

RECEIVED
LEGISLATIVE AUDITOR
04 NOV 15 AM 11:10

CITY OF BREAUX BRIDGE, LOUISIANA

Financial Report

Year Ended June 30, 2004

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

Release Date 11-17-04

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1 - 2
 BASIC FINANCIAL STATEMENTS	
 GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net assets	5
Statement of activities	6
 FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	9
Reconciliation of the governmental funds balance sheet to the statement of net assets	10
Statement of revenues, expenditures, and changes in fund balances- governmental funds	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	12
Statement of net assets - proprietary fund	13
Statement of revenues, expenses, and changes in fund net assets - proprietary fund	14
Statement of cash flows - proprietary fund	15-16
 Notes to basic financial statements	 17-36
 REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - budgetary comparison schedule	38
Sales Tax Special Revenue Fund - budgetary comparison schedule	39

TABLE OF CONTENTS

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION	
General Fund:	
Budgetary comparison schedule - revenues	41
Budgetary comparison schedule - expenditures	42-43
Nonmajor fund information:	
Balance sheet - nonmajor governmental funds	45
Statement of revenues, expenditures and changes in fund balances - nonmajor governmental funds	46
Parks and Recreation Special Revenue Fund - statement of revenues, expenditures, and changes in fund balance - budget (GAAP basis) and actual	47
Utility Fund - statement of revenues, expenses and changes in retained earnings - budget (GAAP basis) and actual	48-49
Utility Fund - statement of operating expenses - budget (GAAP basis) and actual	50-51
Utility Fund - schedule of changes in assets restricted for revenue bond debt service	52
COMPLIANCE, INTERNAL CONTROL AND OTHER INFORMATION	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	54-55
Summary of prior and current year audit findings and management's corrective action plan	56-57

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Conrad O. Chapman, CPA*
P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*

P.O. Box 250
Breux Bridge, LA 70517

Phone (337) 332-4020
Fax (337) 332-2867

WEB SITE:
WWW.KCSRPCAS.COM

MEMBER OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Robert S. Carter, CPA
Allen J. LaBry, CPA
Harry J. Clostio, CPA
Penny Angelle Scruggins, CPA
Christine L. Cousin, CPA
Mary T. Thibodeaux, CPA
Kelly M. Doucet, CPA
Kenneth J. Rachal, CPA
Cheryl L. Bartley, CPA, CVA

INDEPENDENT AUDITORS' REPORT

* A Professional Accounting Corporation

The Honorable Jack Dale Delhomme, Mayor
and Members of the Board of Aldermen
City of Breux Bridge, Louisiana

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 Breux Bridge, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Breux Bridge, Louisiana's management. Our responsibility is to express an opinion 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements referred to above include only the primary government of the City of Breux Bridge, Louisiana, which consists of funds, departments, and offices that comprise the City's legal entity. The financial statements do not include the financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the City of Breux Bridge, Louisiana, as of June 30, 2004, and the changes in its financial position and its cash flows where applicable for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the primary government of the City of Breux Bridge, Louisiana, as of June 30, 2004, and the respective changes in financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

183 South Beadle Road
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

113 East Bridge Street
Breux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

133 East Waddell
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

408 W. Cotton Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

As described in Note (1) to the basic financial statements, the City of Breaux Bridge, Louisiana adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, as of June 30, 2004. This results in a change in the format and content of the basic financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated September 9, 2004, on our consideration of the City of Breaux Bridge, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information on pages 37 through 39 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City of Breaux Bridge has not presented management’s discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Breaux Bridge, Louisiana’s basic financial statements. The other supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Breaux Bridge, Louisiana
September 9, 2004

BASIC FINANCIAL STATEMENTS

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

CITY OF BREAUX BRIDGE

Statement of Net Assets
June 30, 2004

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 1,515,378	\$ 2,840,744	\$ 4,356,122
Receivables, net	408,300	188,933	597,233
Internal balances	72,747	(72,747)	-
Due from other governmental units	80,740	-	80,740
Prepaid items	98,845	58,267	157,112
Total current assets	<u>2,176,010</u>	<u>3,015,197</u>	<u>5,191,207</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	16,523	401,669	418,192
Capital assets, net	<u>2,907,381</u>	<u>6,368,077</u>	<u>9,275,458</u>
Total noncurrent assets	<u>2,923,904</u>	<u>6,769,746</u>	<u>9,693,650</u>
Total assets	<u>5,099,914</u>	<u>9,784,943</u>	<u>14,884,857</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	591,378	250,723	842,101
Note payable	<u>109,281</u>	<u>85,000</u>	<u>194,281</u>
Total current liabilities	<u>700,659</u>	<u>335,723</u>	<u>1,036,382</u>
Noncurrent liabilities:			
Customers deposits payable	-	131,280	131,280
Note payable	<u>42,842</u>	<u>1,535,000</u>	<u>1,577,842</u>
Total noncurrent liabilities	<u>42,842</u>	<u>1,666,280</u>	<u>1,709,122</u>
Total liabilities	<u>743,501</u>	<u>2,002,003</u>	<u>2,745,504</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,755,258	4,833,077	7,588,335
Restricted for debt service	16,523	185,389	201,912
Unrestricted	<u>1,584,632</u>	<u>2,764,474</u>	<u>4,349,106</u>
Total net assets	<u>\$4,356,413</u>	<u>\$7,782,940</u>	<u>\$ 12,139,353</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Activities
For the Year Ended June 30, 2004

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$1,029,576	\$ 333,035	\$ -	\$436,752	\$ (259,789)	\$ -	\$ (259,789)
Public safety:							
Police	1,198,631	47,796	14,855	-	(1,135,980)	-	(1,135,980)
Streets	343,407	-	-	-	(343,407)	-	(343,407)
Sanitation	391,573	390,925	-	-	(648)	-	(648)
Parks and recreation	395,258	92,116	-	14,290	(288,852)	-	(288,852)
Interest on long-term debt	13,459	-	-	-	(13,459)	-	(13,459)
Total governmental activities	3,371,904	863,872	14,855	451,042	(2,042,135)	-	(2,042,135)
Business-type activities:							
Gas	629,459	607,862	-	-	-	(21,597)	(21,597)
Water	901,360	728,303	-	-	-	(173,057)	(173,057)
Sewer	317,236	386,071	-	-	-	68,835	68,835
Interest on long-term debt	76,500	-	-	-	-	(76,500)	(76,500)
Total business-type activities	1,924,555	1,722,236	-	-	-	(202,319)	(202,319)
Total	\$5,296,459	\$2,586,108	\$14,855	\$451,042	(2,042,135)	(202,319)	(2,244,454)
General revenues:							
Taxes -							
Property taxes, levied for general purposes					117,737	-	117,737
Sales and use taxes, levied for general purposes					1,146,441	-	1,146,441
Franchise taxes					285,893	-	285,893
Grants and contributions not restricted to specific programs -							
State sources					356,001	-	356,001
Interest and investment earnings					6,090	18,842	24,932
Miscellaneous					118,340	66,642	184,982
Transfers					650,000	(650,000)	-
Total general revenues and transfers					2,680,502	(564,516)	2,115,986
Change in net assets					638,367	(766,835)	(128,468)
Net assets - July 1, 2003					3,718,046	8,549,775	12,267,821
Net assets - June 30, 2004					\$4,356,413	\$7,782,940	\$12,139,353

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

MAJOR FUNDS

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.

Sales Tax Fund -

To account for the receipt and use of proceeds of the City's 1% sales and use tax. These taxes may only be used for improvements and operation of specific public works and recreational facilities and to fund payment of the City's public improvement bonds.

Capital Projects Fund

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

Enterprise Fund

Utility Fund -

To account for the provision of gas, water, and sewer services to residents of the City and some residents of St. Martin Parish. 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.

NONMAJOR FUNDS

The Parks and Recreation Special Revenue Fund and the Debt Service Fund have been combined and are presented as the nonmajor funds. Information about each of these funds can be found on page 44.

CITY OF BREAUX BRIDGE

Balance Sheet
Governmental Funds
June 30, 2004

	General	Sales Tax Special Revenue	Capital Projects	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and interest-bearing deposits	\$ 113,195	\$ 1,330,225	\$ 40	\$ 58,971	\$ 1,502,431
Receivables:					
Taxes and licenses	3,882	97,697	-	-	101,579
Grant receivable	-	-	203,737	-	203,737
Due from other governmental units	70,140	-	-	10,600	80,740
Due from other funds	100,630	-	-	-	100,630
Special assessments	-	-	-	23,816	23,816
Other	79,168	-	-	-	79,168
Prepaid items	87,553	-	-	11,292	98,845
Total assets	<u>\$ 454,568</u>	<u>\$ 1,427,922</u>	<u>\$ 203,777</u>	<u>\$ 104,679</u>	<u>\$ 2,190,946</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenditures	\$ 311,129	\$ 535	\$ 203,737	\$ 48,914	\$ 564,315
Deferred property assessments	-	-	-	23,816	23,816
Total liabilities	<u>311,129</u>	<u>535</u>	<u>203,737</u>	<u>72,730</u>	<u>588,131</u>
Fund balances -					
Reserved for prepaid items	87,553	-	-	11,292	98,845
Reserved for debt service	-	-	-	16,523	16,523
Unreserved:					
Unreserved, undesignated	55,886	1,427,387	40	4,134	1,487,447
Total fund balances	<u>143,439</u>	<u>1,427,387</u>	<u>40</u>	<u>31,949</u>	<u>1,602,815</u>
Total liabilities and fund balances	<u>\$ 454,568</u>	<u>\$ 1,427,922</u>	<u>\$ 203,777</u>	<u>\$ 104,679</u>	<u>\$ 2,190,946</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2004

Total fund balances for governmental funds at June 30, 2004		\$1,602,815
Total net assets reported for governmental activities in the statement of net assets 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	\$ 274,975	
Buildings and improvements, net of \$494,633 accumulated depreciation	979,144	
Equipment and vehicles, net of \$1,168,670 accumulated depreciation	1,216,510	
Construction in progress	<u>436,752</u>	2,907,381
General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:		
Bonds payable and underlying accrued interest		<u>(153,783)</u>
		<u>2,753,598</u>
Total net assets of governmental activities at June 30, 2004		<u>\$4,356,413</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2004

	General	Sales Tax Special Revenue	Capital Projects	Nonmajor Funds	Total
Revenues:					
Taxes	\$ 403,630	\$ 1,146,441	\$ -	\$ -	\$ 1,550,071
Licenses and permits	333,035	-	-	-	333,035
Federal grant	14,855	-	436,752	-	451,607
State grant	-	-	-	14,290	14,290
Intergovernmental	356,001	-	-	-	356,001
Charges for services	390,925	-	-	-	390,925
Fines and forfeits	47,796	-	-	-	47,796
Interest	-	5,773	-	-	5,773
Special assessment	-	-	-	8,365	8,365
Miscellaneous	87,116	-	-	120,331	207,447
Total revenues	<u>1,633,358</u>	<u>1,152,214</u>	<u>436,752</u>	<u>142,986</u>	<u>3,365,310</u>
Expenditures:					
Current -					
General government	912,253	15,249	-	-	927,502
Streets and bridges	314,841	-	-	-	314,841
Sanitation	391,573	-	-	-	391,573
Public safety -police	1,126,943	-	-	-	1,126,943
Culture and recreation	-	-	-	320,358	320,358
Debt service	-	-	-	116,080	116,080
Capital outlay	220,575	-	436,752	21,762	679,089
Total expenditures	<u>2,966,185</u>	<u>15,249</u>	<u>436,752</u>	<u>458,200</u>	<u>3,876,386</u>
Excess (deficiency) of revenues over expenditures	<u>(1,332,827)</u>	<u>1,136,965</u>	<u>-</u>	<u>(315,214)</u>	<u>(511,076)</u>
Other financing sources (uses):					
Operating transfers in	1,350,000	-	-	318,050	1,668,050
Operating transfers out	-	(1,018,050)	-	-	(1,018,050)
Total other financing sources (uses)	<u>1,350,000</u>	<u>(1,018,050)</u>	<u>-</u>	<u>318,050</u>	<u>650,000</u>
Net changes in fund balances	17,173	118,915	-	2,836	138,924
Fund balances, beginning	<u>126,266</u>	<u>1,308,472</u>	<u>40</u>	<u>29,113</u>	<u>1,463,891</u>
Fund balances, ending	<u>\$ 143,439</u>	<u>\$ 1,427,387</u>	<u>\$ 40</u>	<u>\$ 31,949</u>	<u>\$ 1,602,815</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

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, 2004

Total net changes in fund balances at June 30, 2004 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$138,924
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$679,089
Depreciation expense for the year ended June 30, 2004	<u>(227,727)</u> 451,362
Governmental funds record long-term debt in the General Long- Term Debt Account Group as opposed to recording debt activity in the fund fund financial statements. However, in the statement of activities, the debt and related expenses are reported.	
	104,281
Governmental funds are reported on the modified accrual basis of accounting as opposed to the accrual basis of accounting. Therefore, there are additional accruals in the statement of activities.	
	(1,660)
Because governmental funds do not record fixed assets and accumulated depreciation, any assets disposed of with no selling price does not affect the statement of revenues, expenditures, and changes in fund balances. However, in the statement of activities, a gain or loss is shown on assets that are not fully depreciated.	
	<u>(54,540)</u>
Total changes in net assets at June 30, 2004 per Statement of Activities	<u>\$638,367</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Net Assets
Proprietary Fund
June 30, 2004

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 2,839,157
Receivables:	
Accounts	188,933
Prepaid items	<u>58,267</u>
Total current assets	<u>3,086,357</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	401,669
Capital assets, net of accumulated depreciation	<u>6,368,077</u>
Total noncurrent assets	<u>6,769,746</u>
Total assets	<u>\$ 9,856,103</u>

LIABILITIES

Current liabilities:	
Accounts payable and accrued expenses	\$ 131,247
Contracts payable	75,304
Retainage payable	10,710
Due to other funds	72,747
Revenue bonds payable	85,000
Accrued interest payable	31,875
Customers' deposits	<u>131,280</u>
Total current liabilities	538,163
Noncurrent liabilities:	
Revenue bonds payable	<u>1,535,000</u>
Total liabilities	<u>2,073,163</u>

NET ASSETS

Invested in capital assets, net of related debt	4,833,077
Restricted for debt service	185,389
Unrestricted	<u>2,764,474</u>
Total net assets	<u>\$ 7,782,940</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Revenues, Expenses, and Changes in Fund Net Assets -
 Proprietary Fund
 For the Year Ended June 30, 2004

Operating revenues:	
Charges for services	\$ 1,722,236
Miscellaneous	<u>63,605</u>
Total operating revenues	<u>1,785,841</u>
Operating expenses:	
Gas purchased	414,307
Repairs and maintenance	139,073
Salaries	388,032
Depreciation	370,630
Other operating expenses	<u>536,013</u>
Total operating expenses	<u>1,848,055</u>
Operating loss	<u>(62,214)</u>
Nonoperating revenues (expenses):	
Other revenue	3,037
Interest on investments	18,842
Interest on bonds	<u>(76,500)</u>
Total nonoperating expenses	<u>(54,621)</u>
Loss before transfers	<u>(116,835)</u>
Operating transfers out	<u>(650,000)</u>
Change in net assets	(766,835)
Net assets, beginning	<u>8,549,775</u>
Net assets, ending	<u>\$ 7,782,940</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2004

Cash flows from operating activities:	
Receipts from customers	\$ 1,784,260
Payments to suppliers	(944,078)
Payments to employees	<u>(388,032)</u>
Net cash provided by operating activities	<u>452,150</u>
Cash flows from noncapital financing activities:	
Cash received from others	3,037
Operating transfers out to other funds	<u>(671,397)</u>
Net cash used by noncapital financing activities	<u>(668,360)</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds	(80,000)
Interest paid on revenue bonds	(76,500)
Acquisition of capital assets	<u>(255,470)</u>
Net cash used by capital and related financing activities	<u>(411,970)</u>
Cash flows from investing activities:	
Interest on investments and interest-bearing deposits	<u>18,842</u>
Net decrease in cash and cash equivalents	(609,338)
Cash and cash equivalents, beginning of period	<u>3,850,164</u>
Cash and cash equivalents, end of period	<u>\$ 3,240,826</u>

(continued)

CITY OF BREAUX BRIDGE

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2004

Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (62,214)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	370,630
Changes in current assets and liabilities:	
Decrease in accounts receivable	22,110
Increase in prepaid items	(895)
Increase in accounts payable and accrued liabilities	43,413
Increase in contracts payable	70,311
Increase in retainage payable	<u>8,795</u>
Total adjustments	<u>514,364</u>
Net cash provided by operating activities	<u>\$ 452,150</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$3,484,699
Cash - restricted	<u>365,465</u>
Total cash and cash equivalents	<u>3,850,164</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	2,839,157
Cash - restricted	<u>401,669</u>
Total cash and cash equivalents	<u>3,240,826</u>
Net decrease	<u>\$ (609,338)</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The City of Breaux Bridge was incorporated on January 26, 1901 under the provisions of the Lawrason Act. The City operates under a Mayor-Board of Aldermen form of government.

The accompanying financial statements of the City of Breaux Bridge (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Although the City has the option to apply FASB pronouncements issued after that date, the City has chosen not to. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note. For the fiscal year ended June 30, 2004, the City implemented the new financial reporting requirements of GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. As a result, an entirely new financial presentation format has been implemented.

A. Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

The Breaux Bridge City Court and the Breaux Bridge City Marshal were determined to be component units of the City of Breaux Bridge, primary government. This determination was made on the financial interdependency criterion. Both the City Court and the City Marshal have a December 31 year-end.

The City has chosen to issue financial statements of the primary government (City) only; therefore, neither of the previously listed component units are included in the accompanying financial statements. Financial information for these component units may be obtained by contacting the respective component unit.

These primary government (City) financial statements include all funds, account groups, and organizations for which the City maintains the accounting records.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

GASB Statement 14 provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (City) financial statements are not a substitute for the reporting entity's financial statements. The accompanying primary government financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units. These financial statements are not intended to and do not report on the reporting entity but rather are intended to reflect only the financial statements of the primary government.

The Breaux Bridge Housing Authority was chartered by the City of Breaux Bridge in 1958. The Authority's five-member board of directors is appointed by the Mayor and Board of Aldermen of the City of Breaux Bridge. The City's oversight responsibilities in the management, operation and financial accountability of the Authority are remote. For this reason, the Authority is not considered to be a component unit of the City and accordingly, is not included in the City's audited financial statements. The Authority's in-lieu-of-tax payment to the City was waived for 2004.

The City of Breaux Bridge has no authority over, nor is it involved in the record keeping of the Breaux Bridge Volunteer Fire Department; therefore, the Department is not considered to be a component unit of the City and accordingly, is not included in the City's audited financial statements.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity, except the fiduciary funds. 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 BREAUX BRIDGE, 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 (enterprise). 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.

Several funds of the City are considered to be major funds and 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 Fund -

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

Sales Tax Fund -

To account for the receipt and use of proceeds of the City's 1% sales and use tax. These taxes may only be used for improvements and operation of specific public works and recreational facilities and to fund payment of the City's public improvement bonds.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Capital Projects Fund -

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

CDBG Sewer System Improvements Fund -

To account for the sewer system improvement project. Financing is provided by a community block grant of \$490,000 and funds provided by the Enterprise Fund of approximately \$24,000.

Proprietary Fund -

Enterprise Fund -

The enterprise fund is 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. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are derived from charges for services. All other revenues are reported as nonoperating.

The City's nonmajor funds are described below:

Special Revenue Fund -

Recreation and Parks Operating Fund -

To account for the operations and maintenance of all City-owned recreational facilities. Financing is provided by a portion of sales tax collected and miscellaneous revenue, primarily admissions and rental income.

Debt Service Funds -

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

There is one debt service fund at June 30, 2004, which handles payments on two certificates of indebtedness. One is the 1994 Certificate of Indebtedness. It is used to account for the repayment of \$750,000 certificate of indebtedness, Series 1994, which is due in annual installments, plus interest, until maturity in 2004. The other debt service fund is the 1998 Certificate of Indebtedness. It is used to account for repayment of \$142,809 certificate of indebtedness, Series 1998, which is due in annual installments, plus interest, until maturity in 2008.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (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 assets.

Basis of Accounting

In the government-wide statement of net assets 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, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when 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, Liabilities and Equity

Cash, interest-bearing deposits, and investments

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City. 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 Assets.

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, franchise taxes, and federal grant funds. Business-type activities report customer's utility service receivables as their major receivables. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading/billing and the end of the month are estimated and recorded at June 30, 2004.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, capital assets are capitalized at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation.

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 Assets. 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 and improvements	40 years
Equipment and vehicles	3-10 years
Utility system and improvements	10-50 years
Infrastructure	40 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.

Prior to the adoption of GASB 34, it was the City's policy not to record infrastructure; therefore, the City did not have a complete listing of infrastructure. The City has opted not to do a detailed analysis of existing infrastructure. Rather, we will begin accumulating infrastructure information prospectively.

Restricted Assets

Restricted assets include cash, interest-bearing deposits, and investments of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the revenue bond 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 are reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable and utility meter deposits payable.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

Unpaid Accumulated Vacation, Sick Pay, and Compensated Time

Unused vacation accumulated by employees is lost each year unless taken. Sick leave accumulates from year to year, but is lost upon termination. Compensated time (overtime earned but not paid) is accumulated by employees and is not lost upon termination.

Equity Classifications

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

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

E. Budget and Budgetary Accounting

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

1. The Mayor submits, no later than 15 days prior to the beginning of each fiscal year, to the Board of Aldermen a proposed operating budget.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 Mayor.
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.

F. Encumbrances

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

G. Capitalization of Interest Expense

It is not the policy of the City of Breaux Bridge to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets.

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) Change in Accounting Principle

For the year ended June 30, 2004, the City has implemented GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at June 30, 2003 to be restated in terms of "net assets" as follows:

Total fund balance - Governmental Funds - at June 30, 2003	\$ 1,463,891
Add: Cost of capital assets at June 30, 2003	4,029,007
Less: Accumulated depreciation at June 30, 2003	(1,518,448)
Less: Debt outstanding at June 30, 2003	<u>(256,404)</u>
Net assets at June 30, 2003	<u>\$ 3,718,046</u>

(3) Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2004, the City has cash and interest-bearing deposits (book balances) totaling \$4,774,314.

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2004 are secured as follows:

Bank balances	<u>\$ 4,961,370</u>
At June 30, 2004 the deposits are secured as follows:	
Federal deposit insurance	\$ 200,000
Pledged securities (Category 3)	<u>4,761,370</u>
Total federal insurance and pledged securities	<u>\$ 4,961,370</u>

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Receivables

Receivables at June 30, 2004 of \$597,233 consist of the following:

	General	Sales Tax	Capital Projects	Nonmajor Funds	Utility	Total
Accounts	\$ 317	\$ -	\$ -	\$ -	\$ 264,037	\$ 264,354
Allowance	-	-	-	-	(75,104)	(75,104)
Taxes:						
Sales tax	-	97,697	-	-	-	97,697
Property tax	3,882	-	-	-	-	3,882
Franchise tax	71,824	-	-	-	-	71,824
Special assessments	-	-	-	23,816	-	23,816
Fines, licenses, etc.	7,027	-	-	-	-	7,027
Grants	-	-	203,737	-	-	203,737
Totals	\$ 83,050	\$ 97,697	\$ 203,737	\$ 23,816	\$ 188,933	\$ 597,233

(5) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2004 consisted of the following:

General Fund:

Amount due from the State of Louisiana for video poker receipts for the month of June 30, 2004. \$ 31,736

Amount due from Department of Motor Vehicles for fees for June 2004. 3,100

Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending June 30, 2004. 5,038

Amount due from Breaux Bridge Crawfish Festival Association for payment in regards to 2004 festival. 30,266

70,140

Nonmajor Funds:

Amount due from Breaux Bridge Crawfish Festival Association for payment in regards to 2004 festival. 10,600

\$ 80,740

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Capital Assets

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance 07/01/03	Additions	Deletions	Balance 06/30/04
Governmental activities:				
Land	\$ 274,975	\$ -	\$ -	\$ 274,975
Buildings and improvements	1,473,777	49,502	(49,502)	1,473,777
Equipment and vehicles	2,280,255	192,835	(87,910)	2,385,180
Construction in progress	-	436,752	-	436,752
Totals	4,029,007	679,089	(137,412)	4,570,684
Less accumulated depreciation				
Buildings and improvements	453,197	41,436	-	494,633
Equipment and vehicles	1,065,251	186,291	(82,872)	1,168,670
Total accumulated depreciation	1,518,448	227,727	(82,872)	1,663,303
Governmental activities, capital assets, net	\$ 2,510,559	\$ 451,362	\$ (54,540)	\$ 2,907,381
Business-type activities:				
Land	\$ 150,200	\$ -	\$ -	\$ 150,200
Plant and equipment - gas	1,905,151	-	-	1,905,151
Plant and equipment - water system	4,738,942	739	-	4,739,681
Plant and equipment - sewer system	6,037,509	20,233	-	6,057,742
Autos and office equipment	440,793	5,607	-	446,400
Construction in progress	95,919	253,033	(24,142)	324,810
Totals	13,368,514	279,612	(24,142)	13,623,984
Less accumulated depreciation				
Plant and equipment - gas	960,106	52,900	-	1,013,006
Plant and equipment - water system	3,089,566	140,177	-	3,229,743
Plant and equipment - sewer system	2,530,685	136,133	-	2,666,818
Autos and office equipment	304,920	41,420	-	346,340
Total accumulated depreciation	6,885,277	370,630	-	7,255,907
Business-type activities, capital assets, net	\$ 6,483,237	\$ (91,018)	\$ (24,142)	\$ 6,368,077

Depreciation expense was charged to governmental activities as follows:

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

General government	\$ 52,573
Police	71,688
Streets	28,566
Park and recreation	<u>74,900</u>
Total depreciation expense	<u>\$ 227,727</u>

(7) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2004:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 191,851	\$ 109,691	\$ 301,542
Sales tax	-	963	963
Accrued payroll	49,502	19,156	68,658
Payroll withholdings	6,152	3,024	9,176
Retainage payable	39,263	10,710	49,973
Contracts payable	164,474	75,304	239,778
Contingent liabilities	114,660	-	114,660
Accrued interest payable	1,660	31,875	33,535
Deferred revenues	23,816	-	23,816
Totals	<u>\$ 591,378</u>	<u>\$ 250,723</u>	<u>\$ 842,101</u>

(8) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City of Breaux Bridge, Louisiana for the year ended June 30, 2004. All but the revenue bonds relate to governmental activities and are therefore paid by the debt service fund. The revenue bonds relate to business-type activities, and the payments are made from the enterprise fund. In the past, payments on long-term debt that pertained to the City's governmental activities were made by the debt service fund, and those that pertained to the business-type activities were made by the enterprise fund.

	Claims Payable	General Obligation	Special Assessment	Revenue	Total
Long-term debt at July 1, 2003	\$ 11,000	\$ 185,000	\$ 71,404	\$ 1,700,000	\$ 1,967,404
Debt assumed	-	-	-	-	-
Debt retired	<u>(11,000)</u>	<u>(90,000)</u>	<u>(14,281)</u>	<u>(80,000)</u>	<u>(195,281)</u>
Long-term debt at June 30, 2004	<u>\$ -</u>	<u>\$ 95,000</u>	<u>\$ 57,123</u>	<u>\$ 1,620,000</u>	<u>\$ 1,772,123</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt at June 30, 2004 is comprised of the following:

Revenue bonds

\$1,700,000 Water and Sewer Revenue Bonds, Series 2003, due in annual installments of \$80,000 to \$155,000; from February 1, 2004 to February 1, 2018; interest rate of 4.5 percent; secured by income and revenues of the water and sewer systems.

\$ 1,620,000

General obligation debt

\$750,000 Certificate of Indebtedness, Series 1994, due in annual installments of \$60,000 to \$95,000; from November 1, 1995 to November 1, 2004; interest rate of 5.34 percent; payable from and secured by excess revenues.

\$ 95,000

Special assessments bonds debt with governmental commitment

\$142,809 Certificate of Indebtedness, Series 1998, due in annual installments of \$14,281; from April 1, 1999 to April 1, 2008; interest rate of 5.25 percent; payable from and secured by special assessments.

57,123

Total general obligation bonds outstanding

\$ 152,123

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The annual requirements to amortize all debt outstanding at June 30, 2004 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 194,281	\$ 78,630	\$272,911
2006	104,281	71,324	175,605
2007	104,281	66,524	170,805
2008	109,280	61,725	171,005
2009	100,000	56,700	156,700
2010-2014	580,000	211,500	791,500
2015-2018	<u>580,000</u>	<u>66,825</u>	<u>646,825</u>
Totals	<u>\$ 1,772,123</u>	<u>\$ 613,228</u>	<u>\$ 2,385,351</u>

(9) Dedication of Sales Tax Revenues

A sales and use tax of 1 percent was levied as of May 1, 1971 after approval by the registered voters of the City of Breaux Bridge. Revenues to be derived from the tax are dedicated to: constructing, acquiring, extending, improving, operating and maintaining waterworks, garbage and waste disposal facilities, streets and bridges, including incidental drainage in connection therewith, and recreational facilities; and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works, improvements and facilities. The tax can also be used to fund payment of the City's public improvement bonds.

(10) Enterprise Fund Operations

Operations of the City of Breaux Bridge Utility System consist of a gas distribution system and of water and sewerage utilities. Operating expenses which are not directly chargeable to the individual departments are allocated to the departments on the basis of number of utility customers and managerial estimates.

Operating results of the individual utilities were as follows:

	<u>Year Ended June 30,</u>	<u>Charges for Services</u>	<u>Miscellaneous Operating Revenues</u>	<u>Other Operating Expenses</u>	<u>Operating Income (Loss)</u>
Gas utility	2004	\$ 607,862	\$ 19,118	\$ (629,459)	\$ (2,479)
Water utility	2004	\$ 728,303	\$ 32,214	\$ (901,360)	\$ (140,843)
Sewerage system	2004	\$ 386,071	\$ 12,273	\$ (317,236)	\$ 81,108

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

At June 30, 2004, the City of Breaux Bridge was furnishing utility service to the following number of customers:

Gas customers	1,218
Water customers	2,611
Sewer customers	2,671

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

Under the terms of the bond indenture on outstanding 2003 Water and Sewer Revenue Bonds, these bonds are secured and payable from a pledge of the income and revenues to be derived from the operation of the Water and Sewer Systems.

All revenues must be deposited daily into a separate bank account designated as the "Sewer Revenue Fund" and said fund shall be maintained and administered in the following order of priority and for the following express purposes:

Revenues shall be applied to the payment of all reasonable and necessary expenses of operating and maintaining the Sewer System. A Sewer Revenue Bond and Interest Sinking Fund must be established and maintained by transferring from the Sewer Revenue Fund each month a sum whereby an amount sufficient to pay the succeeding principal and interest installment will accumulate by the time payment is due. The balance in this account at June 30, 2004 was \$63,463.

Upon completion of construction of improvements and extensions to the Sewer System funded by this bond issue, a Sewer Reserve Fund must be established and maintained with monthly transfers from the Sewer Revenue Fund, until such a time as there is accumulated a sum equal to the highest combined principal and interest requirement for any succeeding fiscal year. The money in the Sewer Reserve Fund is to be retained solely for the purpose of paying the principal of and the interest on bonds payable from the Sewer Revenue Bond and Interest Sinking Fund, should that fund be unable to meet such payments. The balance in this account at June 30, 2004, was \$206,898.

During the year ended June 30, 2004, the City complied with the provisions of the bond indenture as outlined above.

CITY OF BREAUx BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2004:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 72,747	\$ -
Enterprise Fund:		
Utility Fund	-	72,747
Total	<u>\$ 72,747</u>	<u>\$ 72,747</u>

Garbage fees were not yet paid at year-end, causing the balances as noted above. These balances are expected to be paid within the next fiscal year.

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2004:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 1,350,000	\$ -
Sales Tax Special Revenue Fund	-	1,018,050
Enterprise Fund:		
Utility Fund	-	650,000
Non-major Funds	318,050	-
Total	<u>\$ 1,668,050</u>	<u>\$ 1,668,050</u>

Transfers made to the general fund are for the normal operations of the City. The amounts each fund will transfer are calculated as part of the budget preparation process. These amounts reflect each funds' proportionate share of expenses paid out of the general fund. Transfers made from the sales tax special revenue fund are for recreational facilities and funding payment of the bonds.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) Ad Valorem Taxes

For the year ended June 30, 2004, taxes of 4.75 mills were levied on property with assessed valuations totaling \$25,151,368 and were dedicated as follows:

General corporate purposes	4.75 mills
----------------------------	------------

Total taxes levied were \$119,099 of which \$3,882 had not been collected at June 30, 2004. The taxes are levied and assessed on or about October and November, respectively, of each year.

Tax bills are mailed in December, become liens on December 31, and are delinquent if unpaid as of March 1. The majority of collections occur in the months of December through February.

(14) Retirement Systems

Plan Description: The City of Breaux Bridge contributes to the Municipal Police Employers' Retirement System, a cost-sharing multiple employer defined benefit pension plan administered by the Municipal Police Employers' Retirement System, a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:2211-11:2233 to provide retirement, disability and survivor benefits to municipal police officer members throughout the State of Louisiana. All full-time police department employees engaged in law enforcement are required to participate in the System. The System issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Municipal Police Employers' Retirement System of Louisiana, 8401 United Plaza Blvd., Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy: Plan members are required by state statute to contribute 7.5% of their annual covered salary and the City of Breaux Bridge is required to contribute at an actuarially determined rate. The current rate is 15.25% of annual covered payroll. The contribution requirements of plan members and the City of Breaux Bridge are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Breaux Bridge's contributions to the System for the years ended June 30, 2004, 2003 and 2002 were \$25,156, \$12,140, and \$8,881, respectively, equal to the required contributions for each year.

(15) Restricted Assets - Utility Fund

Restricted assets were composed of checking and savings accounts at June 30, 2004 and were restricted as follows:

Bond reserve, sinking, and contingency funds	\$ 270,361
Customers' deposits	<u>131,308</u>
	<u>\$ 401,669</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(16) Compensation of City Officials

A detail of compensation paid to City officials for the year ended June 30, 2004 follows:

Jack Dale Delhomme, Mayor	<u>\$ 47,000</u>
Aldermen:	
Howard Alexander	\$ 7,200
Ricky Calais	7,200
Kenneth LeBlanc	7,200
Albert Menard	7,200
Terry Thibodeaux	<u>7,200</u>
Total	<u>\$ 36,000</u>
 Randy Angelle, Judge	 <u>\$ 6,600</u>
 Jerry Frederick, City Marshal	 <u>\$ 15,133</u>

(17) Construction Project

As of June 30, 2004, the City had the following commitments net of accrued retainage payable with respect to unfinished capital projects:

<u>Capital project</u>	<u>Remaining construction commitment</u>	<u>Expected date of completion</u>
Sewer System Improvements	\$ 73,520	10/11/2004
 Pump Station & Force Main Improvements	 \$ 928,340	 1/10/2005

(18) Risk Management

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

(19) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all City employees, permits them to defer a

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in a trust, custodial account or annuity contract by the City described in IRC 457(g) for the exclusive benefit of the participants and their beneficiaries.

The fair market value of the plan assets at June 30, 2004 is \$286,007.

(20) On-behalf Payments

The City has recognized \$67,050 as a revenue and an expenditure for on-behalf salary payments made by the state of Louisiana.

(21) Contingencies

The City has determined that \$114,660 is a reasonable estimate of potential liability related to claims filed. Accordingly, \$114,660 has been accrued at June 30, 2004 and is reflected in accounts payable and accrued expenditures.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF BREAUX BRIDGE
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 339,000	\$ 396,750	\$ 403,630	\$ 6,880
Licenses and permits	281,050	302,500	333,035	30,535
Federal grants	-	-	14,855	14,855
Intergovernmental	349,000	322,500	356,001	33,501
Charges for services	368,000	380,000	390,925	10,925
Fines - City Court	44,000	40,000	47,796	7,796
Miscellaneous	60,325	85,375	87,116	1,741
Total revenues	1,441,375	1,527,125	1,633,358	106,233
Expenditures:				
General government	937,185	907,350	912,253	(4,903)
Streets and bridges	294,280	319,930	314,841	5,089
Sanitation	368,000	380,000	391,573	(11,573)
Public safety - Police	1,089,350	1,154,150	1,126,943	27,207
Capital outlay	94,100	216,000	220,575	(4,575)
Total expenditures	2,782,915	2,977,430	2,966,185	11,245
Deficiency of revenues over expenditures	(1,341,540)	(1,450,305)	(1,332,827)	117,478
Other financing sources:				
Transfer from Sales Tax Fund	687,000	700,000	700,000	-
Transfer from Utility Fund	600,000	750,000	650,000	(100,000)
Total other financing sources	1,287,000	1,450,000	1,350,000	(100,000)
Net change in fund balances	(54,540)	(305)	17,173	17,478
Fund balance, beginning	224,967	126,266	126,266	-
Fund balance, ending	\$ 170,427	\$ 125,961	\$ 143,439	\$ 17,478

CITY OF BREAUX BRIDGE
Sales Tax Special Revenue

Budgetary Comparison Schedule
For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 940,000	\$ 992,000	\$1,146,441	\$ 154,441
Miscellaneous - interest and other	10,500	13,500	5,773	(7,727)
Total revenues	950,500	1,005,500	1,152,214	146,714
Expenditures:				
General government				
Collection fees	9,500	16,000	9,348	6,652
Salaries	3,300	3,400	3,311	89
Payroll taxes	260	270	267	3
Pension	60	60	45	15
Computer expense	400	200	164	36
Miscellaneous	1,150	750	162	588
Legal and professional fees	3,150	3,150	1,952	1,198
Total expenditures	17,820	23,830	15,249	8,581
Excess of revenues over expenditures	932,680	981,670	1,136,965	155,295
Other financing uses:				
Transfer out to General Fund	(687,000)	(700,000)	(700,000)	-
Transfer out to Recreation & Parks Operating Fund	(240,000)	(270,000)	(220,000)	50,000
Transfer out to Sinking Fund for General Obligation Bonds, Series 1994	(104,000)	(98,200)	(98,050)	150
Total other financing uses	(1,031,000)	(1,068,200)	(1,018,050)	50,150
Net change in fund balances	(98,320)	(86,530)	118,915	205,445
Fund balance, beginning	990,382	1,308,472	1,308,472	-
Fund balance, ending	\$ 892,062	\$ 1,221,942	\$1,427,387	\$ 205,445

OTHER SUPPLEMENTARY INFORMATION

CITY OF BREAUX BRIDGE
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Taxes:			
General alimony	\$ 115,000	\$ 117,737	\$ 2,737
Franchise taxes	<u>281,750</u>	<u>285,893</u>	<u>4,143</u>
Total taxes	<u>396,750</u>	<u>403,630</u>	<u>6,880</u>
 Licenses and permits	 <u>302,500</u>	 <u>333,035</u>	 <u>30,535</u>
 Federal grants	 <u>-</u>	 <u>14,855</u>	 <u>14,855</u>
 Intergovernmental:			
State revenue sharing	12,000	17,928	5,928
Beer tax	21,500	19,848	(1,652)
Video poker	185,000	217,121	32,121
Motor vehicle tax	35,000	34,054	(946)
On behalf payments	<u>69,000</u>	<u>67,050</u>	<u>(1,950)</u>
Total intergovernmental	<u>322,500</u>	<u>356,001</u>	<u>33,501</u>
 Charges for servies - garbage	 <u>380,000</u>	 <u>390,925</u>	 <u>10,925</u>
 Fines - City Court	 <u>40,000</u>	 <u>47,796</u>	 <u>7,796</u>
 Miscellaneous:			
Interest	400	424	24
Crawfish festival	25,000	29,576	4,576
Other	<u>59,975</u>	<u>57,116</u>	<u>(2,859)</u>
Total miscellaneous	<u>85,375</u>	<u>87,116</u>	<u>1,741</u>
 Total revenues	 <u>\$1,527,125</u>	 <u>\$1,633,358</u>	 <u>\$ 106,233</u>

CITY OF BREAUX BRIDGE
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Current:			
General government -			
Salaries and wages	\$ 299,900	\$ 301,995	\$ (2,095)
Payroll taxes	28,700	32,031	(3,331)
Retirement	4,600	3,557	1,043
City Court	104,700	114,750	(10,050)
Legal and professional	87,000	87,666	(666)
National Guard unit	1,200	1,200	-
St. Martin Parish veteran's officer	1,050	1,044	6
Telephone	12,000	10,916	1,084
Publishing minutes and advertising	3,000	2,399	601
Office supplies and expense	16,500	18,064	(1,564)
Electricity	7,700	7,315	385
Louisiana Municipal Association dues	1,300	1,216	84
Other dues	1,600	735	865
Preparation of tax roll	4,200	4,169	31
General insurance	36,000	41,243	(5,243)
Group insurance	94,500	100,774	(6,274)
Schools and conventions	5,000	3,687	1,313
Building maintenance	16,000	17,090	(1,090)
Election expense	-	-	-
Crawfish festival expense	32,000	20,500	11,500
Miscellaneous	72,700	75,427	(2,727)
Economic development	75,000	66,475	8,525
Planning and zoning	2,700	-	2,700
Total general government	<u>907,350</u>	<u>912,253</u>	<u>(4,903)</u>
Streets and bridges -			
Salaries and wages	70,000	69,087	913
Payroll taxes	5,580	5,446	134
Retirement	1,200	1,094	106
Shells, gravel and other material	22,500	23,822	(1,322)
Supplies	18,000	16,847	1,153
Motor equipment repairs and maintenance	22,000	23,135	(1,135)
Hurricane Lili cleanup	29,200	29,187	13
Fuel	10,000	8,629	1,371
Electricity (street lights)	69,300	69,442	(142)
General insurance	23,000	22,071	929
Grass spraying and cutting	4,200	2,480	1,720
Engineering	2,000	3,103	(1,103)
Catch basin and sidewalks	6,000	4,700	1,300
Miscellaneous	36,950	35,798	1,152
Total streets and bridges	<u>319,930</u>	<u>314,841</u>	<u>5,089</u>

(continued)

CITY OF BREAUX BRIDGE
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Sanitation:			
Garbage contract	\$ 380,000	\$ 391,084	\$ (11,084)
Miscellaneous	<u>-</u>	<u>489</u>	<u>(489)</u>
Total sanitation	<u>380,000</u>	<u>391,573</u>	<u>(11,573)</u>
Public safety - police:			
Salaries and wages	608,400	603,090	5,310
Retirement	30,800	27,002	3,798
Payroll taxes	53,650	51,710	1,940
Automobile repairs and expense	42,900	35,985	6,915
Office supplies and expense	30,000	29,348	652
Jail supplies and expense	32,500	34,679	(2,179)
Electricity	8,500	7,998	502
Telephone	19,200	17,498	1,702
Uniform allowance	8,500	9,210	(710)
On behalf payments	69,000	67,050	1,950
General insurance	66,000	74,589	(8,589)
Gasoline	30,000	28,200	1,800
Uninsured liability claims	105,000	94,073	10,927
Miscellaneous	<u>49,700</u>	<u>46,511</u>	<u>3,189</u>
Total public safety - police	<u>1,154,150</u>	<u>1,126,943</u>	<u>27,207</u>
Capital outlay -			
Autos and equipment	166,000	171,073	(5,073)
Building improvements	<u>50,000</u>	<u>49,502</u>	<u>498</u>
Total capital outlay	<u>216,000</u>	<u>220,575</u>	<u>(4,575)</u>
Total expenditures	<u>\$ 2,977,430</u>	<u>\$ 2,966,185</u>	<u>\$ 11,245</u>

**NON MAJOR
FUND DESCRIPTIONS**

SPECIAL REVENUE FUND

Recreation and Parks Operating Fund -

To account for the operations and maintenance of all City-owned recreational facilities. Financing is provided by a portion of sales tax collected and miscellaneous revenue, primarily admissions and rental income.

DEBT SERVICE FUND

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

CITY OF BREAUX BRIDGE

Balance Sheet -
Nonmajor Governmental Funds
For the Year Ended June 30, 2004

	<u>Parks & Recreation Special Reserved Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ 42,448	\$ 16,523	\$ 58,971
Receivables			
Due from governmental agencies and others	10,600	-	10,600
Special assessments	-	23,816	23,816
Prepaid insurance	11,292	-	11,292
Total assets	\$ 64,340	\$ 40,339	\$ 104,679
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenditures	\$ 48,914	\$ -	\$ 48,914
Deferred property assessments	-	23,816	23,816
Total liabilities	48,914	23,816	72,730
Fund balances:			
Reserved for prepaid items	11,292	-	11,292
Reserved for debt service	-	16,523	16,523
Unreserved, undesignated	4,134	-	4,134
Total fund balances	15,426	16,523	31,949
Total liabilities and fund balances	\$ 64,340	\$ 40,339	\$ 104,679

CITY OF BREAUX BRIDGE

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Nonmajor Governmental Funds
For the Year Ended June 30, 2004

	Parks & Recreation Special Revenue Fund	Debt Service Fund	Total
Revenues:			
State grant	\$ 14,290	\$ -	\$ 14,290
Miscellaneous			
Donations	16,106	-	16,106
Tournaments	92,116	-	92,116
Other	9,898	2,211	12,109
Total miscellaneous	118,120	2,211	120,331
Special assessment revenues	-	8,365	8,365
Total revenues	132,410	10,576	142,986
Expenditures:			
Current -			
Culture and recreation	320,358	-	320,358
Debt service	-	116,080	116,080
Capital outlay	21,762	-	21,762
Total expenditures	342,120	116,080	458,200
Deficiency of revenues over expenditures	(209,710)	(105,504)	(315,214)
Other financing sources:			
Transfers in	220,000	98,050	318,050
Total other financing sources	220,000	98,050	318,050
Net changes in fund balances	10,290	(7,454)	2,836
Fund balances, beginning	5,136	23,977	29,113
Fund balances, ending	\$ 15,426	\$ 16,523	\$ 31,949

CITY OF BREAUX BRIDGE
Parks & Recreation Special Revenue Fund

Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (GAAP Basis) and Actual
Year Ended June 30, 2004

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:			
State grant	\$ -	\$ 14,290	\$ 14,290
Miscellaneous -			
Donations	-	16,106	16,106
Tournaments	78,700	92,116	13,416
Other	500	9,898	9,398
Total revenues	<u>79,200</u>	<u>132,410</u>	<u>53,210</u>
Expenditures:			
Current:			
Culture and recreation -			
Salaries and wages	76,500	74,244	2,256
Payroll taxes	5,950	6,530	(580)
Pension	750	600	150
Repairs and supplies	98,000	92,323	5,677
Electricity	12,000	10,370	1,630
Insurance	14,500	15,891	(1,391)
Group insurance	5,000	4,567	433
Tournament fund expense	80,500	95,122	(14,622)
Miscellaneous	16,200	20,711	(4,511)
Capital outlay	<u>35,200</u>	<u>21,762</u>	<u>13,438</u>
Total expenditures	<u>344,600</u>	<u>342,120</u>	<u>2,480</u>
Deficiency of revenues over expenditures	(265,400)	(209,710)	55,690
Other financing sources:			
Operating transfers in	<u>270,000</u>	<u>220,000</u>	<u>(50,000)</u>
Total other financing sources	<u>270,000</u>	<u>220,000</u>	<u>(50,000)</u>
Excess of revenues and other sources over expenditures	4,600	10,290	5,690
Fund balances, beginning	<u>5,136</u>	<u>5,136</u>	<u>-</u>
Fund balances, ending	<u>\$ 9,736</u>	<u>\$ 15,426</u>	<u>\$ 5,690</u>

CITY OF BREAUX BRIDGE, LOUISIANA
Enterprise Fund
Utility Fund

Statement of Revenues, Expenses and Changes in Retained Earnings
Budget (GAAP Basis) and Actual
Year Ended June 30, 2004

	Budget	Actual	Variance - Favorable (Unfavorable)
Operating revenues:			
Charges for services -			
Utility sales	\$ 1,680,000	\$ 1,689,037	\$ 9,037
Installation and reconnection charges	31,000	33,199	2,199
Miscellaneous	63,500	63,605	105
Total operating revenues	1,774,500	1,785,841	11,341
Operating expenses:			
Direct expenses	1,444,750	1,362,807	81,943
Allocated expenses	478,225	485,248	(7,023)
Total operating expenses	1,922,975	1,848,055	74,920
Operating income (loss)	(148,475)	(62,214)	86,261
Nonoperating revenues (expenses):			
Other revenue	600	3,037	2,437
Interest on investments	18,500	18,842	342
Interest on bonds	(76,500)	(76,500)	-
Total nonoperating revenues (expenses)	(57,400)	(54,621)	2,779
Income (loss) before operating transfers	(205,875)	(116,835)	89,040
Other financing uses:			
Operating transfers out	(750,000)	(650,000)	100,000
Total other financing uses	(750,000)	(650,000)	100,000
Net loss	(955,875)	(766,835)	189,040
Retained earnings, beginning of year	8,549,775	8,549,775	-
Retained earnings, end of year	\$ 7,593,900	\$ 7,782,940	\$ 189,040

<u>Gas</u>	<u>Water System</u>	<u>Sewerage System</u>
\$ 597,211	\$ 708,427	\$ 383,399
10,651	19,876	2,672
<u>19,118</u>	<u>32,214</u>	<u>12,273</u>
<u>626,980</u>	<u>760,517</u>	<u>398,344</u>
524,842	605,055	232,910
<u>104,617</u>	<u>296,305</u>	<u>84,326</u>
<u>629,459</u>	<u>901,360</u>	<u>317,236</u>
<u>\$ (2,479)</u>	<u>\$ (140,843)</u>	<u>\$ 81,108</u>

CITY OF BREAUX BRIDGE, LOUISIANA
Utility Fund

Statement of Operating Expenses - Budget (GAAP Basis) and Actual
Year Ended June 30, 2004

	Budget	Actual	Variance - Favorable (Unfavorable)
Direct expenses:			
Gas purchased	\$ 472,000	\$ 414,307	\$ 57,693
System repairs and maintenance	133,750	139,073	(5,323)
Electricity	82,700	72,555	10,145
Plant supplies	70,000	74,785	(4,785)
General insurance	57,500	61,949	(4,449)
Depreciation	330,000	329,211	789
Sewer feasibility study	36,000	26,472	9,528
Testing - solid waste	6,000	4,630	1,370
Engineering	7,500	5,005	2,495
Salaries	204,000	201,052	2,948
Gas leak survey	10,000	9,386	614
Miscellaneous	<u>35,300</u>	<u>24,382</u>	<u>10,918</u>
Total direct expenses	<u>1,444,750</u>	<u>1,362,807</u>	<u>81,943</u>
Allocated expenses:			
Salaries	191,000	186,980	4,020
Group insurance	45,600	47,600	(2,000)
Pension	5,500	3,728	1,772
Bad debt expense	10,000	23,691	(13,691)
Payroll taxes	31,025	31,935	(910)
Office supplies and expense	35,100	36,214	(1,114)
Legal and accounting fees	17,000	15,784	1,216
General insurance	26,000	27,563	(1,563)
Maintenance and supplies	57,500	55,459	2,041
Computer billing expense	6,000	5,726	274
Depreciation	42,000	41,419	581
Miscellaneous	<u>11,500</u>	<u>9,149</u>	<u>2,351</u>
Total allocated expenses	<u>478,225</u>	<u>485,248</u>	<u>(7,023)</u>
Total operating expenses	<u>\$ 1,922,975</u>	<u>\$1,848,055</u>	<u>74,920</u>

Gas	Water System	Sewerage System
\$ 414,307	\$ -	\$ -
22,252	79,272	37,549
11,609	41,356	19,590
-	74,785	-
9,912	35,311	16,726
52,674	187,650	88,887
-	-	26,472
-	-	4,630
801	2,853	1,351
-	169,930	31,122
9,386	-	-
<u>3,901</u>	<u>13,898</u>	<u>6,583</u>
<u>524,842</u>	<u>605,055</u>	<u>232,910</u>
53,974	115,703	17,303
6,664	35,224	5,712
522	2,759	447
8,377	9,937	5,377
4,471	23,632	3,832
5,794	20,642	9,778
2,525	8,997	4,262
4,410	15,711	7,442
8,873	31,612	14,974
916	3,264	1,546
6,627	23,609	11,183
<u>1,464</u>	<u>5,215</u>	<u>2,470</u>
<u>104,617</u>	<u>296,305</u>	<u>84,326</u>
<u>\$ 629,459</u>	<u>\$ 901,360</u>	<u>\$317,236</u>

CITY OF BREAUX BRIDGE, LOUISIANA
Utility Fund

Schedule of Changes in Assets Restricted for Revenue Bond Debt Service
Year Ended June 30, 2004

	<u>Bond and Interest Redemption</u>	<u>Reserve</u>	<u>Contingency</u>	<u>Total</u>
Cash and savings, July 1, 2003	\$ 68,430	\$ 13,002	\$165,128	\$ 246,560
Increases:				
Transfer from operating account	151,400	30,000	-	181,400
Interest earned on investments	<u>348</u>	<u>168</u>	<u>1,006</u>	<u>1,522</u>
	<u>151,748</u>	<u>30,168</u>	<u>1,006</u>	<u>182,922</u>
Decreases:				
Principal payments	(80,000)	-	-	(80,000)
Interest payments	(76,500)	-	-	(76,500)
Transfer to operating	<u>(215)</u>	<u>(570)</u>	<u>(1,836)</u>	<u>(2,621)</u>
	<u>(156,715)</u>	<u>(570)</u>	<u>(1,836)</u>	<u>(159,121)</u>
Cash and savings, June 30, 2004	<u>\$ 63,463</u>	<u>\$ 42,600</u>	<u>\$164,298</u>	<u>\$ 270,361</u>

**COMPLIANCE
INTERNAL CONTROL
AND
OTHER INFORMATION**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA*
Russell F. Champagne, CPA*
Victor R. Slaven, CPA*
Conrad O. Chapman, CPA*
P. Troy Courville, CPA*
Gerald A. Thibodeaux, Jr., CPA*

P.O. Box 250
Breaux Bridge, LA 70517

Phone (337) 332-4020
Fax (337) 332-2867

WEB SITE:
WWW.KCSRCPAS.COM

MEMBER OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Robert S. Carter, CPA
Allen J. LaBry, CPA
Harry J. Clostio, CPA
Penny Angelle Scruggins, CPA
Christine L. Cousin, CPA
Mary T. Thibodeaux, CPA
Kelly M. Doucet, CPA
Kenneth J. Rachal, CPA
Cheryl L. Bartley, CPA, CVA

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

* A Professional Accounting Corporation

The Honorable Jack Dale Delhomme, Mayor
and Members of the Board of Aldermen
City of Breaux Bridge, Louisiana

We have audited the primary government financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Breaux Bridge, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the City of Breaux Bridge, Louisiana's basic primary government financial statements and have issued our report thereon dated September 9, 2004. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Breaux Bridge, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Breaux Bridge, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of prior and current audit findings and management's corrective action plan as item 04-1.

183 South Beadle Road
Lafayette, LA 70508
Phone (337) 232-4141
Fax (337) 232-8660

113 East Bridge Street
Breaux Bridge, LA 70517
Phone (337) 332-4020
Fax (337) 332-2867

133 East Waddil
Marksville, LA 71351
Phone (318) 253-9252
Fax (318) 253-8681

1234 David Drive, Suite 105
Morgan City, LA 70380
Phone (985) 384-2020
Fax (985) 384-3020

408 W. Cotton Street
Ville Platte, LA 70586
Phone (337) 363-2792
Fax (337) 363-3049

332 W. Sixth Avenue
Oberlin, LA 70655
Phone (337) 639-4737
Fax (337) 639-4568

200 South Main Street
Abbeville, LA 70510
Phone (337) 893-7944
Fax (337) 893-7946

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 04-1 to be a material weakness.

This report is intended solely for the information and use of management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, 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

Breaux Bridge, Louisiana
September 9, 2004

CITY OF BREAUX BRIDGE

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
Year Ended June 30, 2004

I. Prior Year Findings:

Compliance

03-1 – Noncompliance with Louisiana Local Government Budget Act

Finding: The following individual fund's actual expenditures were in excess of budgeted expenditures by more than five (5) percent as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Recreation and Parks Operating Fund Expenditures	\$ 334,775	\$ 364,280	\$ (29,505)	8.8%

Status: Resolved.

Internal Control Over Financial Reporting

03-2 – Inadequate Segregation of Accounting Functions

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

Status: Unresolved. See item 04-1.

Management Letter Items

There were no findings that were required to be reported at June 30, 2003.

II. Current Year Findings and Management's Corrective Action Plan:

Compliance

There are no findings that are required to be reported at June 30, 2004.

Internal Control Over Financial Reporting

04-1 – Inadequate Segregation of Accounting Functions

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

(continued)

CITY OF BREAUX BRIDGE

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
Year Ended June 30, 2004

Management's Corrective Action Plan: Mr. Jack Dale Delhomme, Mayor, determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

Management Letter Items

There are no findings that are required to be reported at June 30, 2004.