Under the terms of this program, qualified businesses may apply for an exemption of local ad valorem taxes on capital improvements and equipment related to manufacturing for the first ten years of its operation; after which the property will be added to the local tax roll and taxed at the value and millage in force at that time. The future value to this exempt property could be subject to significant fluctuations from today's value; however, the City could receive a substantial increase in ad valorem tax revenues once the exemption on this property expires. Because these taxes are not assessed, no adjustments have been made to the City's financial statements to record the exempt amounts. At June 30, 2018, the reduction in the City's ad valorem revenues as a result of these abatements was not considered material.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

(25) New Accounting Pronouncement

In June 2015, the GASB approved Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*” GASB Statement No. 75 addresses accounting and financial reporting for postemployment benefits other than pensions that are provided to employees of state and local government employers through OPEB plans that are administered through trusts or equivalent arrangements that meet the criteria established by this standard. The provisions of GASB Statement No. 75 were implemented by the City during the year ended June 30, 2018. The Statement established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. This resulted in a restatement of previously reported net position as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Enterprise Fund</u>
July 1, 2017 net position, as previously reported	\$19,881,434	\$17,622,158	\$37,503,592	\$17,622,158
Change in accounting principle: Net effect of implementing GASB Statement No. 75	<u>56,433</u>	<u>135,961</u>	<u>192,394</u>	<u>135,961</u>
July 1, 2017 net position, as restated	<u>\$19,937,867</u>	<u>\$17,758,119</u>	<u>\$37,695,986</u>	<u>\$17,758,119</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF SCOTT, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 765,400	\$ 799,162	\$ 789,385	\$ (9,777)
Licenses and permits	322,365	300,707	301,464	757
Intergovernmental	321,283	297,255	296,399	(856)
Fines and forfeits	284,050	311,055	310,114	(941)
Miscellaneous	32,800	49,207	59,208	10,001
Total revenues	<u>1,725,898</u>	<u>1,757,386</u>	<u>1,756,570</u>	<u>(816)</u>
Expenditures:				
General government:	1,010,914	1,096,446	1,093,289	3,157
Public safety:				
Police	2,453,844	2,523,347	2,522,809	538
Streets	686,948	731,526	731,509	17
Culture and tourism	53,339	60,667	58,632	2,035
Capital outlay	104,979	119,092	118,981	111
Total expenditures	<u>4,310,024</u>	<u>4,531,078</u>	<u>4,525,220</u>	<u>5,858</u>
Deficiency of revenues over expenditures	<u>(2,584,126)</u>	<u>(2,773,692)</u>	<u>(2,768,650)</u>	<u>5,042</u>
Other financing sources:				
Transfers from -				
Utility Fund	1,825,000	2,011,000	2,025,000	14,000
1984 Sales Tax Fund	763,000	763,000	763,000	-
Total other financing sources	<u>2,588,000</u>	<u>2,774,000</u>	<u>2,788,000</u>	<u>14,000</u>
Excess of revenues and other financing sources over expenditures	3,874	308	19,350	19,042
Fund balance, beginning	<u>1,226,839</u>	<u>1,226,839</u>	<u>1,226,839</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,230,713</u>	<u>\$ 1,227,147</u>	<u>\$ 1,246,189</u>	<u>\$ 19,042</u>

CITY OF SCOTT, LOUISIANA
1968 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 2,254,843	\$ 2,272,843	\$ 2,437,257	\$ 164,414
Miscellaneous - interest	19,000	30,975	37,059	6,084
Total revenues	<u>2,273,843</u>	<u>2,303,818</u>	<u>2,474,316</u>	<u>170,498</u>
Expenditures:				
General government	18,650	51,472	56,998	(5,526)
Streets	187,500	186,064	184,675	1,389
Capital outlay	581,300	401,381	379,606	21,775
Total expenditures	<u>787,450</u>	<u>638,917</u>	<u>621,279</u>	<u>17,638</u>
Excess of revenues over expenditures	1,486,393	1,664,901	1,853,037	188,136
Other financing uses:				
Transfers to other funds	(1,120,478)	(1,390,102)	(1,390,102)	-
Excess of revenues over expenditures and other uses	365,915	274,799	462,935	188,136
Fund balances, beginning	<u>667,538</u>	<u>667,538</u>	<u>667,538</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,033,453</u>	<u>\$ 942,337</u>	<u>\$ 1,130,473</u>	<u>\$ 188,136</u>

CITY OF SCOTT, LOUISIANA
1984 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$2,254,843	\$2,272,843	\$ 2,437,257	\$ 164,414
Miscellaneous - interest	12,000	33,287	33,622	335
Total revenues	<u>2,266,843</u>	<u>2,306,130</u>	<u>2,470,879</u>	<u>164,749</u>
Expenditures:				
General government	25,500	50,997	56,998	(6,001)
Public safety:				
Fire	435,239	479,961	498,688	(18,727)
Streets	110,600	91,250	104,203	(12,953)
Capital outlay	138,000	138,000	138,000	-
Total expenditures	<u>709,339</u>	<u>760,208</u>	<u>797,889</u>	<u>(37,681)</u>
Excess of revenues over expenditures	1,557,504	1,545,922	1,672,990	127,068
Other financing uses:				
Transfers to other funds	(1,555,450)	(1,555,450)	(1,555,450)	-
Excess (deficiency) of revenues over expenditures and other uses	2,054	(9,528)	117,540	127,068
Fund balances, beginning	<u>1,499,898</u>	<u>1,499,898</u>	<u>1,499,898</u>	-
Fund balances, ending	<u>\$ 1,501,952</u>	<u>\$ 1,490,370</u>	<u>\$ 1,617,438</u>	<u>\$ 127,068</u>

CITY OF SCOTT, LOUISIANA
Apollo Economic Development District Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 652,355	\$ 532,688	\$ 561,137	\$ 28,449
Miscellaneous	30,000	104,245	108,397	4,152
Total revenues	<u>682,355</u>	<u>636,933</u>	<u>669,534</u>	<u>32,601</u>
Expenditures:				
General government -				
Collection fees	-	4,950	5,423	(473)
Capital outlay	<u>543,000</u>	<u>391,006</u>	<u>410,010</u>	<u>(19,004)</u>
Total expenditures	<u>543,000</u>	<u>395,956</u>	<u>415,433</u>	<u>(19,477)</u>
Excess of revenues over expenditures	<u>139,355</u>	<u>240,977</u>	<u>254,101</u>	<u>13,124</u>
Other financing uses:				
Transfers to Sales Tax Bond Fund	(347,450)	(347,450)	(347,450)	-
Transfer to Sewer System Construction Fund	-	(6,129,785)	(6,144,110)	(14,325)
Transfer to Utility Fund	<u>(322,800)</u>	<u>(413,306)</u>	<u>(322,130)</u>	<u>91,176</u>
Total other financing uses	<u>(670,250)</u>	<u>(6,890,541)</u>	<u>(6,813,690)</u>	<u>76,851</u>
Deficiency of revenues over expenditures and other uses	(530,895)	(6,649,564)	(6,559,589)	89,975
Fund balances, beginning	<u>10,125,173</u>	<u>10,125,173</u>	<u>10,125,173</u>	<u>-</u>
Fund balances, ending	<u>\$ 9,594,278</u>	<u>\$ 3,475,609</u>	<u>\$ 3,565,584</u>	<u>\$ 89,975</u>

CITY OF SCOTT, LOUISIANA
Destination Point Economic Development District Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ 160,000	\$ 196,441	\$ 36,441
Miscellaneous	-	150	142	(8)
Total revenues	<u>-</u>	<u>160,150</u>	<u>196,583</u>	<u>36,433</u>
Expenditures:				
General government -				
Collection fees	<u>-</u>	<u>1,050</u>	<u>1,095</u>	<u>(45)</u>
Excess of revenues over expenditures	-	159,100	195,488	36,478
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 159,100</u>	<u>\$ 195,488</u>	<u>\$ -</u>

CITY OF SCOTT, LOUISIANA

Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2018

Total OPEB Liability:

Service Cost	\$ 12,839
Interest	26,488
Changes of benefit terms	-
Differences between expected and actual experience	7,348
Changes of assumptions	-
Benefit payments	<u>(21,956)</u>
Net changes	24,719
Total OPEB liability - beginning	<u>695,352</u>
Total OPEB liability - ending	720,071
Plan Fiduciary Net Position	<u>-</u>
Net OPEB liability	<u>\$ 720,071</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%
Covered employee payroll	2,432,936
Net OPEB liability as a percentage of covered-employee payroll	29.60%

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

CITY OF SCOTT, LOUISIANA

Schedule of Employer OPEB Contributions
For the Year Ended June 30, 2018

<u>Year Ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
2018	\$ 29,361	\$ 21,956	\$ (7,405)	\$ 2,432,936	0.90%

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

CITY OF SCOTT, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended June 30, 2018*

<u>Plan</u>	<u>Year Ended June 30,</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
MERS	2018	1.179990%	\$ 1,020,966	\$ 869,409	117.4%	63.49%
	2017	1.191381%	987,546	909,888	108.5%	63.34%
	2016	1.260809%	856,905	874,830	98.0%	68.71%
	2015	1.190261%	558,823	805,041	69.4%	76.94%
MPERS	2018	0.319637%	\$ 2,790,566	\$ 944,827	295.4%	70.08%
	2017	0.309268%	2,898,712	864,272	335.4%	66.04%
	2016	0.363479%	2,847,478	916,405	310.7%	70.73%
	2015	0.312685%	1,956,183	797,969	245.1%	75.10%

* The amounts presented have a measurement date of the previous fiscal year end.

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

CITY OF SCOTT, LOUISIANA

Schedule of Employer Contributions
For the Year Ended June 30, 2018

<u>Plan</u>	<u>Year Ended June 30,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractual Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
MERS	2018	\$ 118,184	\$ 118,184		\$ 891,955	13.25%
	2017	95,635	95,635	-	869,409	11.00%
	2016	87,512	87,512	-	909,888	9.62%
	2015	83,109	83,109	-	874,830	9.50%
MPERS	2018	\$ 356,713	\$ 356,713		\$ 1,160,042	30.75%
	2017	300,681	300,681	-	944,827	31.82%
	2016	255,601	255,601	-	864,272	29.57%
	2015	289,676	289,676	-	916,405	31.61%

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

CITY OF SCOTT, LOUISIANA

Notes to the Required Supplementary Information

(1) Budget and Budgetary Accounting

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

- a) 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.
- b) A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c) A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d) 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.
- e) 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.
- f) All budgetary appropriations lapse at the end of each fiscal year.
- g) 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.

(2) Pension Plans

Changes of Assumptions – Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plans.

(3) Other Postemployment Benefits

- a) Benefit changes – There were no changes in benefit terms.
- b) Changes of assumptions – There were no changes of assumptions.

OTHER SUPPLEMENTARY INFORMATION

CITY OF SCOTT, LOUISIANA

Statement of Net Position

June 30, 2018

With Comparative Totals as of June 30, 2017

	2018			2017 Totals
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 7,134,838	\$ 2,615,979	\$ 9,750,817	\$ 9,596,044
Investments	2,236,343	88,907	2,325,250	2,290,993
Receivables, net	501,444	451,191	952,635	896,834
Internal balances	(1,963,053)	1,963,053	-	-
Due from other governmental units	192,181	-	192,181	192,765
Prepaid items	94,974	17,770	112,744	71,623
Total current assets	<u>8,196,727</u>	<u>5,136,900</u>	<u>13,333,627</u>	<u>13,048,259</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	6,417,715	88,005	6,505,720	6,894,359
Investments	-	175,080	175,080	175,024
Capital assets:				
Land and construction in progress	3,321,672	2,345,132	5,666,804	4,990,453
Other capital assets	14,475,818	11,857,611	26,333,429	26,044,908
Total noncurrent assets	<u>24,215,205</u>	<u>14,465,828</u>	<u>38,681,033</u>	<u>38,104,744</u>
Total assets	<u>32,411,932</u>	<u>19,602,728</u>	<u>52,014,660</u>	<u>51,153,003</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	1,115,040	134,484	1,249,524	1,576,021
Deferred outflows of resources related to net OPEB obligation	5,530	1,410	6,940	-
Total deferred outflows of resources	<u>1,120,570</u>	<u>135,894</u>	<u>1,256,464</u>	<u>1,576,021</u>
LIABILITIES				
Current liabilities:				
Accounts and other payables	340,698	202,886	543,584	595,287
Unearned revenue	71,187	71,675	142,862	180,980
Capital lease payable	-	28,081	28,081	26,778
DHH water loan payable	-	31,000	31,000	20,000
Customers deposits payable	-	189,699	189,699	189,629
Bonds payable	425,000	-	425,000	410,000
Accrued interest payable	22,586	-	22,586	23,611
Total current liabilities	<u>859,471</u>	<u>523,341</u>	<u>1,382,812</u>	<u>1,446,285</u>
Noncurrent liabilities:				
Capital lease payable	-	-	-	28,081
Compensated absences payable	29,518	1,235	30,753	25,948
DHH water loan payable	-	699,748	699,748	491,364
Bonds payable	7,640,000	-	7,640,000	8,065,000
Net OPEB obligation payable	577,394	142,677	720,071	880,397
Net pension payable	3,464,404	347,128	3,811,532	3,886,258
Total noncurrent liabilities	<u>11,711,316</u>	<u>1,190,788</u>	<u>12,902,104</u>	<u>13,377,048</u>
Total liabilities	<u>12,570,787</u>	<u>1,714,129</u>	<u>14,284,916</u>	<u>14,823,333</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	253,434	15,561	268,995	402,099
NET POSITION				
Net investment in capital assets	9,918,593	13,517,300	23,435,893	22,664,712
Restricted for sales tax dedications	6,508,983	-	6,508,983	6,234,892
Restricted for capital expenditures	6,173,780	-	6,173,780	6,057,717
Restricted for debt service	251,019	-	251,019	238,536
Unrestricted (deficit)	(2,144,094)	4,491,632	2,347,538	2,307,735
Total net position	<u>\$ 20,708,281</u>	<u>\$ 18,008,932</u>	<u>\$38,717,213</u>	<u>\$ 37,503,592</u>

CITY OF SCOTT, LOUISIANA

Statement of Net Position

June 30, 2018

With Comparative Totals as of June 30, 2017

	2018			2017 Totals
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 7,134,838	\$ 2,615,979	\$ 9,750,817	\$ 9,596,044
Investments	2,236,343	88,907	2,325,250	2,290,993
Receivables, net	501,444	451,191	952,635	896,834
Internal balances	(1,963,053)	1,963,053	-	-
Due from other governmental units	192,181	-	192,181	192,765
Prepaid items	94,974	17,770	112,744	71,623
Total current assets	<u>8,196,727</u>	<u>5,136,900</u>	<u>13,333,627</u>	<u>13,048,259</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	6,417,715	88,005	6,505,720	6,894,359
Investments	-	175,080	175,080	175,024
Capital assets:				
Land and construction in progress	3,321,672	2,345,132	5,666,804	4,990,453
Other capital assets	14,475,818	11,857,611	26,333,429	26,044,908
Total noncurrent assets	<u>24,215,205</u>	<u>14,465,828</u>	<u>38,681,033</u>	<u>38,104,744</u>
Total assets	<u>32,411,932</u>	<u>19,602,728</u>	<u>52,014,660</u>	<u>51,153,003</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of resources related to pensions	1,115,040	134,484	1,249,524	1,576,021
Deferred outflows of resources related to net OPEB obligation	5,530	1,410	6,940	-
Total deferred outflows of resources	<u>1,120,570</u>	<u>135,894</u>	<u>1,256,464</u>	<u>1,576,021</u>
LIABILITIES				
Current liabilities:				
Accounts and other payables	340,698	202,886	543,584	595,287
Unearned revenue	71,187	71,675	142,862	180,980
Capital lease payable	-	28,081	28,081	26,778
DHH water loan payable	-	31,000	31,000	20,000
Customers deposits payable	-	189,699	189,699	189,629
Bonds payable	425,000	-	425,000	410,000
Accrued interest payable	22,586	-	22,586	23,611
Total current liabilities	<u>859,471</u>	<u>523,341</u>	<u>1,382,812</u>	<u>1,446,285</u>
Noncurrent liabilities:				
Capital lease payable	-	-	-	28,081
Compensated absences payable	29,518	1,235	30,753	25,948
DHH water loan payable	-	699,748	699,748	491,364
Bonds payable	7,640,000	-	7,640,000	8,065,000
Net OPEB obligation payable	577,394	142,677	720,071	880,397
Net pension payable	3,464,404	347,128	3,811,532	3,886,258
Total noncurrent liabilities	<u>11,711,316</u>	<u>1,190,788</u>	<u>12,902,104</u>	<u>13,377,048</u>
Total liabilities	<u>12,570,787</u>	<u>1,714,129</u>	<u>14,284,916</u>	<u>14,823,333</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources related to pensions	253,434	15,561	268,995	402,099
NET POSITION				
Net investment in capital assets	9,918,593	13,517,300	23,435,893	22,664,712
Restricted for sales tax dedications	6,508,983	-	6,508,983	6,234,892
Restricted for capital expenditures	6,173,780	-	6,173,780	6,057,717
Restricted for debt service	251,019	-	251,019	238,536
Unrestricted (deficit)	(2,144,094)	4,491,632	2,347,538	2,307,735
Total net position	<u>\$ 20,708,281</u>	<u>\$ 18,008,932</u>	<u>\$38,717,213</u>	<u>\$ 37,503,592</u>

CITY OF SCOTT, LOUISIANA

Balance Sheets

General and Special Revenue Funds

June 30, 2018

With Comparative Totals as of June 30, 2017

	General		1968 Sales Tax Special Revenue		1984 Sales Tax Special Revenue		Apollo Economic Development District Sales Tax Special Revenue		Destination Point Economic Development District Sales Tax Special Revenue	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	ASSETS									
Cash	\$ 113,492	\$ 282,358	\$ 36,890	\$ 37,122	\$ 314,757	\$ 283,208	\$ 660,848	\$ 656,278	\$ -	\$ -
Interest-bearing deposits	475,980	430,759	1,021,135	1,149,559	2,821,362	2,771,636	1,512,176	8,040,517	176,583	-
Investments	510,810	503,800	1,611,575	1,589,458	113,958	112,395	-	-	-	-
Receivables:										
Taxes	121	1,175	214,044	180,894	214,044	180,894	51,787	50,853	18,979	-
Accrued interest	-	-	296	131	296	131	193	160	27	-
Due from other funds	832,166	832,167	-	-	481,959	107,973	1,203,071	1,208,894	-	-
Due from other governmental units	6,078	10,006	-	-	-	-	186,103	186,103	-	-
Other	1,657	-	-	-	-	-	-	-	-	-
Prepaid items	94,974	58,226	-	-	-	-	-	-	-	-
Total assets	<u>\$ 2,035,278</u>	<u>\$ 2,118,491</u>	<u>\$ 2,883,940</u>	<u>\$ 2,957,164</u>	<u>\$ 3,946,376</u>	<u>\$ 3,456,237</u>	<u>\$ 3,614,178</u>	<u>\$ 10,142,805</u>	<u>\$ 195,589</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 115,761	\$ 177,409	\$ 53,775	\$ 102,955	\$ 15,568	\$ 16,781	\$ 22,929	\$ 13,893	\$ -	\$ -
Retainage payable	-	-	101,183	75,419	-	-	21,922	-	-	-
Accrued liabilities	3,653	2,887	2,559	2,224	2,747	2,330	500	496	101	-
Due to other funds	620,030	620,798	1,595,950	2,109,028	2,289,081	1,915,686	3,243	3,243	-	-
Unearned revenue	49,645	90,558	-	-	21,542	21,542	-	-	-	-
Total liabilities	<u>789,089</u>	<u>891,652</u>	<u>1,753,467</u>	<u>2,289,626</u>	<u>2,328,938</u>	<u>1,956,339</u>	<u>48,594</u>	<u>17,632</u>	<u>101</u>	<u>-</u>
Fund balances -										
Nonspendable (prepaid items)	94,974	58,226	-	-	-	-	-	-	-	-
Restricted - sales tax dedications	-	-	1,130,473	667,538	1,617,438	1,499,898	3,565,584	4,067,456	195,488	-
Restricted - capital expenditures	-	-	-	-	-	-	-	6,057,717	-	-
Unassigned	1,151,215	1,168,613	-	-	-	-	-	-	-	-
Total fund balances	<u>1,246,189</u>	<u>1,226,839</u>	<u>1,130,473</u>	<u>667,538</u>	<u>1,617,438</u>	<u>1,499,898</u>	<u>3,565,584</u>	<u>10,125,173</u>	<u>195,488</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,035,278</u>	<u>\$ 2,118,491</u>	<u>\$ 2,883,940</u>	<u>\$ 2,957,164</u>	<u>\$ 3,946,376</u>	<u>\$ 3,456,237</u>	<u>\$ 3,614,178</u>	<u>\$ 10,142,805</u>	<u>\$ 195,589</u>	<u>\$ -</u>

CITY OF SCOTT, LOUISIANA
General Fund

Detailed Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 259,000	\$ 263,928	\$250,110	\$(13,818)	\$ 251,638
Franchise -					
Electric	420,000	452,682	453,852	1,170	421,546
Natural gas	22,400	22,358	25,580	3,222	22,511
Cable TV	64,000	60,194	59,843	(351)	62,914
Total taxes	<u>765,400</u>	<u>799,162</u>	<u>789,385</u>	<u>(9,777)</u>	<u>758,609</u>
Licenses and permits:					
Liquor and beer licenses	8,440	8,850	9,450	600	8,400
Occupational licenses	26,000	24,115	25,440	1,325	25,570
Insurance occupational licenses	184,000	184,087	187,553	3,466	185,479
Building permits	80,000	61,390	58,494	(2,896)	85,726
Electrical permits	12,000	10,283	9,543	(740)	12,615
Other permits	11,925	11,982	10,984	(998)	11,937
Total licenses and permits	<u>322,365</u>	<u>300,707</u>	<u>301,464</u>	<u>757</u>	<u>329,727</u>
Intergovernmental:					
Office of Community Development	12,000	-	-	-	12,000
Department of Revenue and Taxation:					
Beer taxes	14,500	14,643	14,484	(159)	13,921
Department of Transportation:					
Grass cutting	9,460	9,460	9,460	-	9,460
Department of Public Safety					
Municipal fire and police supplemental pay	168,000	145,269	143,995	(1,274)	123,540
Local -					
LEDA tourism grants	7,500	27,750	28,327	577	3,298
Lafayette Parish School Board	109,823	100,133	100,133	-	65,161
Total intergovernmental	<u>321,283</u>	<u>297,255</u>	<u>296,399</u>	<u>(856)</u>	<u>227,380</u>

(continued)

CITY OF SCOTT, LOUISIANA
General Fund

Detailed Budgetary Comparison Schedule - Revenues (Continued)
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Actual	Variance with Final Budget Positive (Negative)	2017 Actual
	Budget				
	Original	Final			
Fines and forfeits:					
Fines and court costs - regular	180,000	152,929	151,219	(1,710)	139,799
Fines and court costs - LACE	103,050	158,061	158,830	769	101,203
Clerk of Court	<u>1,000</u>	<u>65</u>	<u>65</u>	<u>-</u>	<u>425</u>
Total fines and forfeits	<u>284,050</u>	<u>311,055</u>	<u>310,114</u>	<u>(941)</u>	<u>241,427</u>
Miscellaneous:					
Interest	5,200	12,182	12,960	778	5,468
Sale of assets	-	6,600	6,600	-	-
Sale of assets - police assets	-	810	810	-	-
Begnaud House inventory sales	600	2,000	2,223	223	1,146
Begnaud House event admission	3,000	276	276	-	2,921
Event Center revenues	22,000	24,500	28,800	4,300	27,100
Other police revenues	-	-	-	-	29,050
Other sources	<u>2,000</u>	<u>2,839</u>	<u>7,539</u>	<u>4,700</u>	<u>11,527</u>
Total miscellaneous	<u>32,800</u>	<u>49,207</u>	<u>59,208</u>	<u>10,001</u>	<u>77,212</u>
 Total revenues	 <u>\$1,725,898</u>	 <u>\$1,757,386</u>	 <u>\$1,756,570</u>	 <u>\$ (816)</u>	 <u>\$1,634,355</u>

CITY OF SCOTT, LOUISIANA
General Fund

Detailed Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
General government:					
Administration:					
Mayor and council salaries	\$ 143,738	\$ 143,739	\$ 149,267	\$ (5,528)	\$ 143,738
Other salaries	124,612	159,612	161,980	(2,368)	118,289
Payroll taxes	21,065	23,813	22,445	1,368	19,727
Retirement	19,302	31,769	27,701	4,068	18,193
Telephone and utilities	34,850	35,056	35,507	(451)	35,696
Advertising and publications	26,500	21,938	24,655	(2,717)	23,174
Repairs and maintenance	35,400	53,011	50,116	2,895	37,219
Dues and conventions	16,000	13,348	9,898	3,450	8,670
Legal fees	117,500	109,317	109,115	202	101,429
Government relations and consultin	96,000	96,000	96,000	-	98,500
Accounting and auditing	31,300	35,337	35,712	(375)	28,610
Computer service	5,000	10,623	9,340	1,283	5,345
General insurance	54,568	62,682	62,669	13	70,876
Group insurance	22,460	32,367	31,919	448	26,865
Office expenditures	44,550	48,147	50,038	(1,891)	46,776
Uniforms	4,500	581	581	-	1,208
Scott business appreciation	4,000	3,601	3,601	-	3,256
Council on Aging	6,000	6,000	6,000	-	6,000
Cultural activities	6,381	6,022	6,194	(172)	7,178
Collection fees	880	8,900	8,936	(36)	8,892
Miscellaneous	1,600	1,689	1,535	154	3,393
	<u>816,206</u>	<u>903,552</u>	<u>903,209</u>	<u>343</u>	<u>813,034</u>
Code Department:					
Salaries	89,334	89,602	92,987	(3,385)	88,078
Payroll taxes and retirement	18,850	18,905	18,761	144	14,782
Group insurance	14,974	15,317	15,320	(3)	13,948
Building permits	70,800	68,194	62,135	6,059	80,610
Training	750	876	877	(1)	747
	<u>194,708</u>	<u>192,894</u>	<u>190,080</u>	<u>2,814</u>	<u>198,165</u>
Total general government	<u>1,010,914</u>	<u>1,096,446</u>	<u>1,093,289</u>	<u>3,157</u>	<u>1,011,199</u>

(continued)

CITY OF SCOTT, LOUISIANA
General Fund

Detailed Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Actual	Variance with Final Budget Positive (Negative)	2017 Actual
	Budget				
	Original	Final			
Public safety:					
Police -					
Salaries	1,260,939	1,328,959	1,332,044	(3,085)	1,125,484
Salaries - Chief	78,170	78,170	81,001	(2,831)	78,170
Payroll taxes	105,120	103,271	109,238	(5,967)	92,635
Retirement	343,945	351,523	357,539	(6,016)	303,153
Vehicle allowance	7,200	7,200	7,200	-	7,200
Auto fuel and oil	92,200	85,000	71,960	13,040	67,363
Uniforms and supplies	34,500	32,839	30,730	2,109	40,656
Training, lodging and travel	15,000	15,000	12,606	2,394	10,211
Dues and subscriptions	8,000	10,000	9,810	190	7,894
General insurance	152,895	152,895	166,280	(13,385)	190,555
Group insurance	188,000	194,728	196,165	(1,437)	175,407
Advertising	3,000	2,445	2,344	101	2,127
Miscellaneous	5,500	500	463	37	346
Auto repairs and maintenance	50,000	50,000	39,706	10,294	47,920
Firearms and ammunition	5,000	4,983	4,983	-	4,962
Telephone and utilities	32,200	30,722	28,374	2,348	27,705
Computer services	20,000	20,000	18,138	1,862	14,498
Office repairs and maintenance	35,500	35,700	35,766	(66)	30,350
Office supplies	12,500	15,300	15,399	(99)	15,027
Civil service -					
Contract services	2,175	2,112	1,760	352	-
Office supplies/miscellaneous	2,000	2,000	1,303	697	2,000
Total public safety	<u>2,453,844</u>	<u>2,523,347</u>	<u>2,522,809</u>	<u>538</u>	<u>2,243,663</u>

(continued)

CITY OF SCOTT, LOUISIANA
General Fund

Detailed Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018				
	Budget		Actual	Variance with Final Budget	2017 Actual
	Original	Final		Positive (Negative)	
Streets:					
Salaries	333,376	355,879	356,694	(815)	338,181
Retirement	44,172	45,166	47,466	(2,300)	30,776
Payroll taxes	26,170	26,759	26,514	245	27,472
Street lighting	72,000	74,892	74,570	322	73,624
General insurance	88,280	99,698	98,893	805	117,074
Group insurance	35,000	42,669	39,679	2,990	34,974
Dues and subscriptions	6,000	7,417	5,585	1,832	5,237
Utilities	7,600	8,288	8,723	(435)	8,024
Engineering	5,000	-	-	-	1,665
Repairs and maintenance	61,000	64,390	67,507	(3,117)	71,329
Uniforms	2,300	3,104	3,104	-	2,162
Install/remove Christmas decorations	1,650	1,802	1,802	-	1,616
Miscellaneous	4,400	1,462	972	490	1,540
Total streets	<u>686,948</u>	<u>731,526</u>	<u>731,509</u>	<u>17</u>	<u>713,674</u>
Culture and tourism:					
Begnaud House -					
Salaries	14,867	17,528	17,927	(399)	15,060
Payroll taxes	1,167	1,376	1,405	(29)	1,294
General insurance	1,933	1,672	1,898	(226)	1,318
Cost of sales	500	459	423	36	130
Telephone and utilities	5,400	7,038	6,461	577	5,240
Advertising and marketing	2,200	493	493	-	3,310
Events	750	214	214	-	750
Office expenditures	949	2,436	1,918	518	1,568
Building and grounds maintenance	350	3,150	1,410	1,740	825
Conferences	100	228	198	30	-
Miscellaneous	100	-	900	(900)	840
Total Begnaud House	<u>28,316</u>	<u>34,594</u>	<u>33,247</u>	<u>1,347</u>	<u>30,335</u>
Scott Event Center -					
Contract labor	8,000	7,610	7,260	350	5,475
General insurance	1,350	1,414	3,072	(1,658)	1,334
Utilities	7,000	6,589	6,634	(45)	6,625
Repairs and maintenance	3,750	4,799	3,357	1,442	4,651
Supplies	1,450	3,000	2,455	545	1,070
Advertisements	800	-	-	-	-
Miscellaneous	100	229	229	-	605
Total Scott Event Center	<u>22,450</u>	<u>23,641</u>	<u>23,007</u>	<u>634</u>	<u>19,760</u>

(continued)

CITY OF SCOTT, LOUISIANA
General Fund

Detailed Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018				2017 Actual
	Budget		Actual	Variance with Final Budget Positive (Negative)	
	Original	Final			
Scott Community Center -					
General insurance	623	652	632	20	667
Repairs and maintenance	250	296	437	(141)	1,023
Telephone and utilities	1,700	1,484	1,309	175	1,669
Total Scott Community Center	<u>2,573</u>	<u>2,432</u>	<u>2,378</u>	<u>54</u>	<u>3,359</u>
Total culture and recreation	<u>53,339</u>	<u>60,667</u>	<u>58,632</u>	<u>2,035</u>	<u>53,454</u>
Capital outlay:					
General government -					
Computer and equipment	3,000	6,224	4,170	2,054	113,138
Air conditioner	-	-	-	-	13,050
Painting and cleaning carpet	-	3,000	2,055	945	10,496
Public safety -					
Police:					
Automobiles	70,200	70,352	76,168	(5,816)	139,061
Equipment	10,340	10,340	6,795	3,545	9,161
Computer server	-	-	-	-	8,650
Bullet proof vests	2,700	2,208	552	1,656	1,788
Highways and streets -					
Weatherization	2,839	-	-	-	50,000
Culture and tourism -					
Economic development	15,000	26,023	26,831	(808)	-
Event Center equipment	900	945	2,410	(1,465)	-
Begnaud House improvements	-	-	-	-	1,515
Total capital outlay	<u>104,979</u>	<u>119,092</u>	<u>118,981</u>	<u>111</u>	<u>346,859</u>
Total expenditures	<u>\$4,310,024</u>	<u>\$4,531,078</u>	<u>\$4,525,220</u>	<u>\$ 5,858</u>	<u>\$4,368,849</u>

CITY OF SCOTT, LOUISIANA
Special Revenue Fund
1968 Sales Tax Fund

Detailed Budgetary Comparison Schedule
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 2,254,843	\$2,272,843	\$2,437,257	\$ 164,414	\$2,158,111
Intergovernmental -					
Federal grant	-	-	-	-	75,467
Miscellaneous - interest	19,000	30,975	37,059	6,084	18,012
Total revenues	<u>2,273,843</u>	<u>2,303,818</u>	<u>2,474,316</u>	<u>170,498</u>	<u>2,251,590</u>
Expenditures:					
General government -					
Collection fees	-	29,727	35,893	(6,166)	21,599
Professional fees	18,650	21,745	21,105	640	16,830
Total general government	<u>18,650</u>	<u>51,472</u>	<u>56,998</u>	<u>(5,526)</u>	<u>38,429</u>
Streets -					
Supplies and repairs	60,000	42,000	41,510	490	93,848
Herbicide program	42,500	15,730	14,865	865	29,730
Engineering fees - annexations, etc.	85,000	128,334	128,300	34	129,713
Total streets	<u>187,500</u>	<u>186,064</u>	<u>184,675</u>	<u>1,389</u>	<u>253,291</u>
Capital outlay -					
Streets:					
Blacktop - various streets	363,000	318,016	303,478	14,538	397,722
Detention ponds	150,000	34,600	27,531	7,069	37,210
Christmas decorations	4,700	4,711	4,711	-	5,086
School lights, camera, air compressor, trailer	-	-	-	-	23,393
Roundabout study	5,800	-	-	-	17,921
Engineer to repeal flood maps	1,500	6,054	6,054	-	69,673
Cameras/DVR for shop	3,800	3,000	3,000	-	-
Electric gate	12,500	12,500	12,500	-	-
Apollo Road roundabout	-	-	-	-	43,551
Bridge repairs	-	10,500	10,500	-	-
Street truck	-	-	-	-	10,000
Drainage improvements	40,000	12,000	11,832	168	-
Drainage study Lateral 8C	-	-	-	-	100,878
Total capital outlay	<u>581,300</u>	<u>401,381</u>	<u>379,606</u>	<u>21,775</u>	<u>705,434</u>
Total expenditures	<u>787,450</u>	<u>638,917</u>	<u>621,279</u>	<u>17,638</u>	<u>997,154</u>
Excess of revenues over expenditures	<u>1,486,393</u>	<u>1,664,901</u>	<u>1,853,037</u>	<u>188,136</u>	<u>1,254,436</u>

(continued)

CITY OF SCOTT, LOUISIANA
Special Revenue Fund
1968 Sales Tax Fund

Detailed Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Actual	Variance with Final Budget Positive (Negative)	2017 Actual
	Budget				
	Original	Final			
Other financing uses:					
Transfers to -					
Utility Fund	(1,120,478)	(1,390,102)	(1,390,102)	-	(3,061,193)
Capital Projects Fund	-	-	-	-	(72,991)
Total other financing uses	<u>(1,120,478)</u>	<u>(1,390,102)</u>	<u>(1,390,102)</u>	<u>-</u>	<u>(3,134,184)</u>
Excess (deficiency) of revenues over expenditures and other uses	365,915	274,799	462,935	188,136	(1,879,748)
Fund balance, beginning	<u>667,538</u>	<u>667,538</u>	<u>667,538</u>	<u>-</u>	<u>2,547,286</u>
Fund balance, ending	<u>\$ 1,033,453</u>	<u>\$ 942,337</u>	<u>\$ 1,130,473</u>	<u>\$ 188,136</u>	<u>\$ 667,538</u>

CITY OF SCOTT, LOUISIANA
Special Revenue Fund
1984 Sales Tax Fund

Detailed Budgetary Comparison Schedule
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$2,254,843	\$2,272,843	\$2,437,257	\$164,414	\$2,158,111
Miscellaneous - interest	12,000	33,287	33,622	335	13,054
Total revenues	<u>2,266,843</u>	<u>2,306,130</u>	<u>2,470,879</u>	<u>164,749</u>	<u>2,171,165</u>
Expenditures:					
General government -					
Sales tax collection fee	9,000	29,727	35,893	(6,166)	21,599
Professional fees	16,500	21,270	21,105	165	17,170
Total general government	<u>25,500</u>	<u>50,997</u>	<u>56,998</u>	<u>(6,001)</u>	<u>38,769</u>
Public safety - fire					
Contract	75,000	75,000	75,000	-	50,000
Telephone and supplies	2,110	2,102	2,099	3	2,099
Uniforms	2,500	350	3,573	(3,223)	2,335
Professional fees	18,000	22,125	16,290	5,835	15,706
Salaries and benefits	250,931	293,487	304,275	(10,788)	215,577
Payroll taxes	19,698	23,039	23,883	(844)	17,705
Contract labor	50,000	50,000	56,000	(6,000)	8,150
Insurance	17,000	13,858	17,568	(3,710)	17,524
Total public safety	<u>435,239</u>	<u>479,961</u>	<u>498,688</u>	<u>(18,727)</u>	<u>329,096</u>
Streets -					
Vehicle and equipment repairs and maintenance	48,900	56,117	69,056	(12,939)	56,243
Equipment lease	61,700	35,133	35,147	(14)	35,147
Total streets	<u>110,600</u>	<u>91,250</u>	<u>104,203</u>	<u>(12,953)</u>	<u>91,390</u>
Capital outlay -					
Culture and recreation	138,000	138,000	138,000	-	-
Total expenditures	<u>709,339</u>	<u>760,208</u>	<u>797,889</u>	<u>(37,681)</u>	<u>459,255</u>
Excess of revenues over expenditures	<u>1,557,504</u>	<u>1,545,922</u>	<u>1,672,990</u>	<u>127,068</u>	<u>1,711,910</u>

(continued)

CITY OF SCOTT, LOUISIANA
Special Revenue Fund
1984 Sales Tax Fund

Detailed Budgetary Comparison Schedule (Continued)
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
Other financing uses -					
Transfers to:					
Utility Fund	(445,000)	(445,000)	(445,000)	-	-
Sales Tax Bond Fund	(347,450)	(347,450)	(347,450)	-	(346,663)
General Fund	(763,000)	(763,000)	(763,000)	-	(750,000)
Total other financing uses	<u>(1,555,450)</u>	<u>(1,555,450)</u>	<u>(1,555,450)</u>	-	<u>(1,096,663)</u>
Excess (deficiency) of revenues over expenditures and other uses	2,054	(9,528)	117,540	127,068	615,247
Fund balance, beginning	<u>1,499,898</u>	<u>1,499,898</u>	<u>1,499,898</u>	-	<u>884,651</u>
Fund balance, ending	<u>\$ 1,501,952</u>	<u>\$ 1,490,370</u>	<u>\$ 1,617,438</u>	<u>\$ 127,068</u>	<u>\$ 1,499,898</u>

CITY OF SCOTT, LOUISIANA
Special Revenue Fund
Apollo Economic Development District Sales Tax Special Revenue Fund

Detailed Budgetary Comparison Schedule
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018			Variance with Final Budget Positive (Negative)	2017 Actual
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 652,355	\$ 532,688	\$ 561,137	\$ 28,449	\$ 643,629
Intergovernmental - State grant	-	-	-	-	1,399,300
Miscellaneous	<u>30,000</u>	<u>104,245</u>	<u>108,397</u>	<u>4,152</u>	<u>37,677</u>
Total revenues	<u>682,355</u>	<u>636,933</u>	<u>669,534</u>	<u>32,601</u>	<u>\$ 2,080,606</u>
Expenditures:					
General government - Collection fees	-	4,950	5,423	(473)	6,094
Capital outlay	<u>543,000</u>	<u>391,006</u>	<u>410,010</u>	<u>(19,004)</u>	<u>372,999</u>
Total expenditures	<u>543,000</u>	<u>395,956</u>	<u>415,433</u>	<u>(19,477)</u>	<u>379,093</u>
Excess of revenues over expenditures	<u>139,355</u>	<u>240,977</u>	<u>254,101</u>	<u>13,124</u>	<u>1,701,513</u>
Other financing uses:					
Transfers to Sales Tax Bond Fund	(347,450)	(347,450)	(347,450)	-	(346,663)
Transfer to Sewer System Construction Fund	-	(6,129,785)	(6,144,110)	(14,325)	-
Transfer to Utility Fund	<u>(322,800)</u>	<u>(413,306)</u>	<u>(322,130)</u>	<u>91,176</u>	<u>-</u>
Total other financing uses	<u>(670,250)</u>	<u>(6,890,541)</u>	<u>(6,813,690)</u>	<u>76,851</u>	<u>(346,663)</u>
Excess (deficiency) of revenues over expenditures and other uses	(530,895)	(6,649,564)	(6,559,589)	89,975	1,354,850
Fund balances, beginning	<u>10,125,173</u>	<u>10,125,173</u>	<u>10,125,173</u>	<u>-</u>	<u>8,770,323</u>
Fund balances, ending	<u>\$9,594,278</u>	<u>\$3,475,609</u>	<u>\$3,565,584</u>	<u>\$ 89,975</u>	<u>\$10,125,173</u>

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

Detailed Budgetary Comparison Schedule
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018				2017 Actual
	Budget		Actual	Variance - Favorable (Unfavorable)	
	Original	Final			
Revenues:					
Intergovernmental -					
LCDBG sewer grant	\$ -	\$ -	\$ -	\$ -	\$ 71,003
Corporate contributions	-	97,990	109,470	11,480	-
Total revenues	-	97,990	109,470	11,480	71,003
Expenditures:					
Capital outlay -					
Louisiana Plating & Coating roads	-	78,200	79,800	(1,600)	-
Excess of revenues over expenditures	-	19,790	29,670	13,080	71,003
Other financing sources (uses):					
Transfer from 1968 Sales Tax Fund	-	-	-	-	72,991
Transfer from Apollo EDD Sales Tax Fund	-	6,129,785	6,144,110	14,325	-
Transfers to Utility Fund	-	-	-	-	(143,994)
Total other financing sources (uses)	-	6,129,785	6,144,110	14,325	(71,003)
Excess of revenues and other financing sources over expenditures and other uses	-	6,149,575	6,173,780	27,405	-
Fund balance, beginning	-	-	-	-	-
Fund balance, ending	\$ -	\$6,149,575	\$6,173,780	\$27,405	\$ -

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

Detailed Budgetary Comparison Schedule
For the Year Ended June 30, 2018
With Comparative Actual Amounts for the Year Ended June 30, 2017

	2018		Actual	Variance- Favorable (Unfavorable)	2017 Actual
	Budget				
	Original	Final			
Revenues:					
Miscellaneous - interest	\$ 1,200	\$ 3,830	\$ 3,773	\$ (57)	\$ 1,305
Expenditures					
Debt service -					
Principal retirement	410,000	410,000	410,000	-	400,000
Interest	277,175	277,175	277,175	-	288,326
Paying agents' fees	1,630	1,630	40	1,590	1,655
Total debt service	<u>688,805</u>	<u>688,805</u>	<u>687,215</u>	<u>1,590</u>	<u>689,981</u>
Deficiency of revenues over expenditures	<u>(687,605)</u>	<u>(684,975)</u>	<u>(683,442)</u>	<u>(1,647)</u>	<u>(688,676)</u>
Other financing sources:					
Transfers from 1984 Sales Tax Fund	347,450	347,450	347,450	-	346,663
Transfers from Apollo EDD Sales Tax Fund	347,450	347,450	347,450	-	346,663
Total other financing sources	<u>694,900</u>	<u>694,900</u>	<u>694,900</u>	<u>-</u>	<u>693,326</u>
Excess of revenues and other financing sources over expenditures	7,295	9,925	11,458	(1,647)	4,650
Fund balance, beginning	<u>262,147</u>	<u>262,147</u>	<u>262,147</u>	<u>-</u>	<u>257,497</u>
Fund balance, ending	<u>\$ 269,442</u>	<u>\$ 272,072</u>	<u>\$ 273,605</u>	<u>\$ (1,647)</u>	<u>\$ 262,147</u>

CITY OF SCOTT, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2018 and 2017

Records maintained by the City indicated the following number of customers were being serviced during the month of June, 2018 and 2017:

<u>Department</u>	<u>2018</u>	<u>2017</u>
Gas (metered)	544	545
Water (metered)	3,109	3,123
Sewerage	1,910	1,919
Garbage	2,868	2,897

CITY OF SCOTT, LOUISIANA

Schedule of Insurance In Force
(Unaudited)
June 30, 2018

Description of Coverage	Coverage Amounts
Workmen's compensation - Employer's liability	Statutory \$100,000
Surety bonds - On public employees	250,000
Comprehensive general liability, bodily injury and property damage	500,000
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
Comprehensive auto liability, bodily injury and property damage	500,000
Vehicle physical damage	1,713,702
Fire and lighting, extended coverage, vandalism malicious mischief - Properties located on Lions Club Road: City Hall and Emergency Services Buildings Community Center and Event Center Public Works and Maintenance Department buildings Parking and storage buildings Properties located on Mills Street: Wastewater plant and Dewatering building Property located on Benoit Patin Road: Welcome Center	6,654,174
Equipment breakdown coverage Comprehensive coverage including property damage \$2,500 deductible	7,385,835
Special equipment floater	996,025
Flood Insurance Buildings and contents	901,900

CITY OF SCOTT, LOUISIANA

Combined Schedule of Interest-Bearing Deposits and Investments - All Funds
June 30, 2018

	<u>Financial Institution</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Amount</u>
Major governmental funds:						
General Fund -						
Certificate of deposit	H	03/29/17	06/29/19	27 months	1.34%	\$ 123,052
Money market investment account	H	N/A	N/A	N/A	Variable	66,613
Money market investment account	H	N/A	N/A	N/A	Variable	142,374
Money market investment account	H	N/A	N/A	N/A	Variable	96,117
Money market investment account	H	N/A	N/A	N/A	Variable	46,779
Money market investment account	H	N/A	N/A	N/A	Variable	1,045
Total General Fund						<u>475,980</u>
1968 Sales Tax Fund -						
Certificate of deposit	H	11/06/16	11/06/18	24 months	0.45%	585,071
Money market investment account	H	N/A	N/A	N/A	Variable	436,064
Total 1968 Sales Tax Fund						<u>1,021,135</u>
1984 Sales Tax Fund -						
Certificate of deposit	H	11/06/16	11/06/18	24 months	0.45%	585,071
Certificate of deposit	H	06/24/17	06/24/19	24 months	0.45%	548,514
Money market investment account	H	N/A	N/A	N/A	Variable	1,687,777
Total 1984 Sales Tax Fund						<u>2,821,362</u>
Apollo EDD Sales Tax Fund -						
Certificate of deposit	SM	04/28/17	10/28/18	18 months	0.15%	470,041
Certificate of deposit	H	05/26/17	08/26/19	27 months	1.34%	515,840
Money market investment account	H	N/A	N/A	N/A	Variable	526,295
Total TIF District Sales Tax Fund						<u>1,512,176</u>
Destination Point EDD Sales Tax Fund -						
Money market investment account	H	N/A	N/A	N/A	Variable	176,583
Debt Service Fund -						
Sales Tax Bonds Fund:						
Money market investment account	H	N/A	N/A	N/A	Variable	273,605
Capital Projects Fund -						
Sewer System Construction Fund:						
Money market investment account	H	N/A	N/A	N/A	Variable	6,144,110
Total major governmental funds						<u>12,424,951</u>

(continued)

CITY OF SCOTT, LOUISIANA

Combined Schedule of Interest-Bearing Deposits and Investments - All Funds (Continued)
June 30, 2018

	<u>Financial Institution</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Term</u>	<u>Interest Rate</u>	<u>Amount</u>
Utility Fund:						
Unrestricted -						
Certificate of deposit	C	03/23/16	09/19/16	180 days	0.05%	685,749
Certificate of deposit	H	11/06/16	11/06/18	24 months	0.45%	1,048,402
Money market investment account	H	N/A	N/A	N/A	Variable	95,107
Restricted -						
Money market investment account	H	N/A	N/A	N/A	Variable	14,605
Total Utility Fund						<u>1,843,863</u>
Total interest-bearing deposits						<u>14,268,814</u>
Investments:						
General Fund -						
Lamp		N/A	N/A	N/A	Variable	510,810
1968 Sales Tax Fund -						
Lamp		N/A	N/A	N/A	Variable	1,611,575
1984 Sales Tax Fund -						
Lamp		N/A	N/A	N/A	Variable	113,958
Utility Fund -						
Unrestricted - Lamp		N/A	N/A	N/A	Variable	88,907
Restricted - Customer deposits - Lamp		N/A	N/A	N/A	Variable	175,080
Total investments						<u>2,500,330</u>
Total interest-bearing deposits and investments						<u>\$ 16,769,144</u>

Financial Institution:

C Chase Bank
H Home Bank
I Iberia Bank
SM St. Martin Bank

CITY OF SCOTT, LOUISIANA

Comparative Statement of Net Position
Proprietary Fund
June 30, 2018 and 2017

	Enterprise Fund	
	2018	2017
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 2,615,979	\$ 2,001,523
Investments	88,907	85,340
Receivables:		
Accounts, net of allowance for doubtful accounts	312,306	396,376
Unbilled utility receivables	136,079	82,781
Accrued interest receivable	2,806	95
Due from other funds	2,008,136	2,545,606
Prepaid items	17,770	13,397
Total current assets	<u>5,181,983</u>	<u>5,125,118</u>
Noncurrent assets:		
Restricted assets -		
Interest-bearing deposits	88,005	574,495
Investments	175,080	175,024
Capital assets -		
Land and construction in progress	2,345,132	2,289,700
Other capital assets, net of accumulated depreciation	<u>11,857,611</u>	<u>11,047,338</u>
Total noncurrent assets	<u>14,465,828</u>	<u>14,086,557</u>
Total assets	<u>19,647,811</u>	<u>19,211,675</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	134,484	167,532
Deferred outflows of resources related to net OPEB obligation	1,410	-
Total deferred outflows of resources	<u>135,894</u>	<u>167,532</u>
LIABILITIES		
Current liabilities:		
Accounts payable	200,215	196,658
Accrued liabilities	2,671	4,236
Unearned revenue	71,675	68,880
Capital lease payable	28,081	26,778
DHH water loan payable	31,000	20,000
Customers' deposits payable	189,699	189,629
Due to other funds	45,083	45,083
Total current liabilities	<u>568,424</u>	<u>551,264</u>
Noncurrent liabilities:		
Capital lease payable	-	28,081
Compensated absences payable	1,235	914
DHH water loan payable	699,748	491,364
Net OPEB obligation payable	142,677	273,560
Net pension liability	347,128	395,018
Total noncurrent liabilities	<u>1,190,788</u>	<u>1,188,937</u>
Total liabilities	<u>1,759,212</u>	<u>1,740,201</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	<u>15,561</u>	<u>16,848</u>
NET POSITION		
Net investment in capital assets	13,517,300	13,330,705
Unrestricted	4,491,632	4,291,453
Total net position	<u>\$ 18,008,932</u>	<u>\$ 17,622,158</u>

CITY OF SCOTT, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position -
Proprietary Fund

For the Years Ended June 30, 2018 and 2017

	Enterprise Fund	
	2018	2017
Operating revenues:		
Charges for services -		
Gas charges	\$ 487,886	\$ 519,797
Water service charges	1,286,418	1,203,343
Sewer service charges	595,141	520,069
Garbage service charges	855,782	797,227
Penalties, permits and connection fees	82,865	115,334
Total operating revenues	<u>3,308,092</u>	<u>3,155,770</u>
Operating expenses:		
Salaries	331,505	355,862
Retirement	34,968	99,185
OPEB expense (benefit)	3,664	7,309
Meter reader expense	-	50,440
Disposal charges	2,934	4,233
Gas and water purchases	1,083,612	935,445
Garbage collection fees	858,556	808,050
Supplies and repairs	170,457	231,483
Utilities and telephone	47,888	47,961
Professional fees	28,304	22,274
General insurance	75,610	78,995
Group health insurance	54,557	62,237
Office expense	15,050	11,782
Payroll taxes	24,728	26,340
Truck expenses	14,837	20,625
Training	3,245	1,904
Uniforms	4,117	4,341
Bad debts	41,120	29,463
Depreciation expense	482,971	450,046
Miscellaneous	56	120
Total operating expenses	<u>3,278,179</u>	<u>3,248,095</u>
Operating income (loss)	<u>29,913</u>	<u>(92,325)</u>

(continued)

CITY OF SCOTT, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund (Continued)

For the Years Ended June 30, 2018 and 2017

	Enterprise Fund	
	2018	2017
Nonoperating revenues (expenses):		
Nonemployer pension contribution	9,989	11,734
Interest income	15,899	7,397
Interest expense	(16,590)	(3,911)
Total nonoperating revenues (expenses)	9,298	15,220
Income (loss) before capital contributions and transfers	39,211	(77,105)
Capital contributions	79,370	133,105
Transfers in (out):		
Transfers from 1984 Sales Tax Fund	445,000	-
Transfers from 1968 Sales Tax Fund	1,390,102	3,061,193
Transfers from Sewer System Construction Fund	-	143,994
Transfers to Apollo EDD Sales Tax Fund	322,130	-
Transfers to General Fund	(2,025,000)	(1,750,000)
Total transfers in (out)	132,232	1,455,187
Change in net position	250,813	1,511,187
Net position, beginning, as restated	17,758,119	16,110,971
Net position, ending	\$ 18,008,932	\$ 17,622,158

CITY OF SCOTT, LOUISIANA

Comparative Statement of Cash Flows
 Proprietary Fund
 For the Years Ended June 30, 2018 and 2017

	Enterprise Fund	
	2018	2017
Cash flows from operating activities:		
Receipts from customers	\$ 3,336,069	\$ 3,030,308
Payments to suppliers	(2,338,588)	(2,189,863)
Payments to employees	(455,562)	(489,383)
Net cash provided by operating activities	<u>541,919</u>	<u>351,062</u>
Cash flows from noncapital financing activities:		
Cash received from (paid to) other funds	537,470	(56,033)
Net proceeds from meter deposits	70	735
Transfers from other funds	1,835,102	3,205,187
Transfers to other funds	(1,702,870)	(1,750,000)
Net cash provided by noncapital financing activities	<u>669,772</u>	<u>1,399,889</u>
Cash flows from capital and related financing activities:		
Proceeds from DHH water loan	239,384	511,364
Payment on DHH water loan	(20,000)	-
Interest on DHH water loan	(13,921)	-
Payment of capital lease	(26,778)	(25,536)
Interest on capital lease	(2,669)	(3,911)
Capital contributions	79,370	133,105
Acquisition of property, plant and equipment	(1,348,676)	(2,163,841)
Net cash used by capital and related financing activities	<u>(1,093,290)</u>	<u>(1,548,819)</u>
Cash flows from investing activities:		
Proceeds of investments and interest-bearing deposits with maturity in excess of ninety days	1,994,515	1,987,676
Purchase of investments and interest-bearing deposits with maturity in excess of ninety days	(1,998,138)	(1,994,515)
Interest on investments	13,188	7,397
Net cash provided by investing activities	<u>9,565</u>	<u>558</u>
Net increase in cash and cash equivalents	127,966	202,690
Cash and cash equivalents, beginning of period	<u>841,867</u>	<u>639,177</u>
Cash and cash equivalents, end of period	<u>\$ 969,833</u>	<u>\$ 841,867</u>

(continued)

CITY OF SCOTT, LOUISIANA

Comparative Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Years Ended June 30, 2018 and 2017

	Enterprise Fund	
	2018	2017
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 29,913	\$ (92,325)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	482,971	450,046
Pension and OPEB expense	(2,472)	68,856
Provision for uncollectible accounts	11,538	8,627
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	72,532	(136,251)
(Increase) decrease in unbilled utility receivables	(53,298)	6,658
(Increase) decrease in prepaid items	(4,373)	2,249
Increase in accounts payable	3,557	36,837
Increase (decrease) in accrued liabilities	(1,565)	2,133
Increase in unearned revenue	2,795	4,496
Increase (decrease) in compensated absences payable	321	(264)
Net cash provided by operating activities	541,919	351,062
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash and interest-bearing deposits - unrestricted	\$ 2,001,523	\$ 2,355,422
Interest-bearing deposits - restricted	574,495	12,825
Less: Interest-bearing deposits with maturity in excess of 90 days	(1,734,151)	(1,729,070)
Total cash and cash equivalents, beginning of period	841,867	639,177
Cash and cash equivalents, end of period -		
Cash and interest-bearing deposits - unrestricted	2,615,979	2,001,523
Interest-bearing deposits - restricted	88,005	574,495
Less: Interest-bearing deposits with maturity in excess of 90 days	(1,734,151)	(1,734,151)
Total cash and cash equivalents, end of period	969,833	841,867
Net increase in cash and cash equivalents	\$ 127,966	\$ 202,690

CITY OF SCOTT, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Statement of Revenues and Expenses
For the Years Ended June 30, 2018 and 2017

	Totals		Gas	
	2018	2017	2018	2017
Operating revenues:				
Customers service charges	\$3,225,227	\$3,040,436	\$ 487,886	\$ 519,797
Permits, reconnections and penalties	82,865	115,334	10,706	32,580
Total operating revenues	<u>3,308,092</u>	<u>3,155,770</u>	<u>498,592</u>	<u>552,377</u>
Operating expenses:				
Salaries	331,505	355,862	122,484	102,228
Retirement - current	41,108	37,635	15,111	15,868
Retirement expense - GASB 68 (benefit)	(6,140)	61,550	(2,272)	25,851
OPEB expense (benefit)	3,664	7,309	1,570	3,248
Meter reader expense	-	50,440	-	8,092
Disposal charges - plant	2,934	4,233	-	-
Gas and water purchases	1,083,612	935,445	128,337	118,854
Garbage collection fees	858,556	808,050	-	-
Supplies and repairs	145,747	206,999	87,673	19,626
Supplies - plant	24,710	24,484	-	-
Utilities	23,259	23,117	1,616	1,738
Utilities - plant	24,629	24,844	-	-
Professional fees	28,304	22,274	10,268	8,538
Insurance	55,811	57,833	19,875	18,862
Insurance - plant	19,799	21,162	-	-
Group insurance	54,557	62,237	19,072	29,363
Office expense	15,050	11,782	5,064	3,845
Payroll taxes	24,728	26,340	9,431	7,920
Truck expenses	14,837	20,625	4,963	6,356
Training	3,245	1,904	2,454	999
Uniforms	3,967	4,341	1,657	2,026
Uniforms - plant	150	-	-	-
Bad debts	41,120	29,463	22,654	7,955
Depreciation	419,834	385,853	20,554	21,029
Depreciation - plant	63,137	64,193	-	-
Miscellaneous	56	120	-	-
Total operating expenses	<u>3,278,179</u>	<u>3,248,095</u>	<u>470,511</u>	<u>402,398</u>
Net operating income (loss)	<u>\$ 29,913</u>	<u>\$ (92,325)</u>	<u>\$ 28,081</u>	<u>\$ 149,979</u>

Water		Sewerage		Garbage	
2018	2017	2018	2017	2018	2017
\$ 1,286,418	\$ 1,203,343	\$ 595,141	\$ 520,069	\$ 855,782	\$ 797,227
<u>47,109</u>	<u>55,522</u>	<u>15,144</u>	<u>17,232</u>	<u>9,906</u>	<u>10,000</u>
<u>1,333,527</u>	<u>1,258,865</u>	<u>610,285</u>	<u>537,301</u>	<u>865,688</u>	<u>\$ 807,227</u>
166,913	183,374	42,108	70,260	-	-
21,603	17,946	4,394	3,821	-	-
(3,254)	29,544	(614)	6,155	-	-
1,570	3,248	524	813	-	-
-	42,348	-	-	-	-
-	-	2,934	4,233	-	-
955,275	816,591	-	-	-	-
-	-	-	-	858,556	808,050
28,165	69,296	29,909	118,077	-	-
-	-	24,710	24,484	-	-
1,319	1,738	20,324	19,641	-	-
-	-	24,629	24,844	-	-
9,018	6,448	9,018	7,288	-	-
20,066	22,449	15,870	16,522	-	-
-	-	19,799	21,162	-	-
27,784	25,526	7,701	7,348	-	-
5,309	4,037	4,677	3,900	-	-
12,119	13,073	3,178	5,347	-	-
3,397	4,424	6,477	9,845	-	-
608	81	183	824	-	-
1,673	1,688	637	627	-	-
-	-	150	-	-	-
11,231	15,026	7,235	6,482	-	-
168,391	143,206	230,889	221,618	-	-
-	-	63,137	64,193	-	-
56	-	-	120	-	-
<u>1,431,243</u>	<u>1,400,043</u>	<u>517,869</u>	<u>637,604</u>	<u>858,556</u>	<u>808,050</u>
\$ (97,716)	\$ (141,178)	\$ 92,416	\$ (100,303)	\$ 7,132	(823)

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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

* A Professional Accounting Corporation

The Honorable Purvis Morrison, Mayor
and Members of the Board of Aldermen
City of Scott, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scott, Louisiana (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the City's basic financial statements and have issued our report thereon dated November 9, 2018.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2018-001 through 2018-003 to be material weaknesses.

Compliance and Other Matters

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

The City of Scott, Louisiana's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 9, 2018

CITY OF SCOTT, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended June 30, 2018

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (6/30/18)						
<u>Internal Control:</u>						
2018-001	Unknown	Due to the small number of employees, the City of Scott did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	N/A	No response is considered necessary.	N/A	N/A
2018-002	6/30/2007	The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The City has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	N/A	N/A
2018-003	6/30/2018	The City of Scott did not have adequate policies and procedures regarding the cash collection process. There were no segregation of duties, which allowed the Utility Clerk to receive cash, enter meter deposits into the system, and prepare bank deposits. As of June 30, 2018, there were meter deposit funds in the amount of \$1,770 that could not be reconciled. As of October 31, 2018, the amount of unreconciled deposits was \$2,780.	No	Management has revised policies and procedures regarding the segregation of duties relative to cash collections, deposits and bank reconciliations.	Shelley Gautreau, City Clerk	Immediately
<u>Management Letter:</u>						
2018-004	Unknown	The City's water department operated at a loss for the year ended June 30, 2018. Consideration should be given to increasing rates and/or decreasing expenses in the department in order to recover all costs of providing water services.	No	The City increases rates annually based upon a five-year rate analysis approved by the board. Additionally, the City's management continually monitors the operating expenses in the department and makes reductions when necessary.	Shelley Gautreau, City Clerk	6/30/2019

(continued)

CITY OF SCOTT, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>PRIOR YEAR (6/30/17)</u>						
<u>Internal Control:</u>						
2017-001	Unknown	Due to the small number of employees, the City of Scott did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.	N/A	No response is considered necessary.	N/A	N/A
2017-002	6/30/2007	The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The City has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	N/A	N/A
2017-003	2017	The City has no control over the bookkeeping system to monitor activities at the Begnaud House. Additionally, accurate activity reports from the Begnaud House staff could not be obtained.	Yes	The City will properly monitor employee time and activities. The City will also have access to the Begnaud House bookkeeping system in order to properly monitor activity, periodically perform cash counts and obtain reports in order to reconcile deposits brought to the City. Additional, City staff will oversee inventory accounts and prepare adjustments on a monthly basis to ensure accurate reporting.	Shelley Gautreau, City Clerk	6/30/2018
2017-004	2017	With respect to the Event Center, the following items were noted: (1) Event contracts could not be located for multiple events. (2) Event Center revenue does not reconcile to contract amounts. (3) Contract documentation is not consistently maintained. (4) The event coordinator is regularly paid a cleaning fee and the City does not have a written agreement. (5) The City also does not have a current schedule of rental rates or commission fees.	Yes	The City will properly maintain a copy of each contract and the event coordinator will attach each contract with a request for payment in order for the City Clerk to reconcile the deposits and revenue to the Event Center. The City will establish a system to consistently maintain all contracts and receipts by providing the Event Center Coordinator with a receipt book with three copies (original in the receipt book, one for the payee, and one for the event file). The City will establish a written agreement for cleaning fees based on a reasonable rate for hours worked. The City staff will maintain an updated schedule of fees and commission rates including the rental price of "old" contracts and "day before" rentals along with the associated commission rates.	Shelley Gautreau, City Clerk	6/30/2018

(continued)

CITY OF SCOTT, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended June 30, 2018

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>Management Letter:</u>						
2017-005	Unknown	The City's water and sewer departments operated at a loss for the year ended June 30, 2017. Consideration should be given to increasing rates and/or decreasing expenses in these departments in order to recover all costs of providing water and sewer services.	No	The City increases rates annually based upon a five-year rate analysis approved by the board. Additionally, the City's management continually monitors the operating expenses in these departments and makes reductions when necessary.	Shelley Gautreau, City Clerk	6/30/2018

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MANAGEMENT LETTER

The Honorable Purvis Morrison, Mayor
and Members of the Board of Aldermen
City of Scott, Louisiana

During our audit of the basic financial statements of the City of Scott for the year ended June 30, 2018, we noted an area in which the efficiency and effectiveness of the operations of the City could be improved. It was also included in our management letter dated October 25, 2017 relative to the audit of the basic financial statements for the year ended June 30, 2017.

The City's water department should be operating on a profitable basis. Consideration should be given to increasing rates and/or decreasing expenses in this department in order to generate a profit.

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, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 9, 2018

CITY OF SCOTT

Scott, Louisiana

Agreed-Upon Procedures Report

Year Ended June 30, 2018

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

* A Professional Accounting Corporation

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To the Mayor and Board of Aldermen of the
City of Scott, Louisiana and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the City of Scott (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. We obtained and inspected the entity's written policies and procedures and observed that they addressed each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee

- 2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) Observed that the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.
 - c) Obtained the prior year audit report and observe the unrestricted fund balance in the General Fund. If the General Fund had a negative ending unrestricted fund balance in the prior year audit report, observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the General Fund.

Bank Reconciliations

- 3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the entity's main operating account. We selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected accounts, and observed that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

4. We obtained a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. We selected the entity's only deposit site for testing.
5. For the deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We selected the one collection location for the deposit site, obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at the collection location, and observed that job duties are properly segregated at the collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtained supporting documentation for each of the 10 deposits and:
 - a) We observed that receipts are sequentially pre-numbered.
 - b) We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) We traced the deposit slip total to the actual deposit per the bank statement.
 - d) We observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) We traced the actual deposit per the bank statement to the general ledger.
8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. We selected the one location that processes payments.

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

9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observed that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
 - a) We observed that the disbursement matched the related original invoice/billing statement.
 - b) We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing was complete.
12. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
 - a) Observed that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.
 - b) Observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participated in meals (for meal charges only).

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. We randomly selected 5 reimbursements, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, we agreed the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, we observed that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) We observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, we observed that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) We observed that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

(The following procedures were not performed since there were no exceptions in the prior year.)

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

17. We randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, we obtained attendance records and leave documentation for the pay period, and:
 - a) We observed that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) We observed that supervisors approved the attendance and leave of the selected employees/officials.
 - c) We observed that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. We obtained management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

(The following procedures were not performed since there were no exceptions in the prior year.)

20. Using the 5 randomly select employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

(The following procedures were not performed since there were no exceptions in the prior year.)

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Other

23. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. We observed that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies and Procedures:

1. The entity did not require all employees, including elected officials, to annually attest through signature verification that they have read the entity's ethics policy.

Management's response: The entity will have its employees sign that they have read the ethics policy.

Bank Reconciliations:

2. For all of the five bank statements selected, there was no evidence of management's review on the bank reconciliations.

Management's response: The entity will implement a policy to ascertain that management reviews all bank reconciliations and provides evidence of the review.

Cash Collections:

3. There is no proper segregation of duties regarding cash collections, deposits, and reconciliations.

Management's response: Management will design policies and procedures which provide segregation of duties regarding cash collections, deposits, and reconciliations.

4. There are three cash drawers for collections. Two employees have their own cash drawer and two employees share a drawer. Occasionally, employees process collections from the same drawer.

Management's response: Management will ascertain that employees do not share cash drawers.

Credit Cards/Debit Cards/Fuel Cards/P-Cards:

5. One of the credit cards selected had a late fee and interest charges on it.

Management's response: Management will ensure that credit card payments are made in a timely manner.

6. Two of the credit cards selected did not have written documentation of the business/public purpose.

Management's response: Management will document the business purpose on all invoices and/or receipts.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the City of Scott and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
November 9, 2018