

**CITY OF SCOTT, LOUISIANA**

**Financial Report**

**Year Ended June 30, 2017**

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## INDEPENDENT AUDITORS' REPORT

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, 2017, 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.

#### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2017, 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.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the schedules of funding progress, employer's share of net pension liability and employer contributions on pages 49 through 56 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 58 through 83 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The comparative statements on pages 58, 59, and 77 through 83 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 2016 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 60 through 76 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 October 25, 2017, 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, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
October 25, 2017

## **BASIC FINANCIAL STATEMENTS**

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

CITY OF SCOTT, LOUISIANA

Statement of Net Position  
June 30, 2017

|  | Governmental<br>Activities | Business-Type<br>Activities | Total                |
|--|----------------------------|-----------------------------|----------------------|
| <b>ASSETS</b>                                      |                            |                             |                      |
| Current assets:                                    |                            |                             |                      |
| Cash and interest-bearing deposits                 | \$ 7,594,521               | \$ 2,001,523                | \$ 9,596,044         |
| Investments  | 2,205,653                  | 85,340                      | 2,290,993            |
| Receivables, net                                   | 417,582                    | 479,252                     | 896,834              |
| Internal balances                                  | (2,500,523)                | 2,500,523                   | -                    |
| Due from other governmental units                  | 192,765                    | -                           | 192,765              |
| Prepaid items                                      | 58,226                     | 13,397                      | 71,623               |
| Total current assets                               | <u>7,968,224</u>           | <u>5,080,035</u>            | <u>13,048,259</u>    |
| Noncurrent assets:                                 |                            |                             |                      |
| Restricted assets:                                 |                            |                             |                      |
| Interest-bearing deposits                          | 6,319,864                  | 574,495                     | 6,894,359            |
| Investments  | -                          | 175,024                     | 175,024              |
| Capital assets, net                                | <u>17,698,323</u>          | <u>13,337,038</u>           | <u>31,035,361</u>    |
| Total noncurrent assets                            | <u>24,018,187</u>          | <u>14,086,557</u>           | <u>38,104,744</u>    |
| Total assets                                       | <u>31,986,411</u>          | <u>19,166,592</u>           | <u>51,153,003</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                            |                             |                      |
| Deferred outflows of resources related to pensions | <u>1,408,489</u>           | <u>167,532</u>              | <u>1,576,021</u>     |
| <b>LIABILITIES</b>                                 |                            |                             |                      |
| Current liabilities:                               |                            |                             |                      |
| Accounts and other payables                        | 394,393                    | 200,894                     | 595,287              |
| Unearned revenue                                   | 112,100                    | 68,880                      | 180,980              |
| Capital lease payable                              | -                          | 26,778                      | 26,778               |
| Bonds payable                                      | 410,000                    | -                           | 410,000              |
| Accrued interest payable                           | 23,611                     | -                           | 23,611               |
| Total current liabilities                          | <u>940,104</u>             | <u>296,552</u>              | <u>1,236,656</u>     |
| Noncurrent liabilities:                            |                            |                             |                      |
| Capital lease payable                              | -                          | 28,081                      | 28,081               |
| Customers' deposits payable                        | -                          | 189,629                     | 189,629              |
| Compensated absences payable                       | 25,034                     | 914                         | 25,948               |
| DHH water loan payable                             | -                          | 511,364                     | 511,364              |
| Bonds payable                                      | 8,065,000                  | -                           | 8,065,000            |
| Net OPEB obligation payable                        | 606,837                    | 273,560                     | 880,397              |
| Net pension liability                              | <u>3,491,240</u>           | <u>395,018</u>              | <u>3,886,258</u>     |
| Total noncurrent liabilities                       | <u>12,188,111</u>          | <u>1,398,566</u>            | <u>13,586,677</u>    |
| Total liabilities                                  | <u>13,128,215</u>          | <u>1,695,118</u>            | <u>14,823,333</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                            |                             |                      |
| Deferred inflows of resources related to pensions  | <u>385,251</u>             | <u>16,848</u>               | <u>402,099</u>       |
| <b>NET POSITION</b>                                |                            |                             |                      |
| Net investment in capital assets                   | 9,334,007                  | 13,330,705                  | 22,664,712           |
| Restricted for sales tax dedications               | 6,234,892                  | -                           | 6,234,892            |
| Restricted for capital expenditures                | 6,057,717                  | -                           | 6,057,717            |
| Restricted for debt service                        | 238,536                    | -                           | 238,536              |
| Unrestricted (deficit)                             | <u>(1,983,718)</u>         | <u>4,291,453</u>            | <u>2,307,735</u>     |
| Total net position                                 | <u>\$ 19,881,434</u>       | <u>\$ 17,622,158</u>        | <u>\$ 37,503,592</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, 2017

| Activities   | Expenses            | Fees, Fines,<br>and Charges<br>for Services | Operating<br>Grants and<br>Contributions | Capital Grants<br>and<br>Contributions | Net (Expense) Revenues and<br>Changes in Net Position |                             |                      |
|--|---------------------|---|--|--|---|-----------------------------|----------------------|
|  |                     |   |  |  | Governmental<br>Activities                            | Business-Type<br>Activities | Total                |
| <b>Governmental activities:</b>                                |                     |   |  |  |   |                             |                      |
| General government   | \$ 1,187,136        | \$ 329,727                                  | \$ -                                     | \$ -                                   | \$ (857,409)  | \$ -                        | \$ (857,409)         |
| Public safety:   |                     |   |  |  |   |                             |                      |
| Police   | 2,688,352           | 241,427                                     | 188,701                                  | -                                      | (2,258,224)   | -                           | (2,258,224)          |
| Fire   | 329,723             | -   | -  | -                                      | (329,723)   | -                           | (329,723)            |
| Streets  | 1,742,714           | -   | 9,460                                    | 1,545,770                              | (187,484)   | -                           | (187,484)            |
| Culture and tourism  | 89,971              | 31,167                                      | -  | 15,298                                 | (43,506)  | -                           | (43,506)             |
| Interest on long-term debt                                     | 289,148             | -   | -  | -                                      | (289,148)   | -                           | (289,148)            |
| Total governmental activities                                  | <u>6,327,044</u>    | <u>602,321</u>                              | <u>198,161</u>                           | <u>1,561,068</u>                       | <u>(3,965,494)</u>                                    | <u>-</u>                    | <u>(3,965,494)</u>   |
| <b>Business-type activities:</b>                               |                     |   |  |  |   |                             |                      |
| Gas  | 403,702             | 552,377                                     | -  | -                                      | -   | 148,675                     | 148,675              |
| Water  | 1,401,347           | 1,258,865                                   | -  | 133,105                                | -   | (9,377)                     | (9,377)              |
| Sewer  | 638,907             | 537,301                                     | -  | -                                      | -   | (101,606)                   | (101,606)            |
| Garbage  | 808,050             | 807,227                                     | -  | -                                      | -   | (823)                       | (823)                |
| Total business-type activities                                 | <u>3,252,006</u>    | <u>3,155,770</u>                            | <u>-</u>                                 | <u>133,105</u>                         | <u>-</u>  | <u>36,869</u>               | <u>36,869</u>        |
| <b>Total</b>   | <u>\$ 9,579,050</u> | <u>\$ 3,758,091</u>                         | <u>\$ 198,161</u>                        | <u>\$ 1,694,173</u>                    | <u>(3,965,494)</u>                                    | <u>36,869</u>               | <u>(3,928,625)</u>   |
| <b>General revenues:</b>                                       |                     |   |  |  |   |                             |                      |
| Taxes -  |                     |   |  |  |   |                             |                      |
| Property taxes, levied for general purposes                    |                     |   |  |  | 251,638   | -                           | 251,638              |
| Sales and use taxes, levied for general purposes               |                     |   |  |  | 4,959,851   | -                           | 4,959,851            |
| Franchise taxes  |                     |   |  |  | 506,971   | -                           | 506,971              |
| Grants and contributions not restricted to specific programs - |                     |   |  |  |   |                             |                      |
| State sources  |                     |   |  |  | 13,921  | -                           | 13,921               |
| Non employer pension contribution                              |                     |   |  |  | 75,141  | 11,734                      | 86,875               |
| Interest and investment earnings                               |                     |   |  |  | 75,516  | 7,397                       | 82,913               |
| Miscellaneous  |                     |   |  |  | 40,577  | -                           | 40,577               |
| Loss on sale/disposal of assets                                |                     |   |  |  | (17,877)  | -                           | (17,877)             |
| Transfers  |                     |   |  |  | (1,455,187)   | 1,455,187                   | -                    |
| Total general revenues and transfers                           |                     |   |  |  | <u>4,450,551</u>                                      | <u>1,474,318</u>            | <u>5,924,869</u>     |
| Change in net position   |                     |   |  |  | 485,057   | 1,511,187                   | 1,996,244            |
| Net position - June 30, 2016                                   |                     |   |  |  | <u>19,396,377</u>                                     | <u>16,110,971</u>           | <u>35,507,348</u>    |
| Net position - June 30, 2017                                   |                     |   |  |  | <u>\$ 19,881,434</u>                                  | <u>\$ 17,622,158</u>        | <u>\$ 37,503,592</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.

### **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, 2017

|                                      | General            | 1968 Sales<br>Sales Tax<br>Special Revenue | 1984 Sales<br>Sales Tax<br>Special Revenue | Apollo Economic<br>Development<br>District<br>Sales Tax<br>Special Revenue | Sewer<br>System<br>Construction/<br>Grants | Sales Tax<br>Bonds | Total               |
|--------------------------------------|--------------------|--|--|--|--|--------------------|---------------------|
| <b>ASSETS</b>                        |                    |  |  |  |  |                    |                     |
| Cash                                 | \$ 281,638         | \$ 37,122                                  | \$ 283,208                                 | \$ 656,278   | \$ 801                                     | \$ -               | \$ 1,259,047        |
| Interest-bearing deposits            | 431,479            | 1,149,559                                  | 2,771,636                                  | 8,040,517  | -  | 262,147            | 12,655,338          |
| Investments                          | 503,800            | 1,589,458                                  | 112,395                                    | -  | -  | -                  | 2,205,653           |
| Receivables:                         |                    |  |  |  |  |                    |                     |
| Taxes                                | 1,175              | 180,894                                    | 180,894                                    | 50,853   | -  | -                  | 413,816             |
| Accrued interest                     | -                  | 131  | 131  | 160  | -  | -                  | 422                 |
| Due from other funds                 | 832,167            | -  | 107,973                                    | 1,208,894  | 241,891                                    | -                  | 2,390,925           |
| Due from other governmental units    | 6,662              | -  | -  | 186,103  | -  | -                  | 192,765             |
| Other                                | 3,344              | -  | -  | -  | -  | -                  | 3,344               |
| Prepaid items                        | 58,226             | -  | -  | -  | -  | -                  | 58,226              |
| Total assets                         | <u>\$2,118,491</u> | <u>\$2,957,164</u>                         | <u>\$3,456,237</u>                         | <u>\$10,142,805</u>  | <u>\$242,692</u>                           | <u>\$262,147</u>   | <u>\$19,179,536</u> |
| <b>LIABILITIES AND FUND BALANCES</b> |                    |  |  |  |  |                    |                     |
| <b>Liabilities:</b>                  |                    |  |  |  |  |                    |                     |
| Accounts payable                     | \$ 177,409         | \$ 102,955                                 | \$ 16,780                                  | \$ 13,893  | \$ -                                       | \$ -               | \$ 311,037          |
| Retainage payable                    | -                  | 75,419                                     | -  | -  | -  | -                  | 75,419              |
| Accrued liabilities                  | 2,887              | 2,224                                      | 2,330                                      | 496  | -  | -                  | 7,937               |
| Due to other funds                   | 620,798            | 2,109,028                                  | 1,915,687                                  | 3,243  | 242,692                                    | -                  | 4,891,448           |
| Unearned revenue                     | 90,558             | -  | 21,542                                     | -  | -  | -                  | 112,100             |
| Total liabilities                    | <u>891,652</u>     | <u>2,289,626</u>                           | <u>1,956,339</u>                           | <u>17,632</u>  | <u>242,692</u>                             | <u>-</u>           | <u>5,397,941</u>    |
| <b>Fund balances -</b>               |                    |  |  |  |  |                    |                     |
| Nonspendable (prepaid items)         | 58,226             | -  | -  | -  | -  | -                  | 58,226              |
| Restricted - sales tax dedications   | -                  | 667,538                                    | 1,499,898                                  | 4,067,456  | -  | -                  | 6,234,892           |
| Restricted - capital expenditures    | -                  | -  | -  | 6,057,717  | -  | -                  | 6,057,717           |
| Restricted - debt service            | -                  | -  | -  | -  | -  | 262,147            | 262,147             |
| Unassigned                           | 1,168,613          | -  | -  | -  | -  | -                  | 1,168,613           |
| Total fund balances                  | <u>1,226,839</u>   | <u>667,538</u>                             | <u>1,499,898</u>                           | <u>10,125,173</u>  | <u>-</u>                                   | <u>262,147</u>     | <u>13,781,595</u>   |
| Total liabilities and fund balances  | <u>\$2,118,491</u> | <u>\$2,957,164</u>                         | <u>\$3,456,237</u>                         | <u>\$10,142,805</u>  | <u>\$242,692</u>                           | <u>\$262,147</u>   | <u>\$19,179,536</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, 2017

|  |                    |                      |
|--|--------------------|----------------------|
| Total fund balances for governmental funds at June 30, 2017  |                    | \$ 13,781,595        |
| 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   | \$1,238,584        |                      |
| Construction in progress   | 1,462,171          |                      |
| Buildings and improvements, net of \$1,595,121 accumulated depreciation  | 5,156,245          |                      |
| Infrastructure, net of \$11,600,927 accumulated depreciation   | 9,035,837          |                      |
| Equipment, furniture, and fixtures net of \$2,407,537 accumulated depreciation   | <u>805,486</u>     | 17,698,323           |
| The deferred outflows of expenditures for the municipal and police employees retirement systems are not a use of current resources, and therefore, are not reported in the funds |                    |                      |
|  |                    | 1,408,489            |
| Long-term liabilities at June 30, 2017:  |                    |                      |
| Accrued interest payable   | (23,611)           |                      |
| Bonds payable  | (8,475,000)        |                      |
| Compensated absences   | (25,034)           |                      |
| Net OPEB obligation  | (606,837)          |                      |
| Net pension payable  | <u>(3,491,240)</u> | (12,621,722)         |
| The deferred inflows of contributions for the municipal and police employees retirement systems are not available resources, and therefore, are not reported in the funds        |                    |                      |
|  |                    | <u>(385,251)</u>     |
| Total net position of governmental activities at June 30, 2017   |                    | <u>\$ 19,881,434</u> |

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, 2017

|  | General             | 1968 Sales<br>Sales Tax<br>Special Revenue | 1984 Sales<br>Sales Tax<br>Special Revenue | Apollo<br>Economic<br>Development<br>District<br>Sales Tax<br>Special Revenue | Sewer<br>System<br>Construction/<br>Grants | Sales Tax<br>Bonds | Total                |
|--|---------------------|--|--|---|--|--------------------|----------------------|
| <b>Revenues:</b>   |                     |  |  |   |  |                    |                      |
| Taxes  | \$ 758,609          | \$ 2,158,111                               | \$ 2,158,111                               | \$ 643,629  | \$ -                                       | \$ -               | \$ 5,718,460         |
| Licenses and permits   | 329,727             | -  | -  | -   | -  | -                  | 329,727              |
| Intergovernmental  | 227,380             | 75,467,000                                 | -  | 1,399,300   | 71,003                                     | -                  | 1,773,150            |
| Fines and forfeits   | 241,427             | -  | -  | -   | -  | -                  | 241,427              |
| Miscellaneous  | 77,212              | 18,012                                     | 13,054                                     | 37,677  | -  | 1,305              | 147,260              |
| <b>Total revenues</b>  | <u>1,634,355</u>    | <u>2,251,590</u>                           | <u>2,171,165</u>                           | <u>2,080,606</u>  | <u>71,003</u>                              | <u>1,305</u>       | <u>8,210,024</u>     |
| <b>Expenditures:</b>   |                     |  |  |   |  |                    |                      |
| Current -  |                     |  |  |   |  |                    |                      |
| General government   | 1,011,199           | 38,429                                     | 38,769                                     | 6,094   | -  | -                  | 1,094,491            |
| Public safety:   |                     |  |  |   |  |                    |                      |
| Police   | 2,243,663           | -  | -  | -   | -  | -                  | 2,243,663            |
| Fire   | -                   | -  | 329,096                                    | -   | -  | -                  | 329,096              |
| Streets  | 713,674             | 253,291                                    | 91,390                                     | -   | -  | -                  | 1,058,355            |
| Culture and tourism  | 53,454              | -  | -  | -   | -  | -                  | 53,454               |
| Capital outlay   | 346,859             | 705,434                                    | -  | 372,999   | -  | -                  | 1,425,292            |
| Debt service -   |                     |  |  |   |  |                    |                      |
| Principal retirement   | -                   | -  | -  | -   | -  | 400,000            | 400,000              |
| Interest and agent fees  | -                   | -  | -  | -   | -  | 289,981            | 289,981              |
| <b>Total expenditures</b>  | <u>4,368,849</u>    | <u>997,154</u>                             | <u>459,255</u>                             | <u>379,093</u>  | <u>-</u>                                   | <u>689,981</u>     | <u>6,894,332</u>     |
| <b>Excess (deficiency) of revenues<br/>    over expenditures</b> | <u>(2,734,494)</u>  | <u>1,254,436</u>                           | <u>1,711,910</u>                           | <u>1,701,513</u>  | <u>71,003</u>                              | <u>(688,676)</u>   | <u>1,315,692</u>     |
| <b>Other financing sources (uses):</b>                           |                     |  |  |   |  |                    |                      |
| Transfers in   | 2,500,000           | -  | -  | -   | 72,991                                     | 693,326            | 3,266,317            |
| Transfers out  | -                   | (3,134,184)                                | (1,096,663)                                | (346,663)   | (143,994)                                  | -                  | (4,721,504)          |
| <b>Total other financing sources (uses)</b>                      | <u>2,500,000</u>    | <u>(3,134,184)</u>                         | <u>(1,096,663)</u>                         | <u>(346,663)</u>  | <u>(71,003)</u>                            | <u>693,326</u>     | <u>(1,455,187)</u>   |
| <b>Net changes in fund balances</b>                              | <u>(234,494)</u>    | <u>(1,879,748)</u>                         | <u>615,247</u>                             | <u>1,354,850</u>  | <u>-</u>                                   | <u>4,650</u>       | <u>(139,495)</u>     |
| Fund balances, beginning   | 1,461,333           | 2,547,286                                  | 884,651                                    | 8,770,323   | -  | 257,497            | 13,921,090           |
| Fund balances, ending  | <u>\$ 1,226,839</u> | <u>\$ 667,538</u>                          | <u>\$ 1,499,898</u>                        | <u>\$ 10,125,173</u>  | <u>\$ -</u>                                | <u>\$ 262,147</u>  | <u>\$ 13,781,595</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, 2017

Total net changes in fund balances at June 30, 2017 per  
Statement of Revenues, Expenditures and Changes in Fund Balances \$ (139,495)

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<br>of Revenues, Expenditures and Changes in Fund Balances | \$ 1,291,682    |         |
| Depreciation expense for the year ended June 30, 2017  | (939,096)       |         |
| Loss on disposal of assets   | <u>(17,877)</u> | 334,709 |

|  |         |
|--|---------|
| Bond principal retirement considered as an expenditure on the statement<br>of revenues, expenditures, and changes in fund balances whereas the<br>payment reduces the balance of bonds payable on the statement of<br>net position | 400,000 |
|--|---------|

|   |     |
|---|-----|
| Difference between interest on long-term debt on modified accrual basis<br>versus interest on long-term debt on accrual basis | 833 |
|---|-----|

|  |         |
|--|---------|
| Change in compensated absences at June 30, 2017 not requiring the<br>use of current economic resources and, therefore, not recorded<br>as a fund expenditure | (1,671) |
|--|---------|

|   |           |
|---|-----------|
| Pension expense not requiring the use of current economic resources and,<br>therefore, not recorded as a fund expenditure | (155,237) |
|---|-----------|

|  |        |
|--|--------|
| Nonemployer's contributions to the municipal employees and the<br>police employees pension plans | 75,141 |
|--|--------|

|   |                 |
|---|-----------------|
| Change in net OPEB obligation at June 30, 2017 not requiring the<br>use of current economic resources and, therefore, not recorded<br>as a fund expenditure | <u>(29,223)</u> |
|---|-----------------|

Total changes in net position at June 30, 2017 per Statement of Activities \$ 485,057

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

CITY OF SCOTT, LOUISIANA

Statement of Net Position  
 Proprietary Fund  
 June 30, 2017

|  | <u>Enterprise<br/>Fund</u> |
|--|----------------------------|
| <b>ASSETS</b>                                      |                            |
| Current assets:                                    |                            |
| Cash and interest-bearing deposits                 | \$ 2,001,523               |
| Investments  | 85,340                     |
| Receivables:                                       |                            |
| Accounts   | 396,376                    |
| Unbilled utility receivables                       | 82,781                     |
| Accrued interest receivable                        | 95                         |
| Due from other funds                               | 2,545,606                  |
| Prepaid items                                      | <u>13,397</u>              |
| Total current assets                               | <u>5,125,118</u>           |
| Noncurrent assets:                                 |                            |
| Restricted assets -                                |                            |
| Interest-bearing deposits                          | 574,495                    |
| Investments  | 175,024                    |
| Capital assets, net of accumulated depreciation    | <u>13,337,038</u>          |
| Total noncurrent assets                            | <u>14,086,557</u>          |
| Total assets                                       | <u>19,211,675</u>          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                            |
| Deferred outflows of resources related to pensions | <u>167,532</u>             |
| <b>LIABILITIES</b>                                 |                            |
| Current liabilities:                               |                            |
| Accounts payable                                   | 196,658                    |
| Accrued liabilities                                | 4,236                      |
| Unearned revenue                                   | 68,880                     |
| Capital lease payable                              | 26,778                     |
| Due to other funds                                 | <u>45,083</u>              |
| Total current liabilities                          | <u>341,635</u>             |
| Noncurrent liabilities:                            |                            |
| Capital lease payable                              | 28,081                     |
| Customers' deposits payable                        | 189,629                    |
| Compensated absences payable                       | 914                        |
| DHH water loan payable                             | 511,364                    |
| Net OPEB obligation payable                        | 273,560                    |
| Net pension liability                              | <u>395,018</u>             |
| Total noncurrent liabilities                       | <u>1,398,566</u>           |
| Total liabilities                                  | <u>1,740,201</u>           |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                            |
| Deferred inflows of resources related to pensions  | <u>16,848</u>              |
| <b>NET POSITION</b>                                |                            |
| Net investment in capital assets                   | 13,330,705                 |
| Unrestricted                                       | <u>4,291,453</u>           |
| Total net position                                 | <u>\$ 17,622,158</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, 2017

|  | <u>Enterprise<br/>Fund</u> |
|--|----------------------------|
| Operating revenues:                    |                            |
| Charges for services -                 |                            |
| Gas charges                            | \$ 519,797                 |
| Water service charges                  | 1,203,343                  |
| Sewer service charges                  | 520,069                    |
| Garbage service charges                | 797,227                    |
| Penalties, permits and connection fees | <u>115,334</u>             |
| Total operating revenues               | <u>3,155,770</u>           |
| Operating expenses:                    |                            |
| Salaries                               | 355,862                    |
| Retirement                             | 99,185                     |
| OPEB benefit                           | 7,309                      |
| Meter reader expense                   | 50,440                     |
| Disposal charges                       | 4,233                      |
| Gas and water purchases                | 935,445                    |
| Garbage collection fees                | 808,050                    |
| Supplies and repairs                   | 231,483                    |
| Utilities and telephone                | 47,961                     |
| Professional fees                      | 22,274                     |
| General insurance                      | 78,995                     |
| Group health insurance                 | 62,237                     |
| Office expense                         | 11,782                     |
| Payroll taxes                          | 26,340                     |
| Truck expenses                         | 20,625                     |
| Training                               | 1,904                      |
| Uniforms                               | 4,341                      |
| Bad debts                              | 29,463                     |
| Depreciation expense                   | 450,046                    |
| Miscellaneous                          | <u>120</u>                 |
| Total operating expenses               | <u>3,248,095</u>           |
| Operating loss                         | <u>(92,325)</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, 2017

|   | <u>Enterprise<br/>Fund</u> |
|---|----------------------------|
| Nonoperating revenues (expenses):                   |                            |
| Nonemployer pension contribution                    | 11,734                     |
| Interest income                                     | 7,397                      |
| Interest expense                                    | <u>(3,911)</u>             |
| Total nonoperating revenues (expenses)              | <u>15,220</u>              |
| <br>  |                            |
| Loss before capital contributions and transfers     | <u>(77,105)</u>            |
| <br>  |                            |
| Capital contributions                               | <u>133,105</u>             |
| <br>  |                            |
| Transfers in (out):                                 |                            |
| Transfer from 1968 Sales Tax Fund                   | 3,061,193                  |
| Transfer from Sewer System Construction/Grants Fund | 143,994                    |
| Transfer to General Fund                            | <u>(1,750,000)</u>         |
| Total transfers in (out)                            | <u>1,455,187</u>           |
| <br>  |                            |
| Change in net position                              | 1,511,187                  |
| <br>  |                            |
| Net position, beginning                             | <u>16,110,971</u>          |
| <br>  |                            |
| Net position, ending                                | <u>\$17,622,158</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, 2017

|   | <u>Enterprise<br/>Fund</u> |
|---|----------------------------|
| Cash flows from operating activities:   |                            |
| Receipts from customers   | \$3,030,308                |
| Payments to suppliers   | (2,201,597)                |
| Payments to employees   | <u>(489,383)</u>           |
| Net cash provided by operating activities   | <u>339,328</u>             |
| Cash flows from noncapital financing activities:  |                            |
| Cash paid to other funds  | (56,033)                   |
| Nonemployer pension contribution  | 11,734                     |
| Transfers from other funds  | 3,205,187                  |
| Transfers to other funds  | <u>(1,750,000)</u>         |
| Net cash provided by noncapital financing activities  | <u>1,410,888</u>           |
| Cash flows from capital and related financing activities:                                       |                            |
| Proceeds from DHH water loan  | 511,364                    |
| Proceeds from meter deposits  | 30,310                     |
| Refund of meter deposits  | (29,575)                   |
| Payment of capital lease  | (25,536)                   |
| Interest on capital lease   | (3,911)                    |
| Capital contributions   | 133,105                    |
| Acquisition of property, plant and equipment  | <u>(2,163,841)</u>         |
| Net cash used by capital and related financing activities                                       | <u>(1,548,084)</u>         |
| Cash flows from investing activities:   |                            |
| Proceeds of investments and interest-bearing deposits with maturity<br>in excess of ninety days | 1,987,676                  |
| Purchase of investments and interest-bearing deposits with maturity<br>in excess of ninety days | (1,994,515)                |
| Interest on investments   | <u>7,397</u>               |
| Net cash provided by investing activities   | <u>558</u>                 |
| Net increase in cash and cash equivalents   | 202,690                    |
| Cash and cash equivalents, beginning of period  | <u>639,177</u>             |
| Cash and cash equivalents, end of period  | <u>\$ 841,867</u>          |

(continued)

CITY OF SCOTT, LOUISIANA

Statement of Cash Flows  
 Proprietary Fund (Continued)  
 For the Year Ended June 30, 2017

|   | <u>Enterprise<br/>Fund</u> |
|---|----------------------------|
| Reconciliation of operating loss to net cash provided by operating activities:                |                            |
| Operating loss  | \$ (92,325)                |
| Adjustments to reconcile operating income to net cash provided by operating activities:       |                            |
| Depreciation  | 450,046                    |
| Changes in current assets and liabilities:  |                            |
| Decrease in accounts receivable   | (136,251)                  |
| Decrease in provision for uncollectible accounts  | 8,627                      |
| Increase in unbilled utility receivables  | 6,658                      |
| Decrease in prepaid items   | 2,249                      |
| Increase in deferred outflows   | (53,577)                   |
| Decrease in accounts payable  | 36,837                     |
| Increase in accrued liabilities   | 2,133                      |
| Increase in unearned revenue  | 4,496                      |
| Increase in compensated absences payable  | (264)                      |
| Decrease in net OPEB obligation payable   | 7,306                      |
| Decrease in net pension liability   | 95,101                     |
| Increase in deferred inflows  | <u>8,292</u>               |
| Net cash provided by operating activities   | <u>\$ 339,328</u>          |
| 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  | 2,355,422                  |
| Interest-bearing deposits - restricted  | 12,825                     |
| Less: Interest-bearing deposits with maturity in excess of 90 days                            | <u>(1,729,070)</u>         |
| Total cash and cash equivalents, beginning of period  | <u>639,177</u>             |
| Cash and cash equivalents, end 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                            | <u>(1,734,151)</u>         |
| Total cash and cash equivalents, end of period  | <u>841,867</u>             |
| Net increase in cash and cash equivalents   | <u>\$ 202,690</u>          |

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, liabilities, 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, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The 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)

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.

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:

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

- 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.

**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.

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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 \$23,070 at June 30, 2017. 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, 2017, the City has \$25,948 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, 2017, the City's deferred inflows and outflows of resources are attributable to its pension plans.

#### 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, 2017, 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, 2017, taxes were levied by the City in July 2016 and were billed to taxpayers by the Assessor in November 2016. 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, 2017, taxes of 3.11 mills were levied on property with assessed valuations totaling \$81,717,118 and were dedicated to general corporate purposes. Total taxes levied were \$254,140. Taxes receivable at June 30, 2017 was \$1,175, 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 (2017 collections \$2,158,111) 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 (2017 collections \$2,158,111) 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 (2017 collections \$643,629) 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, 2017, the City had cash and interest-bearing deposits (book balances) totaling \$16,490,403 as follows:

|                       |                     |
|-----------------------|---------------------|
| Demand deposits       | \$ 1,991,202        |
| Money market accounts | 9,954,368           |
| Time deposits         | <u>4,544,833</u>    |
| Total                 | <u>\$16,490,403</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, 2017, are secured as follows:

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

|                           |                      |
|---------------------------|----------------------|
| Bank balances             | <u>\$ 16,485,344</u> |
| Federal deposit insurance | \$ 1,000,000         |
| Pledged securities        | <u>15,485,344</u>    |
| Total                     | <u>\$ 16,485,344</u> |

Deposits in the amount of \$15,485,344 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, 2017, investments in LAMP amounted to \$2,466,017.

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, 2017.
- 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.

(5) Receivables

Receivables at June 30, 2017 of \$896,834 consist of the following:

|                  | <u>General</u>  | 1968<br><u>Sales Tax</u> | 1984<br><u>Sales Tax</u> | TIF District<br><u>Sales Tax</u> | <u>Utility</u>    | <u>Total</u>      |
|------------------|-----------------|--------------------------|--------------------------|----------------------------------|-------------------|-------------------|
| Accounts         | \$ -            | \$ -                     | \$ -                     | \$ -                             | \$ 396,376        | \$ 396,376        |
| Unbilled utility | -               | -                        | -                        | -                                | 82,781            | 82,781            |
| Taxes:           |                 |                          |                          |                                  |                   |                   |
| Ad valorem       | 1,175           | -                        | -                        | -                                | -                 | 1,175             |
| Sales tax        | -               | 180,894                  | 180,894                  | 50,853                           | -                 | 412,641           |
| Interest         | -               | 131                      | 131                      | 160                              | 95                | 517               |
| Other            | 3,344           | -                        | -                        | -                                | -                 | 3,344             |
| Totals           | <u>\$ 1,175</u> | <u>\$ 181,025</u>        | <u>\$ 181,025</u>        | <u>\$ 51,013</u>                 | <u>\$ 479,252</u> | <u>\$ 896,834</u> |

(6) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2017 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, 2017 \$ 1,932

Amount due from the State of Louisiana Department of Transportation for grass cutting grant for the fiscal year ended June 30, 2017 4,730

6,662

Apollo Road Economic Development District Sales Tax Fund:

Amount due from Facility Planning and Control for reimbursement of expenditures for the I-10 North Frontage Road Project 186,103

Total \$ 192,765

(7) Restricted Assets

Restricted assets in the governmental funds at June 30, 2017 consisted of bond proceeds restricted for capital expenditures in the amount of \$6,057,717 and \$262,147 restricted for debt service payments. Restricted assets in the proprietary fund at June 30, 2017 consisted of a construction fund for an automatic water meter project of \$559,890 and amounts owed to customers for utility deposits in the amount of \$189,629.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

|  | <u>Balance</u><br><u>06/30/16</u> | <u>Additions</u>    | <u>Deletions</u>    | <u>Balance</u><br><u>06/30/17</u> |
|--|-----------------------------------|---------------------|---------------------|-----------------------------------|
| <b>Governmental activities:</b>                                |                                   |                     |                     |                                   |
| Capital assets not being depreciated:                          |                                   |                     |                     |                                   |
| Land   | \$ 941,987                        | \$ 296,597          | \$ -                | \$ 1,238,584                      |
| Construction in progress                                       | 3,435,523                         | 338,176             | 2,311,528           | 1,462,171                         |
| Other capital assets:  |                                   |                     |                     |                                   |
| Buildings  | 6,391,788                         | 359,578             | -                   | 6,751,366                         |
| Infrastructure   | 18,218,274                        | 2,418,490           | -                   | 20,636,764                        |
| Equipment, furniture and fixtures                              | 3,156,811                         | 190,369             | 134,157             | 3,213,023                         |
| Totals   | <u>32,144,383</u>                 | <u>3,603,210</u>    | <u>2,445,685</u>    | <u>33,301,908</u>                 |
| Less accumulated depreciation                                  |                                   |                     |                     |                                   |
| Buildings  | 1,417,114                         | 178,007             | -                   | 1,595,121                         |
| Infrastructure   | 11,149,963                        | 450,964             | -                   | 11,600,927                        |
| Equipment, furniture and fixtures                              | 2,213,692                         | 310,125             | 116,280             | 2,407,537                         |
| Total accumulated depreciation                                 | <u>14,780,769</u>                 | <u>939,096</u>      | <u>116,280</u>      | <u>15,603,585</u>                 |
| Governmental activities,<br>capital assets, net                | <u>\$ 17,363,614</u>              | <u>\$ 2,664,114</u> | <u>\$ 2,329,405</u> | <u>\$ 17,698,323</u>              |
| <b>Business-type activities:</b>                               |                                   |                     |                     |                                   |
| Capital assets not being depreciated:                          |                                   |                     |                     |                                   |
| Land - sewer system  | \$ 50,420                         | \$ -                | \$ -                | \$ 50,420                         |
| Construction in progress -<br>water and sewer systems projects | 971,766                           | 2,163,841           | 896,328             | 2,239,279                         |
| Other capital assets:  |                                   |                     |                     |                                   |
| Gas system   | 1,070,697                         | -                   | -                   | 1,070,697                         |
| Water system   | 5,861,692                         | 837,543             | -                   | 6,699,235                         |
| Sewer system   | 10,416,576                        | 58,785              | -                   | 10,475,361                        |
| Machinery and equipment  | 728,451                           | -                   | -                   | 728,451                           |
| Totals   | <u>19,099,602</u>                 | <u>3,060,169</u>    | <u>896,328</u>      | <u>21,263,443</u>                 |
| Less accumulated depreciation                                  |                                   |                     |                     |                                   |
| Gas system   | 857,227                           | 20,152              | -                   | 877,379                           |
| Water system   | 2,280,215                         | 136,424             | -                   | 2,416,639                         |
| Sewer system   | 3,978,529                         | 268,054             | -                   | 4,246,583                         |
| Machinery and equipment  | 360,387                           | 25,415              | -                   | 385,802                           |
| Total accumulated depreciation                                 | <u>7,476,358</u>                  | <u>450,045</u>      | <u>-</u>            | <u>7,926,403</u>                  |
| Business-type activities,<br>capital assets, net               | <u>\$ 11,623,244</u>              | <u>\$ 2,610,124</u> | <u>\$ 896,328</u>   | <u>\$ 13,337,040</u>              |

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

|                            |                   |
|----------------------------|-------------------|
| General government         | \$ 66,574         |
| Police                     | 285,351           |
| Fire                       | 627               |
| Streets                    | 553,325           |
| Culture and recreation     | <u>33,219</u>     |
| Total depreciation expense | <u>\$ 939,096</u> |

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

|                            |                   |
|----------------------------|-------------------|
| Gas                        | \$ 21,029         |
| Water                      | 143,206           |
| Sewer                      | <u>285,811</u>    |
| Total depreciation expense | <u>\$ 450,046</u> |

(9) Accounts and Other Payables

The accounts and other payables of \$595,287 consisted of the following at June 30, 2017:

|                     | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>     |
|---------------------|------------------------------------|-------------------------------------|------------------|
| Accounts            | \$ 311,037                         | \$ 196,658                          | \$507,695        |
| Retainage           | 75,419                             | -                                   | 75,419           |
| Accrued liabilities | <u>7,937</u>                       | <u>4,236</u>                        | <u>12,173</u>    |
| Totals              | <u>\$ 394,393</u>                  | <u>\$ 200,894</u>                   | <u>\$595,287</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, 2017:

|                                    | <u>Long-Term Debt</u>                   |                          |                                       | <u>Other Liabilities</u>        |
|------------------------------------|---|--------------------------|---------------------------------------|---------------------------------|
|                                    | <u>General<br/>Obligation<br/>Bonds</u> | <u>Capital<br/>Lease</u> | <u>DHH Water<br/>Loan<br/>Payable</u> | <u>Compensated<br/>Absences</u> |
| Long-term debt as of July 01, 2016 | \$ 8,875,000                            | \$ 80,395                | \$ -                                  | \$ 24,018                       |
| Additions                          | -                                       | -                        | 511,364                               | 5,296                           |
| Retirements                        | <u>(400,000)</u>                        | <u>(25,536)</u>          | <u>-</u>                              | <u>(3,366)</u>                  |
| Long-term debt as of June 30, 2017 | <u>\$ 8,475,000</u>                     | <u>\$ 54,859</u>         | <u>\$ 511,364</u>                     | <u>\$ 25,948</u>                |

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt payable at June 30, 2017 is comprised of the following:

Governmental activities:

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 \$ 8,475,000

Business-type activities:

Capital lease -

\$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 \$ 54,859

DHH Water Loan Payable -

\$511,364 loan from the Louisiana Department of Health and Hospitals payable from utility system revenues \$ 511,364

Equipment held under the capital lease had a book value at June 30, 2017 of \$116,992 (cost of \$135,643 less accumulated amortization of \$18,651). Amortization in the amount of \$6,782 is included in depreciation expense for the year ended June 30, 2017.

During the fiscal year ended June 30, 2017, the City borrowed \$511,364 from the Louisiana Department of Health and Hospitals as 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<br>June 30, | Governmental Activities |                      | Business-type Activities |                      |
|-------------------------|-------------------------|----------------------|--------------------------|----------------------|
|                         | Principal<br>Payments   | Interest<br>Payments | Principal<br>Payments    | Interest<br>Payments |
| 2018                    | \$ 410,000              | \$ 277,176           | \$ 26,778                | \$ 2,669             |
| 2019                    | 425,000                 | 264,651              | 28,081                   | 1,366                |
| 2020                    | 440,000                 | 251,676              | -                        | -                    |
| 2021                    | 455,000                 | 238,251              | -                        | -                    |
| 2022                    | 470,000                 | 224,376              | -                        | -                    |
| 2023 - 2027             | 2,580,000               | 891,644              | -                        | -                    |
| 2028 - 2032             | 3,030,000               | 419,393              | -                        | -                    |
| 2033 - 2036             | 665,000                 | 13,300               | -                        | -                    |
| Total                   | <u>\$ 8,475,000</u>     | <u>\$ 2,580,467</u>  | <u>\$ 54,859</u>         | <u>\$ 4,035</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 1/12<sup>th</sup> of the next maturing installment of principal and 1/6<sup>th</sup> 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, 2017.

(12) Unearned Revenue

Governmental activities:

General Fund -

|  |           |
|--|-----------|
| Amount received from Lafayette Convention and Visitors Commission for approved projects for cultural and economic development projects which had not yet begun as of June 30, 2017 | \$ 13,578 |
|--|-----------|

|   |       |
|---|-------|
| Amount received from Entergy for weatherization of citizens' homes which has not yet been spent as of June 30, 2017 | 2,839 |
|---|-------|

|   |               |
|---|---------------|
| Amount received from unsettled police narcotics cases as of June 30, 2017 | <u>74,141</u> |
|---|---------------|

|                    |        |
|--------------------|--------|
| Total General Fund | 90,558 |
|--------------------|--------|

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 | 112,100 |
|-------------------------------|---------|

Business-type activities - Utility Fund:

|   |               |
|---|---------------|
| Amount billed in June 2017 for garbage service revenues for July 2017 | <u>68,880</u> |
|---|---------------|

|                        |                          |
|------------------------|--------------------------|
| Total unearned revenue | <u><u>\$ 180,980</u></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’s medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement. The plan is a single-employer defined benefit health care plan administered by the City. The City has the authority to establish and amend the benefit provisions of the plan. The plan does not issue a publicly available stand-alone financial report.

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. See the section below entitled "Post employment Benefit Plan Eligibility Requirements" for the assumption used for that purpose.

Contribution Rates – Employees do not contribute to their post employment benefits costs. The entire premiums for these benefits are paid by the City, as outlined in the official plan document.

Funding Policy –Until 2009, the City of Scott recognized the cost of providing post-employment medical benefits (the City of Scott’s portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In the fiscal year ending June 30, 2017, the City’s portion of health care funding cost for retired employees totaled \$39,856. Effective July 1, 2009, the City of Scott implemented Government Accounting Standards Board Codification Section P50, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Obligation as shown in the following table.

Annual Required Contribution – The City’s Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the normal cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

|                                    |                 |
|------------------------------------|-----------------|
| Normal cost                        | \$30,010        |
| 30-year UAL amortization amount    | <u>43,521</u>   |
| Annual required contribution (ARC) | <u>\$73,531</u> |

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

The following table shows the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and the changes in the City's net OPEB obligation:

|  |                   |
|--|-------------------|
| Annual required contribution               | \$ 73,531         |
| Interest on net OPEB obligation            | 33,755            |
| Adjustment to annual required contribution | <u>(48,801)</u>   |
| Annual OPEB cost (benefit)                 | 58,485            |
| Contributions made                         | -                 |
| Current year retiree premium               | <u>(21,956)</u>   |
| Decrease in net OPEB obligation            | 36,529            |
| Net OPEB obligation - beginning of year    | <u>843,868</u>    |
| Net OPEB obligation - end of year          | <u>\$ 880,397</u> |

The City's annual OPEB cost, percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation as of 2017, 2016, and 2015 follows:

| Fiscal<br>Year<br>Ended | Annual<br>OPEB<br>Cost | Percentage of<br>Annual OPEB<br>Cost Contributed | Net OPEB<br>Obligation |
|-------------------------|------------------------|--|------------------------|
| 6/30/2015               | \$ 21,020              | 175.57%  | \$ 860,955             |
| 6/30/2016               | 22,769                 | 175.05%  | 843,868                |
| 6/30/2017               | 58,485                 | 37.54%   | 880,397                |

**Funded Status and Funding Progress** – In the fiscal year ending June 30, 2017, the City of Scott made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the July 1, 2013 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year June 30, 2017 was \$948,388 which is defined as that portion, as determined by a particular actuarial cost method (the City of Scott uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

|   |                   |
|---|-------------------|
| Actuarial accrued liability (AAL)                 | \$ 782,680        |
| Actuarial valuation of plan assets                | <u>-</u>          |
| Unfunded actuarial accrued liability (UAAL)       | <u>\$ 782,680</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 0%                |
| Covered payroll                                   | \$ 2,016,525      |
| UAAL as a percentage of covered payroll           | 38.81%            |

The schedule of funding progress included in required supplementary information following the notes to the financial statements presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

## CITY OF SCOTT, LOUISIANA

### Notes to Basic Financial Statements (Continued)

**Actuarial Methods and Assumptions** – Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the City of Scott and its employee plan members) and include the types of benefits at the time of each valuation and on the pattern of sharing of benefit costs between the City and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the City of Scott and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

**Actuarial Cost Method** – The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality and turnover.

**Actuarial Value of Plan Assets** – Since the OPEB obligation has not been funded, there are not any plan assets. It is anticipated that in future valuations, should the OPEB obligations be funded, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Codification Section P50 would be used.

**Turnover Rate** – An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 15%.

**Post employment Benefit Plan Eligibility Requirements** – Based on past experience, it has been assumed that entitlement to benefits will commence six years after the earliest retirement (D.R.O.P. entry) eligibility, as described above under "Plan Description". The six years consists of the three year D.R.O.P. period plus three additional years. Medical benefits are provided to employees upon actual retirement.

**Investment Return Assumption (Discount Rate)** – GASB Codification Section P50 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits – The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. While the employer pays a flat amount for the "cost" of the medical benefits, the retiree premium is the blended active/retired rate before Medicare eligibility. Since GASB Codification Section P50 that "unblended" rates applicable to the coverage provided to retirees be used there is thus an implied subsidy by the employer. We have estimated the "unblended" rates for retirees before Medicare eligibility to be 130% of the blended active/retired rate. The average unblended rate of the current retirees above age 65 was used for the assumed post-Medicare employer rate.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

Below is a summary of OPEB cost and contributions for the years ended June 30, 2017, 2016, and 2015:

|  | <u>2017</u>      | <u>2016</u>        | <u>2015</u>        |
|--|------------------|--------------------|--------------------|
| OPEB cost (benefit)                    | \$ 58,485        | \$ 22,769          | \$ 21,020          |
| Contribution                           | -                | -                  | -                  |
| Retiree premium                        | <u>21,956</u>    | <u>39,856</u>      | <u>36,904</u>      |
| Total contribution and premium         | <u>21,956</u>    | <u>39,856</u>      | <u>36,904</u>      |
| Change in net OPEB obligation          | <u>\$ 36,529</u> | <u>\$ (17,087)</u> | <u>\$ (15,884)</u> |
| % of contribution to cost              | 0.00%            | 0.00%              | 0.00%              |
| % of contribution plus premium to cost | 37.54%           | 175.05%            | 175.57%            |

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

(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.

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 <sup>2</sup>   |
| Years of service required and/or age eligible for benefits | 25 years of any age<br>10 years age 60<br>20 years any age <sup>1</sup> | 25 years of any age<br>20 years age 55<br>12 years age 55<br>20 years any age <sup>1</sup><br>30 years any age <sup>3</sup><br>25 years age 55 <sup>3</sup><br>10 years age 60 <sup>3</sup> |
| Benefit percent per years of service                       | 3.00%   | 2.50 - 3.33% <sup>4</sup>   |

<sup>1</sup> With actuarial reduced benefits

<sup>2</sup> Membership commencing January 1, 2013

<sup>3</sup> Under non hazardous duty sub plan commencing January 1, 2013

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

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

**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, 2017 for the defined benefit pension plans in which the City is a participating employer were as follows:

| <u>Plan</u> | <u>Active Member<br/>Contribution<br/>Percentage</u> | <u>Employer<br/>Contribution<br/>Percentage</u> | <u>Nonemployer<br/>Contributing<br/>Entities</u> | <u>Government<br/>Contributions</u> |
|-------------|--|---|--|-------------------------------------|
| MERS        | 5.00%  | 11.00%  | \$ 29,334  | \$ 95,635                           |
| MPERS       | 10.00%   | 31.75%  | \$ 57,540  | \$ 300,681                          |

**Net Pension Liability**

The City's net pension liability at June 30, 2017 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, 2015 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<br/>Share of Net<br/>Pension Liability</u> | <u>Proportionate<br/>Share (%) of Net<br/>Pension Liability</u> | <u>Increase/(Decrease)<br/>from Prior<br/>Measurement Date</u> |
|-------------|---|---|--|
| MERS        | \$ 987,546  | 1.191381%   | -0.069428%   |
| MPERS       | 2,898,712   | 0.309268%   | -0.054211%   |
| Total       | <u>\$3,886,258</u>  |   |  |

Since the measurement date of the net pension liability was June 30, 2015, 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                           |
|---|---------------------------------|---------------------------------|
| Valuation date                            | 6/30/2016                       | 6/30/2016                       |
| Actuarial cost method                     | Entry Age Normal                | Entry Age Normal                |
| Investment rate of return                 | 7.5%, net of investment expense | 7.5%, net of investment expense |
| Expected remaining service lives          | 4                               | 4                               |
| Inflation rate                            | 2.875%                          | 2.875%                          |
| 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)

**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%               | 1.80%                                  | 21%               | 0.49%                                  |
| Equities                | 50%               | 2.60%                                  | 53%               | 3.69%                                  |
| Alternative Investments | 15%               | 0.80%                                  | 20%               | 1.11%                                  |
| Other                   | -                 | -                                      | 6%                | 0.21%                                  |
| Totals                  | <u>100%</u>       | <u>5.20%</u>                           | <u>100%</u>       | <u>5.50%</u>                           |
| Inflation               |                   | <u>2.50%</u>                           |                   | <u>2.75%</u>                           |
| Expected nominal return |                   | <u>7.70%</u>                           |                   | <u>8.25%</u>                           |

**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, 2017, the City recognized \$613,093 in pension expense related to all defined benefit plans in which it participates.

CITY OF SCOTT, LOUISIANA

Notes to Basic Financial Statements (Continued)

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Governmental Activities</u>                |  |
|---|---|--|
|   | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
| Difference between expected and actual experience   | \$ 8,100                                      | \$ 60,380                                    |
| Changes of assumptions  | 190,147                                       | 175  |
| Change in proportion and differences between the employer's contributions and the employer's proportionate share of contributions | 293,368                                       | 341,544                                      |
| Net differences between projected and actual earnings on plan investments   | 688,100                                       | -  |
| Contributions subsequent to the measurement date  | <u>396,306</u>                                | <u>-</u>                                     |
| Total   | <u>\$ 1,576,021</u>                           | <u>\$ 402,099</u>                            |

Deferred outflows of resources of \$396,306 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, 2018. 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     |                   |
|----------------|-------------------|
| <u>June 30</u> |                   |
| 2018           | \$ 268,040        |
| 2019           | 211,416           |
| 2020           | 148,017           |
| 2021           | <u>150,143</u>    |
|                | <u>\$ 777,616</u> |

**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 and MPERS was 7.5% for the year ended June 30, 2016.

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:

| <u>Plan</u> | <u>Current<br/>Discount Rate</u> | <u>Net Pension Liability</u> |                                  |                        |
|-------------|----------------------------------|------------------------------|----------------------------------|------------------------|
|             |                                  | <u>1%<br/>Decrease</u>       | <u>Current<br/>Discount Rate</u> | <u>1%<br/>Increase</u> |
| MERS        | 7.50%                            | \$1,277,519                  | \$ 987,546                       | \$ 740,140             |
| MPERS       | 7.50%                            | 3,864,233                    | 2,898,712                        | 2,088,070              |
| Total       |                                  | <u>\$5,141,752</u>           | <u>\$ 3,886,258</u>              | <u>\$ 2,828,210</u>    |

**Payables to the Pension Plans**

At June 30, 2017, the City's payables were \$10,569 and \$29,917 to MERS and MPERS, respectively, for the month of June-2017, which were the contractually required contributions.

(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 2017, 2016, and 2015 amounted to \$180,048, \$178,326 and \$165,744, respectively.

(16) On-Behalf Payment of Salaries

The State of Louisiana paid the City's policemen and firemen \$123,540 of supplemental pay during the year ended June 30, 2017. 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, 2017, 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, 2017 in the amount of \$118,854, of which \$7,662 was owed for purchases for the month of June 2017.
- 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, 2017 in the amount of \$816,591, of which \$67,111 was owed for purchases for the month of June 2017.

(20) Segment Information for the Enterprise Fund

The City of Scott maintains one enterprise fund with three departments which provide gas, water, and sewerage services. Segment information for the year ended June 30, 2017 was as follows:

|                          | <u>Gas<br/>Department</u> | <u>Water<br/>Department</u> | <u>Sewerage<br/>Department</u> | <u>Garbage<br/>Department</u> | <u>Total<br/>Enterprise<br/>Fund</u> |
|--------------------------|---------------------------|-----------------------------|--------------------------------|-------------------------------|--------------------------------------|
| Operating revenues       | \$ 552,377                | \$ 1,258,865                | \$ 537,301                     | \$ 807,227                    | \$ 3,155,770                         |
| Operating expenses:      |                           |                             |                                |                               |                                      |
| Depreciation             | 21,029                    | 143,206                     | 285,811                        | -                             | 450,046                              |
| Other                    | <u>381,369</u>            | <u>1,256,837</u>            | <u>351,793</u>                 | <u>808,050</u>                | <u>2,798,049</u>                     |
| Total operating expenses | <u>402,398</u>            | <u>1,400,043</u>            | <u>637,604</u>                 | <u>808,050</u>                | <u>3,248,095</u>                     |
| Operating income (loss)  | <u>\$ 149,979</u>         | <u>\$ (141,178)</u>         | <u>\$ (100,303)</u>            | <u>\$ (823)</u>               | <u>\$ (92,325)</u>                   |

(21) Compensation of City Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2017 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        | <u>11,775</u>     |
|                        | <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, 2017 follows:

|                       |                   |
|-----------------------|-------------------|
| Salary                | \$ 80,156         |
| Benefits - insurance  | 7,487             |
| Benefits - retirement | 10,621            |
| Car allowance         | 7,200             |
| Cell phone            | 1,177             |
| Conference travel     | 1,911             |
| Special meals         | 616               |
| Other                 | <u>1,802</u>      |
| Total                 | <u>\$ 110,970</u> |

(23) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2017:

|  | <u>Due From<br/>Other Funds</u> | <u>Due to<br/>Other Funds</u> |
|--|---------------------------------|-------------------------------|
| Major funds:   |                                 |                               |
| Governmental funds -                                   |                                 |                               |
| General Fund   | \$ 832,167                      | \$ 620,798                    |
| 1968 Sales Tax Special Revenue Fund                    | -                               | 2,109,028                     |
| 1984 Sales Tax Special Revenue Fund                    | 107,973                         | 1,915,687                     |
| Apollo EDD Sales Tax Special Revenue Fund              | 1,208,894                       | 3,243                         |
| Sewer System Construction/Grants Capital Projects Fund | 241,891                         | 242,692                       |
| Proprietary Fund -                                     |                                 |                               |
| Enterprise Fund  | <u>2,545,606</u>                | <u>45,083</u>                 |
| Total  | <u>\$ 4,936,531</u>             | <u>\$ 4,936,531</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, 2017:

|   | <u>Transfers In</u> | <u>Transfers Out</u> |
|---|---------------------|----------------------|
| Major funds:                              |                     |                      |
| Governmental funds -                      |                     |                      |
| General Fund                              | \$ 2,500,000        | \$ -                 |
| 1968 Sales Tax Special Revenue Fund       | -                   | 3,134,184            |
| 1984 Sales Tax Special Revenue Fund       | -                   | 1,096,663            |
| Apollo EDD Sales Tax Special Revenue Fund | -                   | 346,663              |
| Sewer System Construction/Grants Fund     | 72,991              | 143,994              |
| Sales Tax Bonds Fund                      | 693,326             | -                    |
| Proprietary Fund -                        |                     |                      |
| Enterprise Fund                           | <u>3,205,187</u>    | <u>1,750,000</u>     |
| Total                                     | <u>\$ 6,471,504</u> | <u>\$ 6,471,504</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, 2017, the reduction in the City's ad valorem revenues as a result of these abatements was not considered material.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

CITY OF SCOTT, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017

|   | Budget              |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------|---------------------|---------------------|---|
|   | Original            | Final               |                     | (Negative)  |
| <b>Revenues:</b>  |                     |                     |                     |   |
| Taxes   | \$ 769,200          | \$ 759,548          | \$ 758,609          | \$ (939)  |
| Licenses and permits  | 320,300             | 314,614             | 329,727             | 15,113  |
| Intergovernmental   | 281,956             | 294,758             | 227,380             | (67,378)  |
| Fines and forfeits  | 273,700             | 282,713             | 241,427             | (41,286)  |
| Miscellaneous   | 26,020              | 33,930              | 77,212              | 43,282  |
| <b>Total revenues</b>   | <u>1,671,176</u>    | <u>1,685,563</u>    | <u>1,634,355</u>    | <u>(51,208)</u>   |
| <b>Expenditures:</b>  |                     |                     |                     |   |
| General government:   | 1,005,005           | 1,027,327           | 1,011,199           | 16,128  |
| Public safety:  |                     |                     |                     |   |
| Police  | 2,328,826           | 2,278,942           | 2,243,663           | 35,279  |
| Streets   | 652,875             | 660,627             | 713,674             | (53,047)  |
| Culture and tourism   | 60,077              | 60,390              | 53,454              | 6,936   |
| Capital outlay  | 124,115             | 215,260             | 346,859             | (131,599)   |
| <b>Total expenditures</b>   | <u>4,170,898</u>    | <u>4,242,546</u>    | <u>4,368,849</u>    | <u>(126,303)</u>  |
| Deficiency of revenues<br>over expenditures   | <u>(2,499,722)</u>  | <u>(2,556,983)</u>  | <u>(2,734,494)</u>  | <u>(177,511)</u>  |
| <b>Other financing sources:</b>   |                     |                     |                     |   |
| Transfers from -  |                     |                     |                     |   |
| Utility Fund  | 1,750,000           | 1,750,000           | 1,750,000           | -   |
| 1984 Sales Tax Fund   | 750,000             | 775,000             | 750,000             | (25,000)  |
| <b>Total other financing sources</b>  | <u>2,500,000</u>    | <u>2,525,000</u>    | <u>2,500,000</u>    | <u>(25,000)</u>   |
| Excess (deficiency) of revenues<br>and other financing sources<br>over expenditures | 278                 | (31,983)            | (234,494)           | (202,511)   |
| Fund balance, beginning   | <u>1,461,333</u>    | <u>1,461,333</u>    | <u>1,461,333</u>    | <u>-</u>  |
| Fund balance, ending  | <u>\$ 1,461,611</u> | <u>\$ 1,429,350</u> | <u>\$ 1,226,839</u> | <u>\$ (202,511)</u>                                     |

CITY OF SCOTT, LOUISIANA  
1968 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017

|  | Budget              |                    | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|--------------------|--------------------|---|
|  | Original            | Final              |                    |   |
| <b>Revenues:</b>   |                     |                    |                    |   |
| Taxes  | \$ 1,955,000        | \$ 2,145,504       | \$ 2,158,111       | \$ 12,607   |
| Intergovernmental  | 1,409,300           | 135,770            | 75,467             | (60,303)  |
| Miscellaneous - interest                                   | 12,700              | 17,258             | 18,012             | 754   |
| Total revenues   | <u>3,377,000</u>    | <u>2,298,532</u>   | <u>2,251,590</u>   | <u>(46,942)</u>   |
| <b>Expenditures:</b>                                       |                     |                    |                    |   |
| General government   | 25,100              | 27,630             | 38,429             | (10,799)  |
| Streets  | 185,500             | 265,396            | 253,291            | 12,105  |
| Capital outlay   | 861,972             | 667,695            | 705,434            | (37,739)  |
| Total expenditures   | <u>1,072,572</u>    | <u>960,721</u>     | <u>997,154</u>     | <u>(36,433)</u>   |
| Excess of revenues<br>over expenditures                    | 2,304,428           | 1,337,811          | 1,254,436          | (83,375)  |
| <b>Other financing uses:</b>                               |                     |                    |                    |   |
| Transfers to other funds                                   | <u>(2,362,691)</u>  | <u>(2,933,335)</u> | <u>(3,134,184)</u> | <u>(200,849)</u>  |
| Deficiency of revenues over<br>expenditures and other uses | (58,263)            | (1,595,524)        | (1,879,748)        | (284,224)   |
| Fund balances, beginning                                   | <u>2,547,286</u>    | <u>2,547,286</u>   | <u>2,547,286</u>   | -   |
| Fund balances, ending                                      | <u>\$ 2,489,023</u> | <u>\$ 951,762</u>  | <u>\$ 667,538</u>  | <u>\$ (284,224)</u>                                     |

CITY OF SCOTT, LOUISIANA  
1984 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule  
For the Year Ended June 30, 2017

|  | Budget             |                    | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|--------------------|--------------------|--------------------|---|
|  | Original           | Final              |                    |   |
| <b>Revenues:</b>                                       |                    |                    |                    |   |
| Taxes  | \$1,955,000        | \$2,145,474        | \$2,158,111        | \$ 12,637   |
| Miscellaneous - interest                               | -                  | 11,106             | 13,054             | 1,948   |
| Total revenues   | <u>1,955,000</u>   | <u>2,156,580</u>   | <u>2,171,165</u>   | <u>14,585</u>   |
| <b>Expenditures:</b>                                   |                    |                    |                    |   |
| General government                                     | 25,100             | 25,470             | 38,769             | (13,299)  |
| Public safety:   |                    |                    |                    |   |
| Fire   | 413,285            | 375,639            | 329,096            | 46,543  |
| Streets  | 84,856             | 110,506            | 91,390             | 19,116  |
| Capital outlay   | <u>100,000</u>     | <u>50,000</u>      | -                  | <u>50,000</u>   |
| Total expenditures                                     | <u>623,241</u>     | <u>561,615</u>     | <u>459,255</u>     | <u>102,360</u>  |
| Excess of revenues<br>over expenditures                | 1,331,759          | 1,594,965          | 1,711,910          | 116,945   |
| <b>Other financing uses:</b>                           |                    |                    |                    |   |
| Transfers to other funds                               | <u>(1,096,663)</u> | <u>(1,121,663)</u> | <u>(1,096,663)</u> | <u>25,000</u>   |
| Excess of revenues over<br>expenditures and other uses | 235,096            | 473,302            | 615,247            | 141,945   |
| Fund balances, beginning                               | <u>884,651</u>     | <u>884,651</u>     | <u>884,651</u>     | -   |
| Fund balances, ending                                  | <u>\$1,119,747</u> | <u>\$1,357,953</u> | <u>\$1,499,898</u> | <u>\$ 141,945</u>                                       |

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

Budgetary Comparison Schedule  
 For the Year Ended June 30, 2017

|  | Budget              |                      | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|---------------------|----------------------|----------------------|---|
|  | Original            | Final                |                      |   |
| <b>Revenues:</b>                                       |                     |                      |                      |   |
| Taxes  | \$ 530,000          | \$ 588,355           | \$ 643,629           | \$ 55,274   |
| Intergovernmental revenue -                            |                     |                      |                      |   |
| State grant  | 4,000,000           | 1,399,300            | 1,399,300            | -   |
| Miscellaneous  | 30,200              | 29,054               | 37,677               | 8,623   |
| Total revenues   | <u>4,560,200</u>    | <u>2,016,709</u>     | <u>2,080,606</u>     | <u>63,897</u>   |
| <b>Expenditures:</b>                                   |                     |                      |                      |   |
| General government -                                   |                     |                      |                      |   |
| Collection fees  | 2,800               | 6,000                | 6,094                | (94)  |
| Capital outlay   | 4,095,559           | 375,663              | 372,999              | 2,664   |
| Total expenditures                                     | <u>4,098,359</u>    | <u>381,663</u>       | <u>379,093</u>       | <u>2,570</u>  |
| Excess of revenues<br>over expenditures                | 461,841             | 1,635,046            | 1,701,513            | 66,467  |
| <b>Other financing uses:</b>                           |                     |                      |                      |   |
| Transfers to Sales Tax Bond Fund                       | <u>(346,662)</u>    | <u>(346,663)</u>     | <u>(346,663)</u>     | <u>-</u>  |
| Excess of revenues over<br>expenditures and other uses | 115,179             | 1,288,383            | 1,354,850            | 66,467  |
| Fund balances, beginning                               | <u>8,770,323</u>    | <u>8,770,323</u>     | <u>8,770,323</u>     | <u>-</u>  |
| Fund balances, ending                                  | <u>\$ 8,885,502</u> | <u>\$ 10,058,706</u> | <u>\$ 10,125,173</u> | <u>\$ 66,467</u>  |

CITY OF SCOTT, LOUISIANA

Schedule of Funding Progress  
For the Year Ended June 30, 2017

| <u>Actuarial<br/>Valuation<br/>Date</u> | <u>Actuarial<br/>Value of<br/>Assets</u> | <u>Actuarial<br/>Accrued<br/>Liabilities<br/>(AAL)</u> | <u>Unfunded<br/>Actuarial<br/>Accrued<br/>Liabilities<br/>(UAAL)</u> | <u>Funded<br/>Ratio</u> | <u>Covered<br/>Payroll</u> | <u>UAAL as a<br/>Percentage<br/>of Covered<br/>Payroll</u> |
|---|--|--|--|-------------------------|----------------------------|--|
| 07/01/09                                | \$ -                                     | \$3,290,165  | \$3,290,165  | 0.0%                    | \$1,769,236                | 186%   |
| 07/01/12                                | -  | 2,891,359  | 2,891,359  | 0.0%                    | 1,715,505                  | 169%   |
| 07/01/13                                | -  | 876,839  | 876,839  | 0.0%                    | 1,875,105                  | 47%  |
| 07/01/16                                | -  | 782,680  | 782,680  | 0.0%                    | 2,016,525                  | 39%  |

CITY OF SCOTT, LOUISIANA

Schedule of Employer's Share of Net Pension Liability  
For the Year Ended June 30, 2017\*

| <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        | 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       | 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, 2017

| <u>Plan</u> | <u>Year ended<br/>June 30,</u> | <u>Contractually<br/>Required<br/>Contribution</u> | <u>Contributions in<br/>Relation to<br/>Contractual<br/>Required<br/>Contribution</u> | <u>Contribution<br/>Deficiency<br/>(Excess)</u> | <u>Employer's<br/>Covered<br/>Employee<br/>Payroll</u> | <u>Contributions<br/>as a % of<br/>Covered<br/>Employee<br/>Payroll</u> |
|-------------|--------------------------------|--|---|---|--|---|
| MERS        | 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       | 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:

1. Prior to June 15, the City Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

(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.

**OTHER SUPPLEMENTARY INFORMATION**

CITY OF SCOTT, LOUISIANA

Statement of Net Position  
 June 30, 2017  
 With Comparative Totals as of June 30, 2016

|  | 2017                       |                             |                     | 2016<br>Totals       |
|--|----------------------------|-----------------------------|---------------------|----------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total               |                      |
| <b>ASSETS</b>                                      |                            |                             |                     |                      |
| Current assets:                                    |                            |                             |                     |                      |
| Cash and interest-bearing deposits                 | \$ 7,594,521               | \$ 2,001,523                | \$ 9,596,044        | \$ 9,955,017         |
| Investments  | 2,205,653                  | 85,340                      | 2,290,993           | 2,273,300            |
| Receivables, net                                   | 417,582                    | 479,252                     | 896,834             | 721,164              |
| Internal balances                                  | (2,500,523)                | 2,500,523                   | -                   | -                    |
| Due from other governmental units                  | 192,765                    | -                           | 192,765             | 495,121              |
| Prepaid items                                      | 58,226                     | 13,397                      | 71,623              | 98,820               |
| Total current assets                               | <u>7,968,224</u>           | <u>5,080,035</u>            | <u>13,048,259</u>   | <u>13,543,422</u>    |
| Noncurrent assets:                                 |                            |                             |                     |                      |
| Restricted assets:                                 |                            |                             |                     |                      |
| Cash and interest-bearing deposits                 | 6,319,864                  | 574,495                     | 6,894,359           | 6,516,247            |
| Investments  | -                          | 175,024                     | 175,024             | 176,069              |
| Capital assets, net                                | <u>17,698,323</u>          | <u>13,337,038</u>           | <u>31,035,361</u>   | <u>28,986,857</u>    |
| Total noncurrent assets                            | <u>24,018,187</u>          | <u>14,086,557</u>           | <u>38,104,744</u>   | <u>35,679,173</u>    |
| Total assets                                       | <u>31,986,411</u>          | <u>19,166,592</u>           | <u>51,153,003</u>   | <u>49,222,595</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                            |                             |                     |                      |
| Deferred outflows of resources related to pensions | <u>1,408,489</u>           | <u>167,532</u>              | <u>1,576,021</u>    | <u>1,270,716</u>     |
| <b>LIABILITIES</b>                                 |                            |                             |                     |                      |
| Current liabilities:                               |                            |                             |                     |                      |
| Accounts and other payables                        | 394,393                    | 200,894                     | 595,287             | 927,315              |
| Unearned revenue                                   | 112,100                    | 68,880                      | 180,980             | 168,366              |
| Capital lease payable                              | -                          | 26,778                      | 26,778              | 25,536               |
| Bonds payable                                      | 410,000                    | -                           | 410,000             | 400,000              |
| Accrued interest payable                           | <u>23,611</u>              | <u>-</u>                    | <u>23,611</u>       | <u>24,444</u>        |
| Total current liabilities                          | <u>940,104</u>             | <u>296,552</u>              | <u>1,236,656</u>    | <u>1,545,661</u>     |
| Noncurrent liabilities:                            |                            |                             |                     |                      |
| Capital lease payable                              | -                          | 28,081                      | 28,081              | 54,859               |
| Customers deposits payable                         | -                          | 189,629                     | 189,629             | 188,894              |
| Compensated absences payable                       | 25,034                     | 914                         | 25,948              | 24,541               |
| DHH water loan payable                             | -                          | 511,364                     | 511,364             | -                    |
| Bonds payable                                      | 8,065,000                  | -                           | 8,065,000           | 8,475,000            |
| Net OPEB obligation payable                        | 606,837                    | 273,560                     | 880,397             | 843,868              |
| Net pension payable                                | <u>3,491,240</u>           | <u>395,018</u>              | <u>3,886,258</u>    | <u>3,704,383</u>     |
| Total noncurrent liabilities                       | <u>12,188,111</u>          | <u>1,398,566</u>            | <u>13,586,677</u>   | <u>13,291,545</u>    |
| Total liabilities                                  | <u>13,128,215</u>          | <u>1,695,118</u>            | <u>14,823,333</u>   | <u>14,837,206</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                            |                             |                     |                      |
| Deferred inflows of resources related to pensions  | <u>385,251</u>             | <u>16,848</u>               | <u>402,099</u>      | <u>148,757</u>       |
| <b>NET POSITION</b>                                |                            |                             |                     |                      |
| Net investment in capital assets                   | 9,334,007                  | 13,330,705                  | 22,664,712          | 20,098,534           |
| Restricted for sales tax dedications               | 6,234,892                  | -                           | 6,234,892           | 5,956,335            |
| Restricted for capital expenditures                | 6,057,717                  | -                           | 6,057,717           | 6,245,925            |
| Restricted for debt service                        | 238,536                    | -                           | 238,536             | 233,053              |
| Unrestricted (deficit)                             | <u>(1,983,718)</u>         | <u>4,291,453</u>            | <u>2,307,735</u>    | <u>2,973,501</u>     |
| Total net position                                 | <u>\$ 19,881,434</u>       | <u>\$ 17,622,158</u>        | <u>\$37,503,592</u> | <u>\$ 35,507,348</u> |

CITY OF SCOTT, LOUISIANA

Balance Sheets  
General and Special Revenue Funds

June 30, 2017

With Comparative Totals as of June 30, 2016

|                                      | General             |                     | 1968 Sales Tax<br>Special Revenue |                     | 1984 Sales Tax<br>Special Revenue |                     | Apollo Economic<br>Sales Tax<br>Special Revenue |                     |
|--------------------------------------|---------------------|---------------------|-----------------------------------|---------------------|-----------------------------------|---------------------|---|---------------------|
|                                      | 2017                | 2016                | 2017                              | 2016                | 2017                              | 2016                | 2017  | 2016                |
|                                      | <b>ASSETS</b>       |                     |                                   |                     |                                   |                     |   |                     |
| Cash                                 | \$ 281,638          | \$ 417,071          | \$ 37,122                         | \$ 39,649           | \$ 283,208                        | \$ 233,418          | \$ 656,278                                      | \$ 704,373          |
| Interest-bearing deposits            | 431,479             | 419,005             | 1,149,559                         | 1,714,839           | 2,771,636                         | 2,453,127           | 8,040,517                                       | 7,863,237           |
| Investments                          | 503,800             | 500,399             | 1,589,458                         | 1,578,728           | 112,395                           | 111,636             | -   | -                   |
| Receivables:                         |                     |                     |                                   |                     |                                   |                     |   |                     |
| Taxes                                | 1,175               | 1,382               | 180,894                           | 159,225             | 180,894                           | 159,225             | 50,853  | 41,972              |
| Accrued interest                     | -                   | -                   | 131                               | 60                  | 131                               | 60                  | 160   | 139                 |
| Due from other funds                 | 832,167             | 827,081             | -                                 | -                   | 107,973                           | 107,973             | 1,208,894                                       | 125,889             |
| Due from other governmental units    | 10,006              | 29,679              | -                                 | -                   | -                                 | -                   | 186,103   | 306,059             |
| Other                                | -                   | 815                 | -                                 | -                   | -                                 | -                   | -   | -                   |
| Prepaid items                        | 58,226              | 83,174              | -                                 | -                   | -                                 | -                   | -   | -                   |
| Total assets                         | <u>\$ 2,118,491</u> | <u>\$ 2,278,606</u> | <u>\$ 2,957,164</u>               | <u>\$ 3,492,501</u> | <u>\$ 3,456,237</u>               | <u>\$ 3,065,439</u> | <u>\$ 10,142,805</u>                            | <u>\$ 9,041,669</u> |
| <b>LIABILITIES AND FUND BALANCES</b> |                     |                     |                                   |                     |                                   |                     |   |                     |
| Liabilities:                         |                     |                     |                                   |                     |                                   |                     |   |                     |
| Accounts payable                     | \$ 177,409          | \$ 111,147          | \$ 102,955                        | \$ 110,592          | \$ 16,780                         | \$ 88,860           | \$ 13,893                                       | \$ 47,251           |
| Contracts payable                    | -                   | -                   | -                                 | -                   | -                                 | -                   | -   | 116,185             |
| Retainage payable                    | -                   | -                   | 75,419                            | 14,131              | -                                 | -                   | -   | 103,970             |
| Accrued liabilities                  | 2,887               | 3,788               | 2,224                             | 2,289               | 2,330                             | 2,397               | 496   | 697                 |
| Due to other funds                   | 620,798             | 619,898             | 2,109,028                         | 818,203             | 1,915,687                         | 2,067,989           | 3,243   | 3,243               |
| Unearned revenue                     | 90,558              | 82,440              | -                                 | -                   | 21,542                            | 21,542              | -   | -                   |
| Total liabilities                    | <u>891,652</u>      | <u>817,273</u>      | <u>2,289,626</u>                  | <u>945,215</u>      | <u>1,956,339</u>                  | <u>2,180,788</u>    | <u>17,632</u>                                   | <u>271,346</u>      |
| Fund balances -                      |                     |                     |                                   |                     |                                   |                     |   |                     |
| Nonspendable (prepaid items)         | 58,226              | 83,174              | -                                 | -                   | -                                 | -                   | -   | -                   |
| Restricted - sales tax dedications   | -                   | -                   | 667,538                           | 2,547,286           | 1,499,898                         | 884,651             | 4,067,456                                       | 2,524,398           |
| Restricted - capital expenditures    | -                   | -                   | -                                 | -                   | -                                 | -                   | 6,057,717                                       | 6,245,925           |
| Unassigned                           | 1,168,613           | 1,378,159           | -                                 | -                   | -                                 | -                   | -   | -                   |
| Total fund balances                  | <u>1,226,839</u>    | <u>1,461,333</u>    | <u>667,538</u>                    | <u>2,547,286</u>    | <u>1,499,898</u>                  | <u>884,651</u>      | <u>10,125,173</u>                               | <u>8,770,323</u>    |
| Total liabilities and fund balances  | <u>\$ 2,118,491</u> | <u>\$ 2,278,606</u> | <u>\$ 2,957,164</u>               | <u>\$ 3,492,501</u> | <u>\$ 3,456,237</u>               | <u>\$ 3,065,439</u> | <u>\$ 10,142,805</u>                            | <u>\$ 9,041,669</u> |

CITY OF SCOTT, LOUISIANA  
General Fund

Detailed Budgetary Comparison Schedule - Revenues  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

|  | 2017           |                |                | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2016<br>Actual |
|--|----------------|----------------|----------------|---|----------------|
|  | Budget         |                | Actual         |   |                |
|  | Original       | Final          |                |   |                |
| <b>Taxes:</b>                              |                |                |                |   |                |
| Ad valorem                                 | \$ 257,100     | \$ 257,100     | \$ 251,638     | \$ (5,462)  | \$ 256,833     |
| Franchise -                                |                |                |                |   |                |
| Electric                                   | 423,000        | 418,486        | 421,546        | 3,060   | 406,857        |
| Natural gas                                | 17,000         | 20,511         | 22,511         | 2,000   | 16,899         |
| Cable TV                                   | 72,100         | 63,451         | 62,914         | (537)   | 70,939         |
| Total taxes                                | <u>769,200</u> | <u>759,548</u> | <u>758,609</u> | <u>(939)</u>  | <u>751,528</u> |
| <b>Licenses and permits:</b>               |                |                |                |   |                |
| Liquor and beer licenses                   | 7,800          | 8,440          | 8,400          | (40)  | 8,010          |
| Occupational licenses                      | 25,200         | 25,015         | 25,570         | 555   | 26,205         |
| Insurance occupational licenses            | 189,000        | 182,135        | 185,479        | 3,344   | 178,110        |
| Building permits                           | 78,900         | 74,991         | 85,726         | 10,735  | 78,584         |
| Electrical permits                         | 12,000         | 11,792         | 12,615         | 823   | 12,885         |
| Other permits                              | 7,400          | 12,241         | 11,937         | (304)   | 9,156          |
| Total licenses and permits                 | <u>320,300</u> | <u>314,614</u> | <u>329,727</u> | <u>15,113</u>   | <u>312,950</u> |
| <b>Intergovernmental:</b>                  |                |                |                |   |                |
| Office of Community Development            | 15,000         | 12,000         | 12,000         | -   | 12,000         |
| Department of Revenue and Taxation:        |                |                |                |   |                |
| Beer taxes                                 | 15,335         | 38,637         | 13,921         | (24,716)  | 14,772         |
| Department of Transportation:              |                |                |                |   |                |
| Grass cutting                              | 9,460          | 9,460          | 9,460          | -   | 9,460          |
| Department of Public Safety                |                |                |                |   |                |
| Municipal fire and police supplemental pay | 162,000        | 162,000        | 123,540        | (38,460)  | 129,181        |
| <b>Local -</b>                             |                |                |                |   |                |
| Lafayette Tourist Grant - Begnaud House    | 15,000         | 7,500          | 3,298          | (4,202)   | 22,000         |
| Lafayette Parish School Board              | 65,161         | 65,161         | 65,161         | -   | 64,380         |
| Total intergovernmental                    | <u>281,956</u> | <u>294,758</u> | <u>227,380</u> | <u>(67,378)</u>   | <u>251,793</u> |

(continued)

CITY OF SCOTT, LOUISIANA  
General Fund

Detailed Budgetary Comparison Schedule - Revenues (Continued)  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

|                                 | 2017               |                    | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2016<br>Actual     |
|---------------------------------|--------------------|--------------------|--------------------|---|--------------------|
|                                 | Budget             |                    |                    |   |                    |
|                                 | Original           | Final              |                    |   |                    |
| Fines and forfeits:             |                    |                    |                    |   |                    |
| Fines and court costs - regular | 165,000            | 179,055            | 139,799            | (39,256)  | 144,781            |
| Fines and court costs - LACE    | 108,100            | 103,033            | 101,203            | (1,830)   | 111,569            |
| Clerk of Court                  | <u>600</u>         | <u>625</u>         | <u>425</u>         | <u>(200)</u>  | <u>625</u>         |
| Total fines and forfeits        | <u>273,700</u>     | <u>282,713</u>     | <u>241,427</u>     | <u>(41,286)</u>   | <u>256,975</u>     |
| Miscellaneous:                  |                    |                    |                    |   |                    |
| Interest                        | 3,500              | 5,195              | 5,468              | 273   | 3,112              |
| Sale of assets - police assets  | -                  | -                  | -                  | -   | 32,000             |
| Begnaud House inventory sales   | 3,520              | 1,283              | 1,146              | (137)   | 2,198              |
| Begnaud House event admission   | -                  | 2,921              | 2,921              | -   | 7,440              |
| Event Center revenues           | 18,000             | 22,710             | 27,100             | 4,390   | 27,489             |
| Other police revenues           | -                  | -                  | 29,050             | 29,050  | 50                 |
| Other sources                   | <u>1,000</u>       | <u>1,821</u>       | <u>11,527</u>      | <u>9,706</u>  | <u>2,928</u>       |
| Total miscellaneous             | <u>26,020</u>      | <u>33,930</u>      | <u>77,212</u>      | <u>43,282</u>   | <u>75,217</u>      |
| Total revenues                  | <u>\$1,671,176</u> | <u>\$1,685,563</u> | <u>\$1,634,355</u> | <u>\$ (51,208)</u>                                      | <u>\$1,648,463</u> |

CITY OF SCOTT, LOUISIANA  
General Fund

Detailed Budgetary Comparison Schedule - Expenditures  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

|                                     | 2017             |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2016<br>Actual |
|-------------------------------------|------------------|------------------|------------------|---|----------------|
|                                     | Budget           |                  | Actual           |   |                |
|                                     | Original         | Final            |                  |   |                |
| <b>General government:</b>          |                  |                  |                  |   |                |
| <b>Administration:</b>              |                  |                  |                  |   |                |
| Mayor and council salaries          | \$ 143,738       | \$ 143,738       | \$ 143,738       | \$ -  | \$ 143,738     |
| Other salaries                      | 118,915          | 124,612          | 118,289          | 6,323   | 117,828        |
| Payroll taxes                       | 20,618           | 20,094           | 19,727           | 367   | 19,094         |
| Retirement                          | 20,511           | 19,383           | 18,193           | 1,190   | 21,586         |
| Telephone and utilities             | 35,550           | 34,767           | 35,696           | (929)   | 36,461         |
| Advertising and publications        | 22,500           | 26,433           | 23,174           | 3,259   | 24,478         |
| Repairs and maintenance             | 34,900           | 35,232           | 37,219           | (1,987)   | 26,470         |
| Dues and conventions                | 16,000           | 16,000           | 8,670            | 7,330   | 13,444         |
| Legal fees                          | 117,100          | 114,800          | 101,429          | 13371   | 107,526        |
| Government relations and consulting | 96,000           | 96,000           | 98,500           | (2,500)   | 88,479         |
| Accounting and auditing             | 26,000           | 31,230           | 28,610           | 2,620   | 27,590         |
| Computer service                    | 2,500            | 9,444            | 5,345            | 4,099   | 4,444          |
| General insurance                   | 60,000           | 60,000           | 70,876           | (10,876)  | 52,714         |
| Group insurance                     | 27,000           | 23,095           | 26,865           | (3,770)   | 26,229         |
| Office expenditures                 | 45,300           | 45,016           | 46,776           | (1,760)   | 46,193         |
| Uniforms                            | 3,500            | 930              | 1,208            | (278)   | 3,556          |
| Scott business appreciation         | 4,000            | 3,256            | 3,256            | -   | 3,917          |
| Council on Aging                    | 6,000            | 6,000            | 6,000            | -   | 6,000          |
| Cultural activities                 | 5,000            | 6,261            | 7,178            | (917)   | 13,078         |
| Collection fees                     | 8,850            | 8,852            | 8,892            | (40)  | 8,864          |
| Miscellaneous                       | 2,383            | 4,037            | 3,393            | 644   | 1,583          |
|                                     | <u>816,365</u>   | <u>829,180</u>   | <u>813,034</u>   | <u>16,146</u>   | <u>793,272</u> |
| <b>Code Department:</b>             |                  |                  |                  |   |                |
| Salaries                            | 84,628           | 91,398           | 88,078           | 3,320   | 89,334         |
| Payroll taxes and retirement        | 15,952           | 16,002           | 14,782           | 1,220   | 14,296         |
| Group insurance                     | 14,200           | 13,999           | 13,947           | 52  | 14,749         |
| Building permits                    | 73,000           | 76,000           | 80,610           | (4,610)   | 76,184         |
| Training                            | 860              | 748              | 748              | -   | 613            |
|                                     | <u>188,640</u>   | <u>198,147</u>   | <u>198,165</u>   | <u>(18)</u>   | <u>195,176</u> |
| Total general government            | <u>1,005,005</u> | <u>1,027,327</u> | <u>1,011,199</u> | <u>16,128</u>   | <u>988,448</u> |

(continued)

CITY OF SCOTT, LOUISIANA  
General Fund

Detailed Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

|                                | 2017             |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2016<br>Actual   |
|--------------------------------|------------------|------------------|------------------|---|------------------|
|                                | Budget           |                  | Actual           |   |                  |
|                                | Original         | Final            |                  |   |                  |
| Public safety:                 |                  |                  |                  |   |                  |
| Police -                       |                  |                  |                  |   |                  |
| Salaries                       | 1,184,235        | 1,163,652        | 1,125,484        | 38,168  | 1,074,970        |
| Salaries - Chief               | 78,170           | 78,170           | 85,370           | (7,200)   | 81,770           |
| Payroll taxes                  | 83,534           | 89,546           | 92,635           | (3,089)   | 86,764           |
| Retirement                     | 289,412          | 304,607          | 303,153          | 1,454   | 255,601          |
| Auto fuel and oil              | 107,200          | 77,240           | 67,363           | 9,877   | 59,231           |
| Uniforms and supplies          | 33,500           | 36,810           | 40,656           | (3,846)   | 38,835           |
| Training, lodging and travel   | 15,000           | 15,000           | 10,211           | 4,789   | 15,050           |
| Dues and subscriptions         | 8,000            | 7,335            | 7,894            | (559)   | 6,409            |
| General insurance              | 163,500          | 163,500          | 190,555          | (27,055)  | 156,479          |
| Group insurance                | 193,900          | 179,940          | 175,407          | 4,533   | 137,623          |
| Advertising                    | 3,000            | 2,135            | 2,127            | 8   | 3,145            |
| Miscellaneous                  | 5,500            | 500              | 346              | 154   | 1,320            |
| Auto repairs and maintenance   | 50,000           | 54,000           | 47,920           | 6,080   | 26,713           |
| Firearms and ammunition        | 5,000            | 4,962            | 4,962            | -   | 5,022            |
| Telephone and utilities        | 36,200           | 28,565           | 27,705           | 860   | 29,478           |
| Computer services              | 20,000           | 21,900           | 14,498           | 7,402   | 16,811           |
| Office repairs and maintenance | 35,500           | 31,800           | 30,350           | 1,450   | 39,775           |
| Office supplies                | 13,000           | 15,105           | 15,027           | 78  | 13,242           |
| Civil service -                |                  |                  |                  |   |                  |
| Contract services              | 2,175            | 2,175            | -                | 2,175   | -                |
| Office supplies/miscellaneous  | 2,000            | 2,000            | 2,000            | -   | 1,515            |
| Total public safety            | <u>2,328,826</u> | <u>2,278,942</u> | <u>2,243,663</u> | <u>35,279</u>   | <u>2,049,753</u> |

(continued)

CITY OF SCOTT, LOUISIANA  
General Fund

Detailed Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

|                                      | 2017           |                | Actual         | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2016<br>Actual |
|--------------------------------------|----------------|----------------|----------------|---|----------------|
|                                      | Budget         |                |                |   |                |
|                                      | Original       | Final          |                |   |                |
| <b>Streets:</b>                      |                |                |                |   |                |
| Salaries                             | 319,300        | 333,376        | 338,181        | (4,805)   | 336,932        |
| Retirement                           | 31,107         | 28,922         | 30,776         | (1,854)   | 29,084         |
| Payroll taxes                        | 21,706         | 26,704         | 27,472         | (768)   | 25,266         |
| Street lighting                      | 72,500         | 71,647         | 73,624         | (1,977)   | 72,436         |
| General insurance                    | 90,160         | 90,121         | 117,074        | (26,953)  | 90,370         |
| Group insurance                      | 43,102         | 34,976         | 34,974         | 2   | 35,186         |
| Dues and subscriptions               | 5,600          | 9,803          | 5,237          | 4,566   | 11,206         |
| Utilities                            | 7,300          | 7,677          | 8,024          | (347)   | 7,278          |
| Engineering                          | -              | -              | 1,665          | (1,665)   | 10,062         |
| Repairs and maintenance              | 58,300         | 52,744         | 71,329         | (18,585)  | 55,647         |
| Uniforms                             | 1,650          | 2,162          | 2,162          | -   | 1,634          |
| Install/remove Christmas decorations | 1,050          | 1,616          | 1,616          | -   | 1,041          |
| Miscellaneous                        | 1,100          | 879            | 1,540          | (661)   | 1,250          |
| Total streets                        | <u>652,875</u> | <u>660,627</u> | <u>713,674</u> | <u>(53,047)</u>   | <u>677,392</u> |
| <b>Culture and tourism:</b>          |                |                |                |   |                |
| <b>Begnaud House -</b>               |                |                |                |   |                |
| Salaries                             | 15,232         | 14,867         | 15,060         | (193)   | 15,300         |
| Payroll taxes                        | 1,232          | 1,238          | 1,294          | (56)  | 1,170          |
| General insurance                    | -              | 2,644          | 1,318          | 1,326   | 1,768          |
| Cost of sales                        | 300            | 230            | 130            | 100   | 6,422          |
| Telephone and utilities              | 5,335          | 5,335          | 5,240          | 95  | 5,373          |
| Advertising and marketing            | 2,150          | 5,470          | 3,310          | 2,160   | 5,758          |
| Events                               | -              | 750            | 750            | -   | 2,400          |
| Office expenditures                  | 1,049          | 2,778          | 1,568          | 1,210   | 938            |
| Building and grounds maintenance     | 925            | 334            | 825            | (491)   | 693            |
| Conferences                          | 150            | -              | -              | -   | 150            |
| Miscellaneous                        | 100            | -              | 840            | (840)   | 798            |
| Total Begnaud House                  | <u>29,238</u>  | <u>33,646</u>  | <u>30,335</u>  | <u>3,311</u>  | <u>40,770</u>  |
| <b>Scott Event Center -</b>          |                |                |                |   |                |
| Contract labor                       | 9,000          | 6,875          | 5,475          | 1,400   | 10,225         |
| General insurance                    | 2,791          | 2,669          | 1,334          | 1,335   | 2,630          |
| Utilities                            | 9,000          | 6,973          | 6,625          | 348   | 8,105          |
| Repairs and maintenance              | 3,700          | 4,206          | 4,651          | (445)   | 20,291         |
| Supplies                             | 2,150          | 2,015          | 1,070          | 945   | 1,239          |
| Advertisements                       | 800            | -              | -              | -   | -              |
| Miscellaneous                        | 100            | 110            | 605            | (495)   | -              |
| Total Scott Event Center             | <u>27,541</u>  | <u>22,848</u>  | <u>19,760</u>  | <u>3,088</u>  | <u>42,490</u>  |

(continued)

CITY OF SCOTT, LOUISIANA  
General Fund

Detailed Budgetary Comparison Schedule - Expenditures (Continued)  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

|                              | 2017               |                    | Actual             | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2016<br>Actual     |
|------------------------------|--------------------|--------------------|--------------------|---|--------------------|
|                              | Budget             |                    |                    |   |                    |
|                              | Original           | Final              |                    |   |                    |
| Scott Community Center -     |                    |                    |                    |   |                    |
| General insurance            | 1,558              | 1,232              | 667                | 565   | 1,196              |
| Repairs and maintenance      | 500                | 986                | 1,023              | (37)  | 1,833              |
| Supplies                     | -                  | -                  | -                  | -   | 37                 |
| Telephone and utilities      | 1,240              | 1,678              | 1,669              | 9   | 1,298              |
| Total Scott Community Center | <u>3,298</u>       | <u>3,896</u>       | <u>3,359</u>       | <u>537</u>  | <u>4,364</u>       |
| Total culture and recreation | <u>60,077</u>      | <u>60,390</u>      | <u>53,454</u>      | <u>6,936</u>  | <u>87,624</u>      |
| Capital outlay:              |                    |                    |                    |   |                    |
| General government -         |                    |                    |                    |   |                    |
| Computer and equipment       | 2,000              | 5,935              | 113,138            | (107,203)   | 1,770              |
| Air conditioner              | 12,000             | 12,240             | 13,050             | (810)   | -                  |
| Painting and cleaning carpet | 8,776              | 9,176              | 10,496             | (1,320)   | -                  |
| Public safety -              |                    |                    |                    |   |                    |
| Police:                      |                    |                    |                    |   |                    |
| Automobiles                  | 60,000             | 102,350            | 138,984            | (36,634)  | 136,835            |
| Equipment for autos          | 15,000             | 23,126             | 77                 | 23,049  | 23,127             |
| Equipment                    | -                  | -                  | 9,161              | (9,161)   | -                  |
| Computer server              | -                  | -                  | 8,650              | (8,650)   | 29,500             |
| Cameras and body cameras     | 5,200              | 5,620              | -                  | 5,620   | -                  |
| Tasers (20)                  | -                  | -                  | -                  | -   | 33,411             |
| Bullet proof vests           | 3,300              | 2,000              | 1,788              | 212   | -                  |
| Highways and streets -       |                    |                    |                    |   |                    |
| Weatherization               | 2,839              | -                  | 50,000             | (50,000)  | -                  |
| Culture and tourism -        |                    |                    |                    |   |                    |
| Farmers market               | 15,000             | 3,298              | -                  | 3,298   | -                  |
| Event Center air conditioner | -                  | -                  | -                  | -   | 6,000              |
| Event Center renovations     | -                  | 50,000             | -                  | 50,000  | 36,690             |
| Begnaud House improvements   | -                  | 1,515              | 1,515              | -   | 7,000              |
| Total capital outlay         | <u>124,115</u>     | <u>215,260</u>     | <u>346,859</u>     | <u>(131,599)</u>  | <u>274,333</u>     |
| Total expenditures           | <u>\$4,170,898</u> | <u>\$4,242,546</u> | <u>\$4,368,849</u> | <u>\$(126,303)</u>                                      | <u>\$4,077,550</u> |

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

Detailed Budgetary Comparison Schedule  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

|  | 2017             |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2016<br>Actual   |
|--|------------------|------------------|------------------|---|------------------|
|  | Budget           |                  | Actual           |   |                  |
|  | Original         | Final            |                  |   |                  |
| <b>Revenues:</b>                               |                  |                  |                  |   |                  |
| Taxes  | \$ 1,955,000     | \$2,145,504      | \$2,158,111      | \$ 12,607   | \$ 1,967,824     |
| Intergovernmental -                            |                  |                  |                  |   |                  |
| Federal grant                                  | 1,375,000        | 135,770          | 75,467           | (60,303)  | -                |
| State grant                                    | 34,300           | -                | -                | -   | -                |
| Miscellaneous - interest                       | 12,700           | 17,258           | 18,012           | 754   | 14,739           |
| Total revenues                                 | <u>3,377,000</u> | <u>2,298,532</u> | <u>2,251,590</u> | <u>(46,942)</u>   | <u>1,982,563</u> |
| <b>Expenditures:</b>                           |                  |                  |                  |   |                  |
| General government -                           |                  |                  |                  |   |                  |
| Collection fees                                | 9,000            | 9,000            | 21,599           | (12,599)  | 22,292           |
| Professional fees                              | 16,100           | 18,630           | 16,830           | 1,800   | 16,400           |
| Total general government                       | <u>25,100</u>    | <u>27,630</u>    | <u>38,429</u>    | <u>(10,799)</u>   | <u>38,692</u>    |
| Streets -                                      |                  |                  |                  |   |                  |
| Supplies and repairs                           | 58,000           | 137,541          | 93,848           | 43,693  | 59,255           |
| Herbicide program                              | 42,500           | 42,500           | 29,730           | 12,770  | 29,730           |
| Engineering fees - annexations, etc.           | 85,000           | 85,355           | 129,713          | (44,358)  | 69,205           |
| Total streets                                  | <u>185,500</u>   | <u>265,396</u>   | <u>253,291</u>   | <u>12,105</u>   | <u>158,190</u>   |
| Capital outlay -                               |                  |                  |                  |   |                  |
| Streets:                                       |                  |                  |                  |   |                  |
| Blacktop - various streets                     | 412,000          | 404,070          | 397,722          | 6,348   | 332,562          |
| Detention for Westside Elementary              |                  | 30,000           | 37,210           | (7,210)   | -                |
| Christmas decorations                          | 5,100            | 5,086            | 5,086            | -   | -                |
| School lights, camera, air compressor, trailer | 15,140           | 14,271           | 23,393           | (9,122)   | -                |
| Roundabout study                               | -                | 11,200           | 17,921           | (6,721)   | -                |
| Landry road widening                           | -                | 69,673           | 69,673           | -   | -                |
| Engineer to repeal flood maps                  | 1,500            | -                | -                | -   | 1,147            |
| I-10 south ramp roundabout lighting            | -                | -                | -                | -   | 30,334           |
| Apollo Road roundabout                         | 118,872          | 40,000           | 43,551           | (3,551)   | 88,670           |
| Apollo Road extension                          | -                | -                | -                | -   | 1,196            |
| Street truck                                   | -                | 10,000           | 10,000           | -   | 30,523           |
| Sprayer equipment for herbicide                | -                | -                | -                | -   | 3,943            |
| Mills overpass                                 | -                | -                | -                | -   | 17,262           |
| L-14 drainage improvements                     | 289,360          | -                | -                | -   | -                |
| Drainage study Lateral 8C                      | 20,000           | 83,395           | 100,878          | (17,483)  | -                |
| Total capital outlay                           | <u>861,972</u>   | <u>667,695</u>   | <u>705,434</u>   | <u>(37,739)</u>   | <u>505,637</u>   |
| Total expenditures                             | <u>1,072,572</u> | <u>960,721</u>   | <u>997,154</u>   | <u>(36,433)</u>   | <u>702,519</u>   |
| Excess of revenues<br>over expenditures        | <u>2,304,428</u> | <u>1,337,811</u> | <u>1,254,436</u> | <u>(83,375)</u>   | <u>1,280,044</u> |

(continued)

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

Detailed Budgetary Comparison Schedule (Continued)  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

|   | 2017                |                    |                    | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2016<br>Actual      |
|---|---------------------|--------------------|--------------------|---|---------------------|
|   | Budget              |                    | Actual             |   |                     |
|   | Original            | Final              |                    |   |                     |
| Other financing uses:   |                     |                    |                    |   |                     |
| Transfers to -  |                     |                    |                    |   |                     |
| Utility Fund  | (2,362,691)         | (2,863,195)        | (3,061,193)        | (197,998)   | (1,254,757)         |
| Capital Projects Fund   | -                   | (70,140)           | (72,991)           | (2,851)   | (49,561)            |
| Total other financing uses                                    | <u>(2,362,691)</u>  | <u>(2,933,335)</u> | <u>(3,134,184)</u> | <u>(200,849)</u>  | <u>(1,304,318)</u>  |
| Deficiency of revenues<br>over expenditures<br>and other uses | (58,263)            | (1,595,524)        | (1,879,748)        | (284,224)   | (24,274)            |
| Fund balance, beginning                                       | <u>2,547,286</u>    | <u>2,547,286</u>   | <u>2,547,286</u>   | -   | <u>2,571,560</u>    |
| Fund balance, ending  | <u>\$ 2,489,023</u> | <u>\$ 951,762</u>  | <u>\$ 667,538</u>  | <u>\$(284,224)</u>                                      | <u>\$ 2,547,286</u> |

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

Detailed Budgetary Comparison Schedule  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

|  | 2017             |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2016<br>Actual   |
|--|------------------|------------------|------------------|---|------------------|
|  | Budget           |                  | Actual           |   |                  |
|  | Original         | Final            |                  |   |                  |
| <b>Revenues:</b>                                 |                  |                  |                  |   |                  |
| Taxes  | \$ 1,955,000     | \$ 2,145,474     | \$ 2,158,111     | \$ 12,637   | \$ 1,967,824     |
| Miscellaneous - interest                         | -                | 11,106           | 13,054           | 1,948   | 11,999           |
| Total revenues                                   | <u>1,955,000</u> | <u>2,156,580</u> | <u>2,171,165</u> | <u>14,585</u>   | <u>1,979,823</u> |
| <b>Expenditures:</b>                             |                  |                  |                  |   |                  |
| General government -                             |                  |                  |                  |   |                  |
| Sales tax collection fee                         | 9,000            | 9,000            | 21,599           | (12,599)  | 22,292           |
| Professional fees                                | 16,100           | 16,470           | 17,170           | (700)   | 16,400           |
| Total general government                         | <u>25,100</u>    | <u>25,470</u>    | <u>38,769</u>    | <u>(13,299)</u>   | <u>38,692</u>    |
| Public safety - fire                             |                  |                  |                  |   |                  |
| Contract   | -                | 50,000           | 50,000           | -   | 150,000          |
| Telephone and supplies                           | 1,950            | 2,109            | 2,099            | 10  | 1,973            |
| Uniforms   | 2,335            | 2,335            | 2,335            | -   | 2,332            |
| Professional fees                                | 13,500           | 20,606           | 15,706           | 4,900   | 13,930           |
| Salaries and benefits                            | 235,000          | 215,879          | 215,577          | 302   | 226,380          |
| Payroll taxes                                    | 19,000           | 17,958           | 17,705           | 253   | 18,252           |
| Contract labor                                   | 125,000          | 50,000           | 8,150            | 41,850  | 53,500           |
| Insurance  | 16,500           | 16,752           | 17,524           | (772)   | 14,191           |
| Total public safety                              | <u>413,285</u>   | <u>375,639</u>   | <u>329,096</u>   | <u>46,543</u>   | <u>480,558</u>   |
| Streets -  |                  |                  |                  |   |                  |
| Vehicle and equipment<br>repairs and maintenance | 50,000           | 48,817           | 56,243           | (7,426)   | 44,096           |
| Equipment lease                                  | 34,856           | 61,689           | 35,147           | 26,542  | 15,407           |
| Total streets                                    | <u>84,856</u>    | <u>110,506</u>   | <u>91,390</u>    | <u>19,116</u>   | <u>59,503</u>    |
| Capital outlay -                                 |                  |                  |                  |   |                  |
| Public safety - fire                             | -                | -                | -                | -   | 8,000            |
| Culture and recreation                           | 100,000          | 50,000           | -                | 50,000  | -                |
| Total capital outlay                             | <u>100,000</u>   | <u>50,000</u>    | <u>-</u>         | <u>50,000</u>   | <u>8,000</u>     |
| Total expenditures                               | <u>623,241</u>   | <u>561,615</u>   | <u>459,255</u>   | <u>102,360</u>  | <u>586,753</u>   |
| Excess of revenues<br>over expenditures          | <u>1,331,759</u> | <u>1,594,965</u> | <u>1,711,910</u> | <u>116,945</u>  | <u>1,393,070</u> |

(continued)

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

Detailed Budgetary Comparison Schedule (Continued)  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

|  | 2017                |                     |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2016<br>Actual    |
|--|---------------------|---------------------|---------------------|---|-------------------|
|  | Budget              |                     | Actual              |   |                   |
|  | Original            | Final               |                     |   |                   |
| Other financing uses -   |                     |                     |                     |   |                   |
| Transfers to:  |                     |                     |                     |   |                   |
| Utility Fund   | -                   | -                   | -                   | -   | (560,000)         |
| Sales Tax Bond Fund  | (346,663)           | (346,663)           | (346,663)           | -   | (345,543)         |
| General Fund   | (750,000)           | (775,000)           | (750,000)           | 25,000  | (775,000)         |
| Total other financing uses   | (1,096,663)         | (1,121,663)         | (1,096,663)         | 25,000  | (1,680,543)       |
| Excess (deficiency) of<br>revenues over expenditures<br>and other uses | 235,096             | 473,302             | 615,247             | 141,945   | (287,473)         |
| Fund balance, beginning  | 884,651             | 884,651             | 884,651             | -   | 1,172,124         |
| Fund balance, ending   | <u>\$ 1,119,747</u> | <u>\$ 1,357,953</u> | <u>\$ 1,499,898</u> | <u>\$ 141,945</u>                                       | <u>\$ 884,651</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, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

|   | 2017               |                     |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2016<br>Actual      |
|---|--------------------|---------------------|---------------------|---|---------------------|
|   | Budget             |                     | Actual              |   |                     |
|   | Original           | Final               |                     |   |                     |
| <b>Revenues:</b>  |                    |                     |                     |   |                     |
| Taxes   | \$ 530,000         | \$ 588,355          | \$ 643,629          | \$ 55,274   | \$ 533,699          |
| Intergovernmental -   |                    |                     |                     |   |                     |
| State grant   | 4,000,000          | 1,399,300           | 1,399,300           | -   | 980,000             |
| Miscellaneous   | <u>30,200</u>      | <u>29,054</u>       | <u>37,677</u>       | <u>8,623</u>  | <u>40,403</u>       |
| Total revenues  | <u>4,560,200</u>   | <u>2,016,709</u>    | <u>2,080,606</u>    | <u>63,897</u>   | <u>\$ 1,554,102</u> |
| <b>Expenditures:</b>  |                    |                     |                     |   |                     |
| General government -  |                    |                     |                     |   |                     |
| Collection fees   | 2,800              | 6,000               | 6,094               | (94)  | 6,407               |
| Capital outlay  | <u>4,095,559</u>   | <u>375,663</u>      | <u>372,999</u>      | <u>2,664</u>  | <u>2,244,558</u>    |
| Total expenditures  | <u>4,098,359</u>   | <u>381,663</u>      | <u>379,093</u>      | <u>2,570</u>  | <u>2,250,965</u>    |
| Excess (deficiency) of<br>revenues over expenditures  | <u>461,841</u>     | <u>1,635,046</u>    | <u>1,701,513</u>    | <u>66,467</u>   | <u>(696,863)</u>    |
| <b>Other financing sources (uses):</b>  |                    |                     |                     |   |                     |
| Transfers to Sales Tax Bond Fund  | (346,662)          | (346,663)           | (346,663)           | -   | (345,543)           |
| Transfers from Utility Fund   | -                  | -                   | -                   | -   | 522,824             |
| Total other financing<br>sources (uses)   | <u>(346,662)</u>   | <u>(346,663)</u>    | <u>(346,663)</u>    | <u>-</u>  | <u>177,281</u>      |
| Excess (deficiency) of<br>revenues and other financing<br>sources over expenditures<br>and other uses | 115,179            | 1,288,383           | 1,354,850           | 66,467  | (519,582)           |
| Fund balances, beginning  | <u>8,770,323</u>   | <u>8,770,323</u>    | <u>8,770,323</u>    | <u>-</u>  | <u>9,289,905</u>    |
| Fund balances, ending   | <u>\$8,885,502</u> | <u>\$10,058,706</u> | <u>\$10,125,173</u> | <u>\$ 66,467</u>  | <u>\$ 8,770,323</u> |

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

Detailed Budgetary Comparison Schedule  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

|   | 2017             |                  | Actual           | Variance -<br>Favorable<br>(Unfavorable) | 2016<br>Actual   |
|---|------------------|------------------|------------------|--|------------------|
|   | Budget           |                  |                  |  |                  |
|   | Original         | Final            |                  |  |                  |
| <b>Revenues:</b>  |                  |                  |                  |  |                  |
| Intergovernmental -   |                  |                  |                  |  |                  |
| LCDBG sewer grant   | \$ 196,934       | \$ 71,003        | \$ 71,003        | \$ -                                     | \$400,314        |
| <b>Expenditures:</b>  |                  |                  |                  |  |                  |
| General government -  |                  |                  |                  |  |                  |
| Professional fees   | -                | -                | -                | -  | 4,373            |
| Excess of revenues<br>over expenditures   | <u>196,934</u>   | <u>71,003</u>    | <u>71,003</u>    | -  | <u>395,941</u>   |
| <b>Other financing sources (uses):</b>  |                  |                  |                  |  |                  |
| Transfer from 1968 Sales Tax Fund   | -                | 70,140           | 72,991           | 2,851                                    | 49,561           |
| Transfers to Utility Fund   | <u>(196,934)</u> | <u>(141,143)</u> | <u>(143,994)</u> | <u>(2,851)</u>                           | <u>(475,770)</u> |
| Total other financing<br>sources (uses)   | <u>(196,934)</u> | <u>(71,003)</u>  | <u>(71,003)</u>  | -  | <u>(426,209)</u> |
| Excess (deficiency) of<br>revenues and other financing<br>sources over expenditures<br>and other uses | -                | -                | -                | -  | (30,268)         |
| Fund balance, beginning   | -                | -                | -                | -  | <u>30,268</u>    |
| Fund balance, ending  | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>                              | <u>\$ -</u>      |

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

Detailed Budgetary Comparison Schedule  
For the Year Ended June 30, 2017  
With Comparative Actual Amounts for the Year Ended June 30, 2016

|  | 2017              |                   | Actual            | Variance-<br>Favorable<br>(Unfavorable) | 2016<br>Actual    |
|--|-------------------|-------------------|-------------------|---|-------------------|
|  | Budget            |                   |                   |   |                   |
|  | Original          | Final             |                   |   |                   |
| Revenues:  |                   |                   |                   |   |                   |
| Miscellaneous - interest   | \$ 1,100          | \$ 1,188          | \$ 1,305          | \$ 117                                  | \$ 1,240          |
| Expenditures   |                   |                   |                   |   |                   |
| Debt service -   |                   |                   |                   |   |                   |
| Principal retirement   | 400,000           | 400,000           | 400,000           | -                                       | 385,000           |
| Interest   | 293,325           | 288,326           | 288,326           | -                                       | 298,138           |
| Paying agents' fees  | 1,630             | 1,630             | 1,655             | (25)                                    | 1,630             |
| Total debt service   | <u>694,955</u>    | <u>689,956</u>    | <u>689,981</u>    | <u>(25)</u>                             | <u>684,768</u>    |
| Deficiency of revenues<br>over expenditures                                      | <u>(693,855)</u>  | <u>(688,768)</u>  | <u>(688,676)</u>  | <u>142</u>                              | <u>(683,528)</u>  |
| Other financing sources:   |                   |                   |                   |   |                   |
| Transfers from 1984 Sales Tax Fund   | 346,662           | 346,663           | 346,663           | -                                       | 345,543           |
| Transfers from Apollo EDD Sales Tax Fund   | <u>346,663</u>    | <u>346,663</u>    | <u>346,663</u>    | <u>-</u>                                | <u>345,543</u>    |
| Total other financing sources  | <u>693,325</u>    | <u>693,326</u>    | <u>693,326</u>    | <u>-</u>                                | <u>691,086</u>    |
| Excess (deficiency) of revenues and other<br>financing sources over expenditures | (530)             | 4,558             | 4,650             | 142                                     | 7,558             |
| Fund balance, beginning  | <u>257,497</u>    | <u>257,497</u>    | <u>257,497</u>    | <u>-</u>                                | <u>249,939</u>    |
| Fund balance, ending   | <u>\$ 256,967</u> | <u>\$ 262,055</u> | <u>\$ 262,147</u> | <u>\$ 142</u>                           | <u>\$ 257,497</u> |

CITY OF SCOTT, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
June 30, 2017 and 2016

Records maintained by the City indicated the following number of customers were being serviced during the month of June, 2017 and 2016:

| <u>Department</u> | <u>2017</u> | <u>2016</u> |
|-------------------|-------------|-------------|
| Gas (metered)     | 545         | 559         |
| Water (metered)   | 3,123       | 3,131       |
| Sewerage          | 1,919       | 1,916       |
| Garbage           | 2,897       | 2,912       |

CITY OF SCOTT, LOUISIANA

Schedule of Insurance In Force  
(Unaudited)  
June 30, 2017

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

CITY OF SCOTT, LOUISIANA

Combined Schedule of Interest-Bearing Deposits and Investments - All Funds  
June 30, 2017

|                                   | <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%                | \$ 121,417        |
| Money market investment account   | H                            | N/A               | N/A                  | N/A         | Variable             | 54,013            |
| Money market investment account   | H                            | N/A               | N/A                  | N/A         | Variable             | 87,931            |
| Money market investment account   | H                            | N/A               | N/A                  | N/A         | Variable             | 93,257            |
| Money market investment account   | H                            | N/A               | N/A                  | N/A         | Variable             | 73,111            |
| Money market investment accounts  | H                            | N/A               | N/A                  | N/A         | Variable             | <u>1,750</u>      |
| Total General Fund                |                              |                   |                      |             |                      | <u>431,479</u>    |
| 1968 Sales Tax Fund -             |                              |                   |                      |             |                      |                   |
| Certificate of deposit            | H                            | 11/06/16          | 11/06/18             | 24 months   | 0.45%                | 582,445           |
| Money market investment account   | H                            | N/A               | N/A                  | N/A         | Variable             | <u>567,114</u>    |
| Total 1968 Sales Tax Fund         |                              |                   |                      |             |                      | <u>1,149,559</u>  |
| 1984 Sales Tax Fund -             |                              |                   |                      |             |                      |                   |
| Certificate of deposit            | H                            | 11/06/16          | 11/06/18             | 24 months   | 0.45%                | 582,445           |
| Certificate of deposit            | H                            | 06/24/17          | 06/24/19             | 24 months   | 0.45%                | 546,053           |
| Money market investment account   | H                            | N/A               | N/A                  | N/A         | Variable             | <u>1,643,138</u>  |
| Total 1984 Sales Tax Fund         |                              |                   |                      |             |                      | <u>2,771,636</u>  |
| TIF District Sales Tax Fund -     |                              |                   |                      |             |                      |                   |
| Certificate of deposit            | SM                           | 10/28/15          | 04/28/17             | 18 months   | 0.15%                | 469,337           |
| Certificate of deposit            | H                            | 05/26/17          | 08/26/19             | 27 months   | 1.34%                | 508,985           |
| Money market investment account   | H                            | N/A               | N/A                  | N/A         | Variable             | 1,004,478         |
| Money market investment account   | H                            | N/A               | N/A                  | N/A         | Variable             | <u>6,057,717</u>  |
| Total TIF District Sales Tax Fund |                              |                   |                      |             |                      | <u>8,040,517</u>  |
| Debt Service Fund -               |                              |                   |                      |             |                      |                   |
| Sales Tax Bonds Fund:             |                              |                   |                      |             |                      |                   |
| Money market investment account   | H                            | N/A               | N/A                  | N/A         | Variable             | <u>262,147</u>    |
| Total major governmental funds    |                              |                   |                      |             |                      | <u>12,655,338</u> |

(continued)

CITY OF SCOTT, LOUISIANA

Combined Schedule of Interest-Bearing Deposits and Investments - All Funds (Continued)  
June 30, 2017

|   | <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             | <u>14,605</u>        |
| Total Utility Fund                              |                              |                   |                      |             |                      | <u>1,843,863</u>     |
| Total interest-bearing deposits                 |                              |                   |                      |             |                      | <u>14,499,201</u>    |
| Investments:                                    |                              |                   |                      |             |                      |                      |
| General Fund -                                  |                              |                   |                      |             |                      |                      |
| Lamp  |                              | N/A               | N/A                  | N/A         | Variable             | 503,800              |
| 1968 Sales Tax Fund -                           |                              |                   |                      |             |                      |                      |
| Lamp  |                              | N/A               | N/A                  | N/A         | Variable             | 1,589,458            |
| 1984 Sales Tax Fund -                           |                              |                   |                      |             |                      |                      |
| Lamp  |                              | N/A               | N/A                  | N/A         | Variable             | 112,395              |
| Utility Fund -                                  |                              |                   |                      |             |                      |                      |
| Unrestricted - Lamp                             |                              | N/A               | N/A                  | N/A         | Variable             | 85,340               |
| Restricted - Customer deposits - Lamp           |                              | N/A               | N/A                  | N/A         | Variable             | <u>175,024</u>       |
| Total investments                               |                              |                   |                      |             |                      | <u>2,466,017</u>     |
| Total interest-bearing deposits and investments |                              |                   |                      |             |                      | <u>\$ 16,965,218</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, 2017 and 2016

|  | Enterprise Fund      |                      |
|--|----------------------|----------------------|
|  | 2017                 | 2016                 |
| <b>ASSETS</b>                                      |                      |                      |
| Current assets:                                    |                      |                      |
| Cash and interest-bearing deposits                 | \$ 2,001,523         | \$ 2,355,422         |
| Investments  | 85,340               | 82,537               |
| Receivables:                                       |                      |                      |
| Accounts, net of allowance for doubtful accounts   | 396,376              | 268,752              |
| Unbilled utility receivables                       | 82,781               | 89,439               |
| Accrued interest receivable                        | 95                   | 95                   |
| Due from other funds                               | 2,545,606            | 2,489,573            |
| Prepaid items                                      | 13,397               | 15,646               |
| Total current assets                               | <u>5,125,118</u>     | <u>5,301,464</u>     |
| Noncurrent assets:                                 |                      |                      |
| Restricted assets -                                |                      |                      |
| Interest-bearing deposits                          | 574,495              | 12,825               |
| Investments  | 175,024              | 176,069              |
| Capital assets, net of accumulated depreciation    | 13,337,038           | 11,623,243           |
| Total noncurrent assets                            | <u>14,086,557</u>    | <u>11,812,137</u>    |
| Total assets                                       | <u>19,211,675</u>    | <u>17,113,601</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                      |                      |
| Deferred outflows of resources related to pensions | <u>167,532</u>       | <u>113,955</u>       |
| <b>LIABILITIES</b>                                 |                      |                      |
| Current liabilities:                               |                      |                      |
| Accounts payable                                   | 196,658              | 159,821              |
| Accrued liabilities                                | 4,236                | 2,103                |
| Unearned revenue                                   | 68,880               | 64,384               |
| Capital lease payable                              | 26,778               | 25,536               |
| Due to other funds                                 | 45,083               | 45,083               |
| Total current liabilities                          | <u>341,635</u>       | <u>296,927</u>       |
| Noncurrent liabilities:                            |                      |                      |
| Capital lease payable                              | 28,081               | 54,859               |
| Customers' deposits payable                        | 189,629              | 188,894              |
| Compensated absences payable                       | 914                  | 1,178                |
| DHH water loan payable                             | 511,364              | -                    |
| Net OPEB obligation payable                        | 273,560              | 266,254              |
| Net pension liability                              | 395,018              | 299,917              |
| Total noncurrent liabilities                       | <u>1,398,566</u>     | <u>811,102</u>       |
| Total liabilities                                  | <u>1,740,201</u>     | <u>1,108,029</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                      |                      |
| Deferred inflows of resources related to pensions  | <u>16,848</u>        | <u>8,556</u>         |
| <b>NET POSITION</b>                                |                      |                      |
| Net investment in capital assets                   | 13,330,705           | 11,542,848           |
| Unrestricted                                       | 4,291,453            | 4,568,123            |
| Total net position                                 | <u>\$ 17,622,158</u> | <u>\$ 16,110,971</u> |

CITY OF SCOTT, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Fund Net Position -  
 Proprietary Fund  
 For the Years Ended June 30, 2017 and 2016

|  | Enterprise Fund  |                  |
|--|------------------|------------------|
|  | 2017             | 2016             |
| Operating revenues:                    |                  |                  |
| Charges for services -                 |                  |                  |
| Gas charges                            | \$ 519,797       | \$ 556,797       |
| Water service charges                  | 1,203,343        | 1,069,978        |
| Sewer service charges                  | 520,069          | 474,539          |
| Garbage service charges                | 797,227          | 765,111          |
| Penalties, permits and connection fees | 115,334          | 93,876           |
| Total operating revenues               | <u>3,155,770</u> | <u>2,960,301</u> |
| Operating expenses:                    |                  |                  |
| Salaries                               | 355,862          | 345,196          |
| Retirement                             | 99,185           | 16,567           |
| OPEB expense (benefit)                 | 7,309            | (3,576)          |
| Meter reader expense                   | 50,440           | 46,961           |
| Disposal charges                       | 4,233            | 3,685            |
| Gas and water purchases                | 935,445          | 794,500          |
| Garbage collection fees                | 808,050          | 775,950          |
| Supplies and repairs                   | 231,483          | 150,018          |
| Utilities and telephone                | 47,961           | 46,452           |
| Professional fees                      | 22,274           | 22,286           |
| General insurance                      | 78,995           | 64,518           |
| Group health insurance                 | 62,237           | 54,330           |
| Office expense                         | 11,782           | 12,223           |
| Payroll taxes                          | 26,340           | 25,346           |
| Truck expenses                         | 20,625           | 9,774            |
| Training                               | 1,904            | 6,982            |
| Uniforms                               | 4,341            | 2,268            |
| Bad debts                              | 29,463           | 20,214           |
| Depreciation expense                   | 450,046          | 443,486          |
| Miscellaneous                          | 120              | 175              |
| Total operating expenses               | <u>3,248,095</u> | <u>2,837,355</u> |
| Operating income (loss)                | <u>(92,325)</u>  | <u>122,946</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, 2017 and 2016

|  | <u>Enterprise Fund</u> |                      |
|--|------------------------|----------------------|
|  | <u>2017</u>            | <u>2016</u>          |
| Nonoperating revenues (expenses):                        |                        |                      |
| Nonemployer pension contribution                         | 11,734                 | 10,605               |
| Interest income  | 7,397                  | 6,212                |
| Interest expense   | <u>(3,911)</u>         | <u>(5,446)</u>       |
| Total nonoperating revenues (expenses)                   | <u>15,220</u>          | <u>11,371</u>        |
| <br>   |                        |                      |
| Income (loss) before capital contributions and transfers | <u>(77,105)</u>        | <u>134,317</u>       |
| <br>   |                        |                      |
| Capital contributions                                    | <u>133,105</u>         | <u>-</u>             |
| <br>   |                        |                      |
| Transfers in (out):                                      |                        |                      |
| Transfers from 1984 Sales Tax Fund                       | -                      | 560,000              |
| Transfers from 1968 Sales Tax Fund                       | 3,061,193              | 1,254,757            |
| Transfers from Sewer System Construction Fund            | 143,994                | 475,770              |
| Transfers to Apollo EDD Sales Tax Fund                   | -                      | (522,824)            |
| Transfers to General Fund                                | <u>(1,750,000)</u>     | <u>(1,680,000)</u>   |
| Total transfers in (out)                                 | <u>1,455,187</u>       | <u>87,703</u>        |
| <br>   |                        |                      |
| Change in net position                                   | 1,511,187              | 222,020              |
| <br>   |                        |                      |
| Net position, beginning                                  | <u>16,110,971</u>      | <u>15,888,951</u>    |
| <br>   |                        |                      |
| Net position, ending                                     | <u>\$ 17,622,158</u>   | <u>\$ 16,110,971</u> |

CITY OF SCOTT, LOUISIANA

Comparative Statement of Cash Flows  
 Proprietary Fund  
 For the Years Ended June 30, 2017 and 2016

|   | <u>Enterprise Fund</u> |                   |
|---|------------------------|-------------------|
|   | <u>2017</u>            | <u>2016</u>       |
| Cash flows from operating activities:   |                        |                   |
| Receipts from customers   | \$ 3,030,308           | \$ 2,968,232      |
| Payments to suppliers   | (2,201,597)            | (1,969,802)       |
| Payments to employees   | (489,383)              | (437,863)         |
| Net cash provided by operating activities   | <u>339,328</u>         | <u>560,567</u>    |
| Cash flows from noncapital financing activities:  |                        |                   |
| Cash received from (paid to) other funds  | (56,033)               | 314,796           |
| Nonemployer pension contribution  | 11,734                 | 10,605            |
| Transfers from other funds  | 3,205,187              | 2,290,527         |
| Transfers to other funds  | (1,750,000)            | (2,202,824)       |
| Net cash provided by noncapital financing activities  | <u>1,410,888</u>       | <u>413,104</u>    |
| Cash flows from capital and related financing activities:                                       |                        |                   |
| Proceeds from DHH water loan  | 511,364                | -                 |
| Proceeds from meter deposits  | 30,310                 | 35,927            |
| Refund of meter deposits  | (29,575)               | (33,099)          |
| Payment of capital lease  | (25,536)               | (24,351)          |
| Interest on capital lease   | (3,911)                | (5,446)           |
| Capital contributions   | 133,105                | -                 |
| Acquisition of property, plant and equipment  | (2,163,841)            | (763,648)         |
| Net cash used by capital and related financing activities                                       | <u>(1,548,084)</u>     | <u>(790,617)</u>  |
| Cash flows from investing activities:   |                        |                   |
| Proceeds of investments and interest-bearing deposits with maturity<br>in excess of ninety days | 1,987,676              | 1,982,021         |
| Purchase of investments and interest-bearing deposits with maturity<br>in excess of ninety days | (1,994,515)            | (1,987,676)       |
| Interest on investments   | 7,397                  | 6,205             |
| Net cash provided by investing activities   | <u>558</u>             | <u>550</u>        |
| Net increase in cash and cash equivalents   | 202,690                | 183,604           |
| Cash and cash equivalents, beginning of period  | <u>639,177</u>         | <u>455,573</u>    |
| Cash and cash equivalents, end of period  | <u>\$ 841,867</u>      | <u>\$ 639,177</u> |

(continued)

CITY OF SCOTT, LOUISIANA

Comparative Statement of Cash Flows  
 Proprietary Fund (Continued)  
 For the Years Ended June 30, 2017 and 2016

|   | Enterprise Fund |              |
|---|-----------------|--------------|
|   | 2017            | 2016         |
| Reconciliation of operating income (loss) to net cash provided by operating activities:       |                 |              |
| Operating income (loss)   | \$ (92,325)     | \$ 122,946   |
| Adjustments to reconcile operating income to net cash provided by operating activities:       |                 |              |
| Depreciation  | 450,046         | 443,486      |
| Changes in current assets and liabilities:  |                 |              |
| (Increase) decrease in accounts receivable  | (136,251)       | 3,539        |
| Increase in provision for uncollectible accounts  | 8,627           | 540          |
| Decrease in unbilled utility receivables  | 6,658           | 5,068        |
| Decrease in prepaid items   | 2,249           | 3,549        |
| Increase in deferred outflows   | (53,577)        | (77,225)     |
| Increase in accounts payable  | 36,837          | 6,558        |
| Increase in accrued liabilities   | 2,133           | 1,355        |
| Increase in unearned revenue  | 4,496           | 1,216        |
| Increase (decrease) in compensated absences payable   | (264)           | 262          |
| Increase (decrease) in net OPEB obligation payable  | 7,306           | (3,576)      |
| Increase in net pension liability   | 95,101          | 70,489       |
| Increase (decrease) in deferred inflows   | 8,292           | (17,640)     |
| Net cash provided by operating activities   | 339,328         | 560,567      |
| 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   | \$ 2,355,422    | \$ 2,168,691 |
| Interest-bearing deposits - restricted  | 12,825          | 10,912       |
| Less: Interest-bearing deposits with maturity in excess of 90 days                            | (1,729,070)     | (1,724,030)  |
| Total cash and cash equivalents, beginning of period  | 639,177         | 455,573      |
| Cash and cash equivalents, end 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, end of period  | 841,867         | 639,177      |
| Net increase in cash and cash equivalents   | \$ 202,690      | \$ 183,604   |

CITY OF SCOTT, LOUISIANA  
Enterprise Fund  
Utility Fund

Departmental Analysis of Revenues and Expenses  
For the Year Ended June 30, 2017  
With Comparative Amounts for the Year Ended June 30, 2016

|  | Totals             |                   | Gas               |                   |
|--|--------------------|-------------------|-------------------|-------------------|
|  | 2017               | 2016              | 2017              | 2016              |
| Operating revenues:                    |                    |                   |                   |                   |
| Customers service charges              | \$3,040,436        | \$2,866,425       | \$519,797         | \$ 556,797        |
| Permits, reconnections and penalties   | 115,334            | 93,876            | 32,580            | 32,687            |
| Total operating revenues               | <u>3,155,770</u>   | <u>2,960,301</u>  | <u>552,377</u>    | <u>589,484</u>    |
| Operating expenses:                    |                    |                   |                   |                   |
| Salaries                               | 355,862            | 345,196           | 102,228           | 128,539           |
| Retirement - current                   | 37,635             | 30,338            | 15,868            | 3,692             |
| Retirement expense - GASB 68 (benefit) | 61,550             | (13,771)          | 25,851            | (1,790)           |
| OPEB expense (benefit)                 | 7,309              | (3,576)           | 3,248             | (1,590)           |
| Meter reader expense                   | 50,440             | 46,961            | 8,092             | 7,044             |
| Disposal charges - plant               | 4,233              | 3,685             | -                 | -                 |
| Gas and water purchases                | 935,445            | 794,500           | 118,854           | 110,407           |
| Garbage collection fees                | 808,050            | 775,950           | -                 | -                 |
| Supplies and repairs                   | 206,999            | 115,880           | 19,626            | 24,305            |
| Supplies - plant                       | 24,484             | 34,138            | -                 | -                 |
| Utilities                              | 23,117             | 22,052            | 1,738             | 1,610             |
| Utilities - plant                      | 24,844             | 24,400            | -                 | -                 |
| Professional fees                      | 22,274             | 22,286            | 8,538             | 8,262             |
| Insurance                              | 57,833             | 46,824            | 18,862            | 16,656            |
| Insurance - plant                      | 21,162             | 17,694            | -                 | -                 |
| Group insurance                        | 62,237             | 54,330            | 29,363            | 24,981            |
| Office expense                         | 11,782             | 12,223            | 3,845             | 4,141             |
| Payroll taxes                          | 26,340             | 25,346            | 7,920             | 3,683             |
| Truck expenses                         | 20,625             | 9,774             | 6,356             | 2,696             |
| Training                               | 1,904              | 6,982             | 999               | 6,780             |
| Uniforms                               | 4,341              | 2,268             | 2,026             | 1,062             |
| Bad debts                              | 29,463             | 20,214            | 7,955             | 6,671             |
| Depreciation                           | 385,853            | 379,293           | 21,029            | 21,100            |
| Depreciation - plant                   | 64,193             | 64,193            | -                 | -                 |
| Miscellaneous                          | 120                | 175               | -                 | -                 |
| Total operating expenses               | <u>3,248,095</u>   | <u>2,837,355</u>  | <u>402,398</u>    | <u>368,249</u>    |
| Net operating income (loss)            | <u>\$ (92,325)</u> | <u>\$ 122,946</u> | <u>\$ 149,979</u> | <u>\$ 221,235</u> |

| Water               |                    | Sewerage            |                    | Garbage         |                   |
|---------------------|--------------------|---------------------|--------------------|-----------------|-------------------|
| 2017                | 2016               | 2017                | 2016               | 2017            | 2016              |
| \$ 1,203,343        | \$ 1,069,978       | \$ 520,069          | \$ 474,539         | \$ 797,227      | \$ 765,111        |
| 55,522              | 35,760             | 17,232              | 15,429             | 10,000          | 10,000            |
| <u>1,258,865</u>    | <u>1,105,738</u>   | <u>537,301</u>      | <u>489,968</u>     | <u>807,227</u>  | <u>\$ 775,111</u> |
| 183,374             | 181,042            | 70,260              | 35,615             | -               | -                 |
| 17,946              | 15,587             | 3,821               | 11,059             | -               | -                 |
| 29,544              | (7,023)            | 6,155               | (4,958)            | -               | -                 |
| 3,248               | (1,590)            | 813                 | (396)              | -               | -                 |
| 42,348              | 39,917             | -                   | -                  | -               | -                 |
| -                   | -                  | 4,233               | 3,685              | -               | -                 |
| 816,591             | 684,093            | -                   | -                  | -               | -                 |
| -                   | -                  | -                   | -                  | 808,050         | 775,950           |
| 69,296              | 47,809             | 118,077             | 43,766             | -               | -                 |
| -                   | -                  | 24,484              | 34,138             | -               | -                 |
| 1,738               | 1,610              | 19,641              | 18,832             | -               | -                 |
| -                   | -                  | 24,844              | 24,400             | -               | -                 |
| 6,448               | 7,012              | 7,288               | 7,012              | -               | -                 |
| 22,449              | 16,697             | 16,522              | 13,471             | -               | -                 |
| -                   | -                  | 21,162              | 17,694             | -               | -                 |
| 25,526              | 23,503             | 7,348               | 5,846              | -               | -                 |
| 4,037               | 4,041              | 3,900               | 4,041              | -               | -                 |
| 13,073              | 12,856             | 5,347               | 8,807              | -               | -                 |
| 4,424               | 3,294              | 9,845               | 3,784              | -               | -                 |
| 81                  | 70                 | 824                 | 132                | -               | -                 |
| 1,688               | 903                | 627                 | 303                | -               | -                 |
| 15,026              | 9,298              | 6,482               | 4,245              | -               | -                 |
| 143,206             | 135,500            | 221,618             | 222,693            | -               | -                 |
| -                   | -                  | 64,193              | 64,193             | -               | -                 |
| -                   | 175                | 120                 | -                  | -               | -                 |
| <u>1,400,043</u>    | <u>1,174,794</u>   | <u>637,604</u>      | <u>518,362</u>     | <u>808,050</u>  | <u>775,950</u>    |
| <u>\$ (141,178)</u> | <u>\$ (69,056)</u> | <u>\$ (100,303)</u> | <u>\$ (28,394)</u> | <u>\$ (823)</u> | <u>(839)</u>      |

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

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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

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, 2017, and the related notes to the financial statements which collectively comprise the City's basic financial statements and have issued our report thereon dated October 25, 2017.

### 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 2017-001, 2017-002, 2017-003, and 2017-004 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, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
October 25, 2017

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>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.   | No                      | 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.  | Donna Jumonville, 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. | No                      | 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. | Donna Jumonville, 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, 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>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.  | Donna Jumonville, City Clerk | 6/30/2018                   |
| PRIOR YEAR (6/30/16)      |  |  |                         |  |                              |                             |
| <u>Internal Control:</u>  |  |  |                         |  |                              |                             |
| 2016-001                  | 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                         |
| 2016-002                  | 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                         |
| <u>Management Letter:</u> |  |  |                         |  |                              |                             |
| 2016-003                  | Unknown                                | The City's water and sewer departments operated at a loss for the year ended June 30, 2016. 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.  | Donna Jumonville, City Clerk | 6/30/2017                   |

**CITY OF SCOTT, LOUISIANA**

Independent Accountants' Report  
On Applying Agreed-Upon Procedures

Year Ended June 30, 2017

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Retired:  
Conrad O. Chapman, CPA\* 2006

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 management of the City of Scott (City) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the City's compliance with certain laws, regulations and best practices during the year ended June 30, 2017. Management of the City is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed 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. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

*The City did not have written policies and procedures to address the functions noted above.*

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

*The City did not have written policies and procedures to address the functions noted above.*

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

*The City did not have written policies and procedures to address the functions noted above.*

d) **Receipts**, including receiving, recording, and preparing deposits.

*The City did not have written policies and procedures to address the functions noted above.*

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

*The City did not have written policies and procedures to address the functions noted above.*

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

*The City did not have written policies and procedures to address the functions noted above.*

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

*The City did not have written policies and procedures to address the functions noted above.*

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

*The City did not have written policies and procedures to address the functions noted above.*

- 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. Note: Ethics requirements are not applicable to nonprofits.

*The City did not have written policies and procedures to address the functions noted above.*

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

*The City did not have written policies and procedures to address the functions noted above.*

***Board (or Finance Committee, if applicable)***

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- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met at least monthly.*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

*Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did not include or reference monthly budget-to-actual comparisons for the major funds for any of the 12 months examined.*

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*Review of budget to actual comparisons did not disclose deficit spending during the fiscal period.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*Obtained and reviewed the minutes of the managing board for the fiscal period noting that minutes referenced or included non-budgetary financial information for at least one meeting during the fiscal period.*

### **Bank Reconciliations**

---

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*Obtained listing of client bank accounts from management and management's representation that listing is complete.*

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*Obtained bank statements and reconciliations for all months in the fiscal period, noting that reconciliations have been prepared for all months.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

*Obtained bank statements and reconciliations for all months in the fiscal period noting evidence of board member review not present for all months for each of the seven accounts selected.*

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Obtained bank statements and reconciliations for all months in the fiscal period noting management's documentation of research for items that have been outstanding for more than 6 months was present on all accounts examined.*

### **Collections**

---

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

*Obtained listing of cash collection locations and management's representation that listing is complete.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*Review of insurance policies and other written documentation disclosed that three of four cash collection locations have employees responsible for collecting cash who are not bonded.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*In each of the four of the locations selected, there is a formal process to reconcile cash collections to the general ledger by revenue source, by a person who is not responsible for cash collections.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*The highest (dollar) week of cash collections for each location was obtained along with collection documentation, deposit slips, and bank statements.*

*One of four locations selected for testing had the following exceptions noted in the week of collections selected for testing: One day of cash collections was held for two days prior to making a bank deposit; one day of collections was held for four days prior to making a bank deposit; and one day of cash collections was held for three to twenty-eight days prior to making a bank deposit.*

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*One of four locations selected for testing had cash collections that were not completely supported by sequentially numbered receipts or similar documentation.*

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

*In all locations, there is no process specifically defined to determine the completeness of all collections by a person who is not responsible for collections.*

**Disbursements – General (excluding credit card/debit card/fuel card/P-card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*Listing of disbursements and management's representation that the listing is complete was obtained.*

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*There were no exceptions noted as a result of applying this procedure.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*There were no exceptions noted as a result of applying this procedure.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*There were no exceptions noted as a result of applying this procedure*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*The entity does not have written documentation that addresses the function above.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*The entity does not have written documentation that addresses the function above.*

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*Inquiry of management indicated that unused check stock is maintained in a locked location. It was noted that persons with signatory authority have system access to print checks, but that all checks require two original signatures.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*There were no exceptions noted upon inquiry of authorized signers.*

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

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

*Listing of active credit cards, bank debit cards, fuel cards and name of person who maintain possession of cards and management's representation that the listing is complete was obtained.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

*10 cards were randomly selected from the listing.*

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

*One of ten credit cards selected did not have evidence that the monthly statement was reviewed and approved, in writing, by someone other than the cardholder.*

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

*One of ten credit cards selected for testing had finance charges and/or late fees assessed.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

*One credit card selected for testing had five of seven transactions that were not supported by an original itemized receipt. One credit card selected for testing had four transactions in month selected for testing, none of which were supported by an original itemized receipt. One credit card selected for testing had fourteen in the month selected for testing, none of which were supported by an original itemized receipt.*

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*There were no exceptions noted as a result of the testing of credit card transactions.*

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*There were no exceptions noted as a result of the testing of credit card transactions.*

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*There were no exceptions noted as a result of the testing of transaction details to the entity's written purchasing/department policies. There were no transactions noted that would have been subject to Louisiana Public Bid Law.*

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*There were no exceptions noted as a result of the testing of credit card transactions.*

### ***Travel and Expense Reimbursement***

---

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*Listing of travel and expense reimbursements by person and management's representation that the listing is complete were obtained.*

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*The City did not have written policies related to travel.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*One of three employees selected for testing had one per diem payment that exceeded GSA rates.*

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*No exceptions were noted as a result of applying this procedure.*

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*No exceptions were noted as a result of applying this procedure.*

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*No exceptions were noted as a result of applying this procedure.*

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions were noted as a result of applying this procedure.*

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*No exceptions were noted as a result of applying this procedure.*

## ***Contracts***

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- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*Listing of all contracts in effect and management's representation that the listing is complete was obtained.*

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*No exceptions were noted as a result of applying this procedure.*

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

*There were no instances of noncompliance noted as a result of applying this procedure.*

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*There were no instances of noncompliance noted as a result of applying this procedure.*

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*One contract for garbage collection provided for a rate increase consistent with the Consumer Price Index rate increase, which was an increase of 4% for each utility customer serviced. One contract for engineering services was amended to include a revision of services to be provided at a total increase of \$61,130. One of the contracts for water purchases was amended to include a phased-in rate increase over two years for water purchases. One contract for engineering services was amended to increase hourly rates by \$10 to \$20. Each of the contracts examined had terms that provided for such amendments.*

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*There were no instances of noncompliance noted as a result of applying this procedure.*

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*Proper board approval was noted for each contract amendment tested.*

### ***Payroll and Personnel***

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

*Listing of employees with their related salaries and management's representation that the listing is complete was obtained.*

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*Compensation for three of five employees/elected officials selected for testing could not be traced to a contract or salary schedule.*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*Three of five employees had pay rate changes that were not approved in writing and in accordance with written policy.*

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

*Six of twenty-five employees did not have documentation of attendance.*

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

*No exceptions were noted as a result of applying this procedure.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*No exceptions were noted as a result of applying this procedure.*

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*No exceptions were noted as a result of applying this procedure.*

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*No exceptions were noted as a result of applying this procedure.*

#### ***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*There were no exceptions noted as a result of applying this procedure.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Management asserted that they have received no allegations during the fiscal period.*

#### ***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*There were no exceptions noted as a result of applying this procedure.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*All scheduled debt service payments were made and debt reserves were maintained as required by debt covenants.*

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*The City does not have tax millages relating to debt service.*

### ***Other***

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Management has asserted that the entity did not have any misappropriations of public funds or assets.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

*The entity does not have the required notices posted on its premises and website.*

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*No exceptions were observed or identified regarding management's representations in the procedures above.*

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, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
October 25, 2017