

CITY OF BUNKIE
ANNUAL FINANCIAL REPORT
FOR THE 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 12-22-04

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August 26, 2004

The Honorable Mayor
and Members of the Board of Aldermen
City of Bunkie, 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 Bunkie, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bunkie'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 basic 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 opinion.

The financial statements referred to above include only the primary government of the City of Bunkie, which consist of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include 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 Bunkie, 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.

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 for the primary government of the City of Bunkie, as of June 30, 2004, and the respective changes in financial position and cash flows, where

-Members-

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*The Honorable Mayor and
Members of the Board of Aldermen
August 26, 2004
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applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as of June 30, 2004.

The management’s discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bunkie’s basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respected in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 26, 2004, on our consideration of the City of Bunkie’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.



Rozier, Harrington & McKay,
Certified Public Accountants

City Of Bunkie

Management's Discussion And Analysis

June 30, 2004

This section of the City of Bunkie's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2004. Because the City is implementing new reporting standards for this fiscal year with significant changes in content and structure, much of the information is not easily comparable to prior years. However, in future years, comparisons will be more meaningful and will provide additional explanations of the City's financial position and results of operations.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

GOVERNMENT –WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the City's assets (including infrastructure acquired after July 1, 1980) and all of the City's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including public safety, culture, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, intergovernmental sources, and utility franchise arrangements.
- **Business-Type Activities** – Expenses associated with providing utility services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

FUND FINANCIAL STATEMENTS

Fund financial statements provide detailed information regarding the City's most significant activities and are not intended to provide information for the City as a whole. Funds are accounting devices that are used to account for specific sources of funds. The City has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the

City Of Bunkie

Management's Discussion And Analysis

June 30, 2004

City's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Because the City is implementing new reporting standards for this fiscal year with significant changes in content and structure, the following tables present only current year data. In future years, comparative analysis of government-wide data will be presented.

NET ASSETS

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	Governmental Activities	Business- Type Activities	Total
<u>Assets:</u>			
Current and Other Assets	\$ 1,447,541	\$ 953,219	\$ 2,400,760
Internal Balances	12,089	(12,089)	—
Capital Assets	2,499,534	4,811,133	7,310,667
Total Assets	3,959,164	5,752,263	9,711,427
<u>Liabilities:</u>			
Current and Other Liabilities	228,110	284,879	512,989
Long-term Liabilities	135,138	1,676,449	1,811,587
Total Liabilities	363,248	1,961,328	2,234,576
<u>Net Assets:</u>			
Invested in Capital Assets (Net)	2,345,133	3,032,042	5,377,175
Restricted	—	177,828	177,828
Unrestricted	1,250,783	581,065	1,831,848
Total Net Assets	\$ 3,595,916	\$ 3,790,935	\$ 7,386,851

As the presentation appearing above demonstrates, the largest portion of the City's net assets (72.8%) are invested in capital assets. Net assets invested in capital assets consist of land, buildings, equipment, and any infrastructure acquired after June 30, 2003 less any debt used to acquire the assets that remains outstanding. The City uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

City Of Bunkie

Management's Discussion And Analysis June 30, 2004

An additional portion of the net assets (2.4%) represent resources that are subject to restrictions that are imposed by agreements with the City's bondholders or requirements imposed by various revenue sources. The remaining unrestricted net assets (24.8%) may be used to meet the City's ongoing obligations to citizens and creditors.

CHANGES IN NET ASSETS

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

	Governmental Activities	Business- Type Activities	Total
<u>Revenues:</u>			
Program Revenue:			
Charges for Services	\$ 62,259	\$ 764,983	\$ 827,242
Operating Grants and Contributions	163,902	---	163,902
Capital Grants and Contributions	33,059	---	33,059
General Revenue:			
Property Taxes	75,337	187,206	262,543
Sales Taxes	745,984	---	745,984
Other Taxes	21,116	---	21,116
Licenses and Permits	143,398	---	143,398
Intergovernmental	140,019	---	140,019
Utility Franchise	207,198	---	207,198
Other	88,215	18,636	106,851
Total Revenue	1,680,487	970,825	2,651,312
<u>Program Expenses:</u>			
General Government			
Finance & Administrative	452,628	---	452,628
Judicial	76,454	---	76,454
Public Safety			
Fire Protection	379,580	---	379,580
Police Protection	554,984	---	554,984
Animal Control	11,575	---	11,575
Public Works			
Streets	381,382	---	381,382
Airports	23,592	---	23,592
Drivers License Office	6,017	---	6,017
Culture and Recreation	126,497	---	126,497
Health & Welfare	44,873	---	44,873
Water	---	151,707	151,707
Sewer	---	569,444	569,444
Total Expenses	2,057,582	721,151	2,778,733

City Of Bunkie

Management's Discussion And Analysis June 30, 2004

	Govern- mental Activities	Business- Type Activities	Total
Increase in Net Assets Before Transfers and Special Items	(377,095)	249,674	(127,421)
Transfers	304,728	(304,728)	---
Special Item - Walmart Donation	188,500	----	188,500
Change in Net Assets	116,133	(55,054)	61,079
Net Assets Beginning	3,479,783	3,845,989	7,325,772
Net Assets Ending	\$ 3,595,916	\$ 3,790,935	\$ 7,386,851

Governmental activities increased the City's net assets by \$166,133. The increase is attributable to a donation by Walmart, which is presented above as a special item. The donation of the Walmart property allowed the City to avoid a loss that would have otherwise been incurred due to declining sales taxes resulting from closure of the local Walmart store.

Business-type activities operated profitably; however, business-type net assets have decreased by \$55,054 due to transfers to support governmental activities.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported combined fund balances of \$1,250,783, which represents an increase of \$114,641 in comparison to the previous balance. In addition, the City's general fund, which is available for spending at the City's discretion, reported a fund balance of \$529,311. The general fund balance decreased by \$15,883. This decrease is primarily due to rising insurance premiums and pension cost that are beyond the City's control.

Amounts reported for business-type activities in the City's individual funds are identical to the business-type activities reported in the government-wide presentation.

GENERAL FUND BUDGET HIGHLIGHTS

The City's general fund and its sales tax fund are required to adopt budgets. Budgets are amended as necessary and appropriations increased as a result of the rising cost described in the proceeding section.

CAPITAL ASSET ADMINISTRATION

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

City Of Bunkie

Management's Discussion And Analysis June 30, 2004

	Govern- mental Activities	Business- Type Activities	Total
<u>Additions:</u>			
Haas Community Center Improvements	\$ 28,299	\$ ----	\$ 28,299
Beautification	10,890	---	10,890
Utility System Improvements	----	66,760	66,760
New Fire Truck	154,401	---	154,401
Office Equipment	4,710	---	4,710
Vehicles	32,400	13,900	46,300
Total Additions	230,700	80,660	311,360
Depreciation	(74,807)	(183,545)	(258,352)
Net Increase (Decrease)	155,893	(102,885)	53,008
Beginning Capital Asset (Net)	2,343,641	4,914,018	7,257,659
Ending Capital Assets (Net)	\$ 2,499,534	\$ 4,811,133	\$ 7,310,667

Highlights of the City's capital asset administration are provided as follows:

- The Haas Community Center Improvements represent the final \$28,299 of a \$1,414,159 renovation that was funded by the State's capital outlay program.
- The Beautification project represents the initial stages of a comprehensive improvement project. Eighty percent (80%) of the cost is funded by an ISTEAA grant in the amount of \$205,000.
- Utility system improvements were limited to replacing worn out and obsolete components of the City's utility system.
- The City improved its fire fighting capability by acquiring a new truck under a lease purchase arrangement.
- Office equipment was acquired to meet the needs of the City's new police station that was acquired during the previous year.
- Vehicles additions were necessary to replace units that were retired as a result of ordinary wear effecting the City's transportation fleet.

DEBT ADMINISTRATION

New debt was limited to executing a capital lease in the amount of \$154,401 to acquire the City's new fire truck.

FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS

On August 16, 2004, the City approved selling property donated by Walmart for the amount of \$188,500. The property was sold to a developer that intends to utilize the property as retail space. Utilizing the property in this manner should allow the City to recover some of the sales tax base that was lost when Walmart discontinued operations with the City of Bunkie.

City of Bunkie

STATEMENT OF NET ASSETS

June 30, 2004

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,105,392	\$ 455,131	\$ 1,560,523
Receivables (net)	153,649	136,080	289,729
Restricted cash	-	362,008	362,008
Property held for sale	188,500	-	188,500
Internal balances	12,089	(12,089)	-
Capital assets			
Non depreciable capital assets	161,780	77,266	239,046
Depreciable capital assets, net	<u>2,337,754</u>	<u>4,733,867</u>	<u>7,071,621</u>
Total assets	<u>3,959,164</u>	<u>5,752,263</u>	<u>9,711,427</u>
<u>LIABILITIES</u>			
Accounts and other payables	159,993	3,748	163,741
Deposits due others	1,200	96,951	98,151
Deferred revenues	47,654	-	47,654
Payable from restricted assets			
Accrued interest payable	-	81,538	81,538
General Obligation Bonds - due within one year	-	102,642	102,642
Capital Lease Obligation - due with one year	19,263	-	19,263
Long-term liabilities - due in more than one year	<u>135,138</u>	<u>1,676,449</u>	<u>1,811,587</u>
Total liabilities	<u>363,248</u>	<u>1,961,328</u>	<u>2,324,576</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	2,345,133	3,032,042	5,377,175
Restricted for debt service	-	177,828	177,828
Unrestricted	<u>1,250,783</u>	<u>581,065</u>	<u>1,831,848</u>
Total net assets (deficit)	<u>\$ 3,595,916</u>	<u>\$ 3,790,935</u>	<u>\$ 7,386,851</u>

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

City of Bunkie

STATEMENT OF ACTIVITIES

Year Ended June 30, 2004

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants & Contributions</u>	
<u>Governmental Activities:</u>					
General Government					
Finance & Administrative	\$ 452,628	\$ 2,331	\$ -	\$ -	\$ (450,297)
Judicial	76,454	-	-	-	(76,454)
Public Safety					
Fire Protection	379,580	-	106,322	24,347	(248,911)
Police Protection	554,984	30,305	15,985	-	(508,694)
Animal Control	11,575	-	-	-	(11,575)
Public Works					
Streets	381,382	-	-	8,712	(372,670)
Airport	23,592	8,476	12,031	-	(3,085)
Drivers License Office	6,017	13,829	-	-	7,812
Culture & Recreation	126,497	7,318	4,937	-	(114,242)
Health & Welfare	44,873	-	24,627	-	(20,246)
Total Governmental Activities	<u>2,057,582</u>	<u>62,259</u>	<u>163,902</u>	<u>33,059</u>	<u>(1,798,362)</u>
<u>Business-Type Activities:</u>					
Water	151,707	474,464	-	-	322,757
Sewer	569,444	290,519	-	-	(278,925)
Total Business-Type Activities	<u>721,151</u>	<u>764,983</u>	<u>-</u>	<u>-</u>	<u>43,832</u>
Total	<u>\$ 2,778,733</u>	<u>\$ 827,242</u>	<u>\$ 163,902</u>	<u>\$ 33,059</u>	<u>\$ (1,754,530)</u>

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

City of Bunkie

STATEMENT OF ACTIVITIES (Continued)

Year Ended June 30, 2004

	<u>Governmental</u>	<u>Business-</u>	
	<u>Activities</u>	<u>Type</u>	<u>Total</u>
		<u>Activities</u>	
Net (Expense) Revenue (Continued From Previous Page)	<u>\$ (1,798,362)</u>	<u>\$ 43,832</u>	<u>\$ (1,754,530)</u>
General Revenues:			
Taxes:			
Ad Valorem	75,337	187,206	262,543
Sales	745,984	-	745,984
Other	21,116	-	21,116
Licenses & Permits	143,398	-	143,398
Intergovernmental	140,019	-	140,019
Utility Franchise	207,198	-	207,198
Other	88,215	18,636	106,851
Special Item - Walmart Property Donation	188,500	-	188,500
Transfers	<u>304,728</u>	<u>(304,728)</u>	<u>-</u>
Total General Revenues	<u>1,914,495</u>	<u>(98,886)</u>	<u>1,815,609</u>
Change in Net Assets	116,133	(55,054)	61,079
Net Assets Beginning	<u>3,479,783</u>	<u>3,845,989</u>	<u>7,325,772</u>
Net Assets Ending	<u>\$ 3,595,916</u>	<u>\$ 3,790,935</u>	<u>\$ 7,386,851</u>

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

City of Bunkie

Balance Sheet Governmental Funds - June 30, 2004

	General Fund	Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 432,538	\$ 604,062	\$ 68,792	\$ 1,105,392
Receivables (net)	103,831	49,818	-	153,649
Property Held for Resale	188,500	-	-	188,500
Interfund Receivables	12,089	-	-	12,089
Total assets	\$ 736,958	\$ 653,880	\$ 68,792	\$ 1,459,630
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 159,993	\$ -	\$ -	\$ 159,993
Deposits due others	-	-	1,200	1,200
Deferred revenue	47,654	-	-	47,654
Total liabilities	207,647	-	1,200	208,847
Fund Balance				
Unreserved - Reported In				
General Fund	529,311	-	-	529,311
Special Revenue Funds	-	653,880	67,592	721,472
Total Fund Balances	529,311	653,880	67,592	1,250,783
Total Liabilities and Fund Balance	\$ 736,958	\$ 653,880	\$ 68,792	\$ 1,459,630

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

City of Bunkie

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets

Year Ended June 30, 2004

Total Fund Balances - Governmental Funds	\$ 1,250,783
Amounts reported for governmental activities in the statement of net assets are different because:	
Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	(154,401)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>2,499,534</u>
Net Assets of Governmental Activities	<u>\$3,595,916</u>

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

City of Bunkie

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

	General Fund	Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes:				
Ad Valorem	\$ 75,337	\$ -	\$ -	\$ 75,337
Sales	245,167	500,817	-	745,984
Other	21,116	-	-	21,116
Licenses & Permits:	145,729	-	-	145,729
Intergovernmental	357,573	-	28,299	385,872
Utility Franchise Agreements	207,198	-	-	207,198
Other	73,076	11,385	14,791	99,252
Total Revenues	1,125,196	512,202	43,090	1,680,488
<u>Expenditures:</u>				
General Government				
Finance & Administrative	438,565	10,507	188	449,260
Judicial	73,173	-	-	73,173
Public Safety				
Fire Protection	357,658	-	-	357,658
Police Protection	536,858	-	-	536,858
Animal Control	11,575	-	-	11,575
Public Works				
Streets	385,102	-	-	385,102
Airport	23,592	-	-	23,592
Drivers License Office	6,017	-	-	6,017
Culture & Recreation	102,564	-	3,818	106,382
Health & Welfare	44,048	-	-	44,048
Capital Expenditures	191,511	-	28,299	219,810
Debt Service	-	-	-	-
Total Expenditures	2,170,663	10,507	32,305	2,213,475
Excess (Deficiency) of				
Revenues Over Expenditures	(1,045,467)	501,695	10,785	(532,987)

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

City of Bunkie

Continued

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

	General Fund	Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	(1,045,467)	501,695	10,785	(532,987)
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	686,683	-	545	687,228
Operating Transfers Out	-	(381,956)	(545)	(382,501)
Proceeds From Long-Term Debt	154,401	-	-	154,401
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(204,383)	119,739	10,785	(73,859)
<u>Special Items:</u>				
Walmart Property Donation	188,500	-	-	188,500
Net Change in Fund Balances	(15,883)	119,739	10,785	114,641
Fund Balance (Deficit) - Beginning of Year	545,194	534,141	56,807	1,136,142
Fund Balance (Deficit) - End of Year	<u>\$ 529,311</u>	<u>\$ 653,880</u>	<u>\$ 67,592</u>	<u>\$ 1,250,783</u>

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

City of Bunkie

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended June 30, 2004

Net change in fund balances of Governmental Funds	\$ 114,641
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	155,893
Bond proceeds provide current financial resources to governmental funds, but increase the long term liabilities in the statement of net assets.	<u>(154,401)</u>
Change in net assets of governmental activities	<u>\$ 116,133</u>

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

City of Bunkie

Statement of Net Assets Proprietary Funds - June 30, 2004

	Business-Type Activities - Enterprise Funds		
	Water System	Sewer System	Total
<u>ASSETS:</u>			
Current Assets:			
Cash and cash equivalents	\$ 316,908	\$ 138,223	\$ 455,131
Receivables (net)	83,422	52,658	136,080
Total current assets	400,330	190,881	591,211
Restricted Assets:			
Cash and cash equivalents	-	362,008	362,008
Noncurrent Assets:			
Non depreciable assets	77,266	-	77,266
Depreciable assets	2,438,644	5,436,421	7,875,065
Accumulated depreciation	(1,800,656)	(1,340,542)	(3,141,198)
Total assets	1,115,584	4,648,768	5,764,352
<u>LIABILITIES:</u>			
Current Assets:			
Accounts payable	-	3,748	3,748
Due to other funds	-	12,089	12,089
Deposits due others	96,951	-	96,951
Total current liabilities	96,951	15,837	112,788
Liabilities Payable From Restricted Assets:			
Accrued interest payable from restricted assets	-	81,538	81,538
Current portion of long-term debt	-	102,642	102,642
Noncurrent Liabilities:			
Long-term debt	-	1,676,449	1,676,449
Total liabilities	96,951	1,876,466	1,973,417
<u>NET ASSETS:</u>			
Invested in capital assets, net of related debt	637,988	2,316,788	2,954,776
Restricted for debt service	-	177,828	177,828
Unrestricted	380,645	277,686	658,331
Total net assets (deficit)	\$ 1,018,633	\$ 2,772,302	\$ 3,790,935

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

City of Bunkie

Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds - June 30, 2004

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
<u>Operating Revenues:</u>			
Charges for services	\$ 449,278	\$ 289,359	\$ 738,637
Delinquent and other charges	25,186	1,160	26,346
Total Operating Revenues	474,464	290,519	764,983
<u>Operating Expenses:</u>			
Salaries and wages	30,515	120,289	150,804
Employee benefits	15,024	40,142	55,166
Chemicals and supplies	22,432	33,722	56,154
Repairs and maintenance	5,423	20,512	25,935
Utilities and telephone	33,191	56,077	89,268
Gasoline and oil	2,565	8,729	11,294
Depreciation	36,793	146,752	183,545
Other operating expenses	5,764	24,294	30,058
Inflow and infiltration	-	25,409	25,409
Total Operating Expenses	151,707	475,926	627,633
Operating Income (Loss)	322,757	(185,407)	137,350
<u>Nonoperating Revenues (Expenses):</u>			
Interest revenue	6,325	12,311	18,636
Ad valorem taxes	-	187,206	187,206
Interest expense	-	(93,518)	(93,518)
Change in Net Assets Before Contributions and Transfers	329,082	(79,408)	249,674
<u>Contributions and Transfers:</u>			
Operating Transfers In	-	-	-
Operating Transfers Out	(304,728)	-	(304,728)
Change in net assets	24,354	(79,408)	(55,054)
Total net assets - beginning	994,279	2,851,710	3,845,989
Total net assets - ending	\$ 1,018,633	\$ 2,772,302	\$ 3,790,935

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

City of Bunkie

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2004

	Business-Type Activities - Enterprise Funds		
	Water System	Sewer System	Total
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 470,564	\$ 291,489	\$ 762,053
Cash payments to suppliers of goods and services	(84,959)	(207,928)	(292,887)
Cash payments to employees for services	(30,515)	(120,289)	(150,804)
Net cash provided (used) by operating activities	<u>355,090</u>	<u>(36,728)</u>	<u>318,362</u>
<u>Cash flows from non-capital financing activities:</u>			
Cash advances due to other funds	-	3,975	3,975
Operating transfers out	(304,728)	-	(304,728)
Net cash provided (used) by non-capital financing activities	<u>(304,728)</u>	<u>3,975</u>	<u>(300,753)</u>
<u>Cash flows from capital and related financing activities:</u>			
Capital expenditures	(31,719)	(48,940)	(80,659)
Ad valorem taxes	-	187,206	187,206
Principle paid on revenue bonds	-	(87,760)	(87,760)
Interest paid on debt instruments	-	(105,326)	(105,326)
Net cash provided (used) by capital and related financing activities	<u>(31,719)</u>	<u>(54,820)</u>	<u>(86,539)</u>
<u>Cash flows from investing activities:</u>			
Interest and other income	6,325	12,311	18,636
Net cash provided (used) by investing activities	<u>6,325</u>	<u>12,311</u>	<u>18,636</u>
Net increase (decrease) in cash	24,968	(75,262)	(50,294)
Beginning cash balance	291,940	575,493	867,433
Ending cash balance	316,908	500,231	817,139
Restricted cash and cash equivalents	-	362,008	362,008
Cash and cash equivalents	<u>\$ 316,908</u>	<u>\$ 138,223</u>	<u>\$ 455,131</u>

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

City of Bunkie

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended June 30, 2004

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u> <u>System</u>	<u>Sewer</u> <u>System</u>	<u>Total</u>
<u>Reconciliation of operating income (loss)</u>			
<u>to net cash</u>			
Operating income (loss)	\$ 322,757	\$ (185,407)	\$ 137,350
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	36,793	146,752	183,545
(Increase) decrease in accounts receivable	(9,564)	970	(8,594)
(Decrease) increase in accounts and other payables	(560)	957	397
(Decrease) increase in meter deposits	<u>5,664</u>	<u>-</u>	<u>5,664</u>
Net cash provided (used) by operating activities	<u>\$ 355,090</u>	<u>\$ (36,728)</u>	<u>\$ 318,362</u>

Supplemental disclosures of cash flow information:

During the year ended June 30, 2004, . There were no further operating, financing, or investing activities during the year that did not result in cash receipts or payments.

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

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bunkie, Louisiana (the City) was incorporated under the provisions of Louisiana Law. The City is governed by its Mayor and a Board of Aldermen consisting of five members. Services provided to the citizens of Bunkie include but are not limited to public safety (police and fire protection), streets, recreation, and utility services (water and sewer).

The City's accompanying polices conform to generally accepted accounting principals for governmental units. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Some of the City's more significant accounting polices are described as follows:

FINANCIAL REPORTING ENTITY

The accompanying financial statements reflect only the primary government of the City of Bunkie. The primary government includes only those funds, organizations, institutions, agencies, departments, and offices that are not legally separate from the City. The financial statements do not include the data of the component units necessary for general purpose financial reporting in conformity with generally accepted accounting principles.

BASIC FINANCIAL STATEMENTS

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. Since proprietary funds operate in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the City only applies those FASB pronouncements that were issued on or before November 30, 1989.

The government-wide and fund financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2004

charges for services, fines, court cost, contributions associated with a particular function and most grants.

FUND FINANCIAL STATEMENTS

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The City's major funds are described as follows:

MAJOR GOVERNMENTAL FUNDS

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

Sales Tax Fund – The sales tax fund is a special revenue fund used to account for the proceeds of a 1% sales tax that are restricted for constructing, paving, resurfacing, improving and maintaining public streets, sidewalks and bridges. The proceeds may also be used to pay principal and interest for bonds issued in connection with those activities.

MAJOR BUSINESS-TYPE FUNDS

Water System – The water system fund is used to account for the operation of the City's water system, which are supported by user charges.

Sewer System – The sewer system fund is used to account for the operation of the City's sewer system, which are supported by user charges and special taxes.

Business-Type funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water and sewer service.

BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2004

Under the modified accrual basis of account and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end or if it is due under a cost reimbursement arrangement. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, claims and judgements are recorded as expenses when payment is made. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

BUDGETARY CONTROL

The City Charter establishes the fiscal year as the twelve-month period beginning July 1. The procedures detailed below are followed in establishing the budgetary data reflected in the financial statements.

The City Clerk and Mayor prepare a proposed budget based on an estimate of the revenues expected to be received in the next fiscal year and submits the proposal to the Board of Aldermen. 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 set.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing. 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 an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

As required by state law, the budgets are amended whenever projected revenue fails to meet original expectations or when projected expenditures exceed original expectations. Budgetary amounts are presented as amended and all budgetary appropriations lapse at the end of the fiscal year.

CASH AND CASH EQUIVALENTS

For reporting purposes, cash and cash equivalents (restricted and unrestricted) includes all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments maturing in three months or less. Cash restricted for payment as required by law, contract, or agreement is reported separately in the financial statements.

INTERNAL ACTIVITY:

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2004

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

RESTRICTED ASSETS:

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

CAPITAL ASSETS

Capital assets, which include property, equipment and infrastructure acquired after July 1, 2003, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the City. Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 3 to 40 years. Useful lives are selected depending on the expected durability of the particular asset.

COMPENSATED ABSENCES

The City does not accumulate unpaid vacation, sick pay, and other employee benefit amounts because employees are not allowed to carry over significant amounts.

USE OF ESTIMATES:

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2004, cash and cash equivalents totaled \$1,922,531 (book balance) and \$1,999,772 (bank balance). The book balance included \$362,008 that is classified as restricted, and the remaining \$1,560,523 is considered unrestricted.

Under state law, these deposits must be secured by federal deposit insurance or by the pledge of securities held by the bank. The securities pledged are held in the name of the pledging bank in a custodial bank that is mutually acceptable to both parties (GASB Category 3). At June 30, 2004, deposits were protected by \$478,289 in FDIC coverage and pledged securities with a market value of \$1,877,606. Even though the pledged securities are considered uncollateralized (Category 3), State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2004

within ten (10) days of being notified by the City that the pledging bank has failed to pay deposited funds on demand.

NOTE 3 - AD VALOREM TAXES

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year in which the tax is levied. Property taxes are recognized when the revenue is measurable and available. Available means due or past due and collected no longer than 60 days after the close of the current period. For the year ended June 30, 2004, the City levied and collected 5.64 mills of taxes for general corporate purposes of the City. In addition, the City levied 14.25 mills for the payment of general obligation bonds issued to finance construction of the Wastewater Treatment Plant.

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

Details related to interfund balances are presented as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Payables</u>
General	\$ 12,089	\$ ---	In the course of ordinary operations, the General Fund pays certain cost that are reimbursed by the Sewer System. The accompanying amount represents the reimbursement that is due at year end.
Sewer System Fund	---	12,089	
Total	<u>\$ 12,089</u>	<u>\$ 12,089</u>	

Details related to interfund transfers are presented as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Interfund Payables</u>
General Fund	\$ 381,956	\$ ---	The sales tax fund has reimbursed the general fund for the cost of constructing, paving, resurfacing, improving and maintaining public streets, sidewalks and bridges.
Sales Tax Fund	---	381,956	
Non Major Funds	545	545	At the completion of construction on the Haas Community center, the balance remaining in the construction fund was transferred to a new fund established to operate the Community Center.

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2004

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Interfund Payables</u>
General Fund	304,728	\$ ----	Revenue generated by the Water System has been transferred to the general fund finance the general operations of the City.
Water System Fund	----	304,728	
<hr/>			
Total Operating Transfers Reported by Funds	687,229	687,229	
Government-Wide Eliminations	<u>(382,501)</u>	<u>(382,501)</u>	
<hr/>			
Government-Wide Balances	<u>\$ 304,728</u>	<u>\$ 304,728</u>	

NOTE 5 - RECEIVABLES

Receivables at June 30, 2004 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
<u>Accounts Receivable</u>		
Charges for services	\$ ----	\$ 135,052
Franchise taxes	37,641	----
Other charges	895	890
<hr/> Total Accounts Receivable	38,536	135,942
 <u>Due From Other Governments</u>		
Sales Taxes	49,819	----
Casino Revenue Sharing	15,833	----
Fire Insurance Rebates	17,735	----
Payment in Lieu of Taxes	10,408	----
Other	21,318	2,138
<hr/> Total receivables	153,649	138,080
Less: allowance for uncollectibles	----	2,000
<hr/> Receivables, net of allowance	\$ 153,649	\$ 136,080

NOTE 6 - FIXED ASSETS

A summary of general fixed asset transactions for the year ended June 30, 2004 follows:

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2004

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental Activities				
Non Depreciable Capital Assets				
Land	\$ 140,000	\$ ---	\$ ---	\$ 140,000
Construction in Process	1,396,750	39,189	1,414,159	21,780
Total	1,536,750	39,189	1,414,159	161,780
Depreciable Capital Assets				
Buildings and Improvements	1,167,542	1,414,159	---	2,581,701
Furniture, Fixtures and Equipment	364,577	191,511	---	556,088
Accumulated Depreciation	(725,228)	(74,807)	---	(800,035)
Total	806,891	1,530,863	---	2,337,754
Total Governmental Activities	\$ 2,343,641	\$ 1,570,052	\$ 1,414,159	\$ 2,499,534
Business-Type Activities				
Non Depreciable Capital Assets				
Land and Right of Ways	\$ 45,546	\$ ---	\$ ---	\$ 45,546
Utility Construction in Process	---	31,720	---	31,720
Total	45,546	31,720	---	77,266
Depreciable Capital Assets				
Waterworks System	2,455,225	---	16,581	2,438,644
Sewer Treatment Plant	3,494,320	35,040	---	3,494,320
Sewer Collection System	1,770,097	---	---	1,805,137
Utility Equipment	70,683	---	---	70,683
Vehicles	102,019	13,900	49,638	66,281
Accumulated Depreciation	(3,023,872)	(183,545)	(66,219)	(3,141,198)
Total	4,864,472	(134,605)	---	4,733,867
Total Business-Type Activities	\$ 4,914,018	\$ (102,885)	\$ ---	\$ 4,811,133

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	Governmental Activities	Business-Type Activities	Total
Finance & Administrative	\$ 3,368	\$ ---	\$ 3,368
Judicial	3,281	---	3,281
Fire Protection	21,922	---	21,922
Police Protection	18,126	---	18,126
Streets	7,170	---	7,170
Culture & Recreation	20,115	---	20,115
Health & Welfare	825	---	825
Water System	---	36,793	36,793
Sewer System	---	146,752	146,752
Total Depreciation Expense	\$ 74,807	\$ 183,545	\$ 258,352

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2004

NOTE 7 - LONG-TERM DEBT

Long-term debt outstanding at year end is described as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>TOTAL</u>
General Obligation Bonds	\$ ----	\$ 1,779,091	\$ 1,779,091
Capital Leases	154,401	----	154,401
Total Obligations	154,401	1,779,091	1,933,492
Due Within One Year	19,263	102,642	121,905
Due in More Than One Year	\$ 135,138	\$ 1,676,449	\$ 1,811,587

Long-term debt activity for the year ended June 30, 2004, is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital Leases	\$ ----	\$ 154,401	\$ ----	\$ 154,401
<u>Business-Type Activities</u>				
General Obligation Bonds	1,866,851	----	87,760	1,779,091
Total Long-term Debts	\$ 1,866,851	\$ 154,401	\$ 87,760	\$ 1,933,492

GENERAL OBLIGATION BONDS

General obligation bonds outstanding at year end consist of an issue dated July 30, 1992, due in annual installments of \$191,592 including principal and interest computed at a rate of 5.0%, maturing July 30, 2017, payable from the proceeds on a special ad valorem tax. These bonds are scheduled to mature as follows:

<u>Year Ended June 30th</u>	<u>Principle</u>	<u>Interest</u>
2004	\$ 102,642	\$ 88,954
2005	107,770	83,822
2006	113,158	78,434
2007	118,816	72,776
2008	124,756	66,835
2009 - 2013	723,827	234,133
2014 - 2017	488,122	47,722
Total	\$ 1,779,091	\$ 672,676

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2004

CAPITAL LEASE OBLIGATIONS

Capital lease obligations outstanding at year end consist on an agreement dated December 10, 2003, executed in exchange for a new fire truck with an original cost of \$154,401, bearing interest at a rate of 4.5%, payable in 7 annual installments of \$26,188 beginning September 1, 2004 and ending September 1, 2010. Future minimum lease payments due under this capital lease arrangements are presented as follows:

<u>Year Ended June 30th</u>	
2005	\$ 26,188
2006	26,188
2007	26,188
2008	26,188
2009	26,188
2010 - 2011	52,376
	<hr/>
	183,316
<u>Amounts representing interest</u>	<u>(28,915)</u>
	<hr/>
<u>Present value of minimum lease payments</u>	<u>\$ 154,401</u>

NOTE 8 - PENSION PLANS

Substantially all City employees are members of statewide retirement systems. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Information regarding each plan is presented as follows:

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA:

The system is a multiple-employer (cost-sharing) public employee retirement system (PERS), controlled and administered by separate boards of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City participating in the retirement system are members of Plan A. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute. The City's contributions to the system were equal to the required contributions for the year.

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2004

Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each municipality, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute 9.25 percent of their annual covered salaries to the System. As provided by Louisiana Revised Statute 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 System issued an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA

Plan Description - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70800-2250, or by calling (225) 929-7411.

Funding Policy - Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City is established and may be amended by state statute. As provided by Louisiana Revised Statute 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's contributions to the plan were equal to the required contributions for the year.

NOTE 9 - COMPENSATION OF ELECTED OFFICIALS

Per diem payments to the Board of Aldermen and salaries paid to the Mayor for the year ended June 30, 2004 were as follows:

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2004

	<u>Position</u>	<u>Amount</u>
Gerard Moreau	Mayor	\$ 22,680
Travis Armand	Alderman	3,600
Lemuel Bassette	Alderman	3,600
Bruce Coulon	Alderman	3,600
Charles Descant	Alderman	3,600
Albert Kelley	Alderman	3,600
		<u>\$ 40,680</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The City has been named as a defendant in several lawsuits as of June 30, 2004. These suits are at various stages in the legal system. It is not possible to predict at this time the extent of the City's liability. Losses, if any, are not expected to exceed available insurance coverage.

NOTE 11 - RESERVED FUND BALANCES AND RETAINED EARNINGS

Various bond covenants require the City to maintain cash reserves that can only be used under specific circumstances. Since these funds are available only under specific circumstances, the amounts are presented as restricted.

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by acquiring commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 13 - ACCOUNTS PAYABLE

Significant components of accounts payable at June 30, 2004, are presented as follows:

CITY OF BUNKIE, LOUISIANA

Notes To Financial Statements

June 30, 2004

	Governmental Activities	Business-Type Activities
Vendors	\$ 52,846	\$ ----
Contributions to retirement systems	18,699	----
Payroll withholding	10,632	----
Accrued wages	72,318	3,623
Contract retainage	3,172	----
Other	2,326	125
	<hr/>	<hr/>
Total	\$ 159,993	\$ 3,748

NOTE 14 – WALMART PROPERTY DONATION

When Walmart Corporation closed its Bunkie operations, it offered to donate the facility to the City. The Board of Alderman accepted the donation and solicited bids from developers interested in acquiring the property from the City. At June 30, 2004, the property is reported in the accompanying government wide and fund financial statements as property held for sale. In addition, the increase in net assets attributable to the donation was reported separately as a special item in the accompanying government wide and fund financial statements. The value assigned to the property was based on the bids received from developers interested in acquiring the property.

NOTE 15 – SUBSEQUENT EVENT

On August 16, 2004, the Board of Aldermen approved selling the property received from Walmart for \$188,500. The City expects the buyer to lease the property to retailers that will contribute to the City's sales tax base.

City of Bunkie

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2004

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<u>Revenues:</u>				
Taxes:				
Ad Valorem	\$ 75,000	\$ 74,590	\$ 75,337	\$ 747
Sales	260,000	256,000	245,167	(10,833)
Other	20,000	21,000	21,116	116
Licenses & Permits:	144,000	142,100	145,729	3,629
Intergovernmental	332,950	414,785	357,573	(57,212)
Utility Franchise Agreements	189,000	200,435	207,198	6,763
Other	85,600	77,403	73,076	(4,327)
Total revenues	1,106,550	1,186,313	1,125,196	(61,117)
<u>General Government:</u>				
General Government				
Finance & Administrative	426,590	445,796	438,565	7,231
Judicial	70,690	77,780	73,173	4,607
Public Safety				
Fire Protection	306,790	328,536	357,658	(29,122)
Police Protection	479,415	552,376	536,858	15,518
Animal Control	11,365	11,692	11,575	117
Public Works				
Streets	351,266	382,248	385,102	(2,854)
Airport	21,650	28,500	23,592	4,908
Drivers License Office	7,700	6,400	6,017	383
Culture & Recreation	50,060	107,340	102,564	4,776
Health & Welfare	40,715	44,842	44,048	794
Capital Expenditures	-	-	37,110	(37,110)
Total expenditures	1,766,241	1,985,510	2,016,262	(30,752)

City of Bunkie

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

Budget and Actual - Year Ended June 30, 2004

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of Revenues Over Expenditures	(659,691)	(799,197)	(891,066)	(91,869)
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	<u>661,266</u>	<u>723,062</u>	<u>686,683</u>	<u>(36,379)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,575	(76,135)	(204,383)	(128,248)
<u>Special Items:</u>				
Walmart Property Donation	<u>-</u>	<u>-</u>	<u>188,500</u>	<u>188,500</u>
Net Change in Fund Balances	1,575	(76,135)	(15,883)	60,252
Fund Balance (Deficit) - Beginning of Year	<u>545,194</u>	<u>545,194</u>	<u>545,194</u>	<u>-</u>
Fund Balance (Deficit) - End of Year	<u>\$ 546,769</u>	<u>\$ 469,059</u>	<u>\$ 529,311</u>	<u>\$ 60,252</u>

City of Bunkie

Sales Tax Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2004

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Sales Taxes	\$ 515,000	\$ 497,410	\$ 500,817	\$ 3,407
Other	5,300	6,511	11,385	4,874
Total revenues	520,300	503,921	512,202	8,281
<u>General Government:</u>				
Finance and Administration	10,777	10,900	10,507	393
Total expenditures	10,777	10,900	10,507	393
Excess (Deficiency) of				
Revenues Over Expenditures	509,523	493,021	501,695	8,674
<u>Other Financing Sources (Uses):</u>				
Operating Transfers Out	(351,266)	(380,000)	(381,956)	(1,956)
Excess (Deficiency) of				
Revenues and Other Sources Over Expenditures and Other Uses	158,257	113,021	119,739	6,718
Fund Balance (Deficit) -				
Beginning of Year	534,141	534,141	534,141	-
Fund Balance (Deficit) -				
End of Year	\$ 692,398	\$ 647,162	\$ 653,880	\$ 6,718

City of Bunkie

Combining Balance Sheet Non Major Governmental Funds June 30, 2004

	<u>Surplus Bond Fund</u>	<u>Community Center Construction</u>	<u>Community Center Operations</u>	<u>Total Non Major Funds</u>
Assets				
Cash and Cash Equivalents	\$ 57,295	\$ -	\$ 11,497	\$ 68,792
Receivables (net)	-	-	-	-
Total assets	\$ 57,295	\$ -	\$ 11,497	\$ 68,792
Liabilities and Fund Balance				
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ 1,200	1,200
Interfund Payables	-	-	-	-
Total liabilities	-	-	1,200	1,200
<u>Fund Balance</u>				
Unreserved - Reported In				
Special Revenue Funds	57,295	-	10,297	67,592
Total Fund Balances	57,295	-	10,297	67,592
Total Liabilities and Fund Balance	\$ 57,295	\$ -	\$ 11,497	\$ 68,792

City of Bunkie

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Non Major Governmental Funds - Year Ended June 30, 2004

	Surplus Bond Fund	Community Center Construction	Community Center Operations	Total Non Major Funds
Revenues:				
Intergovernmental	\$ -	\$ 28,299	\$ -	\$ 28,299
Other	1,221	-	13,570	14,791
Total Revenues	<u>1,221</u>	<u>28,299</u>	<u>13,570</u>	<u>43,090</u>
Expenditures:				
Finance & Administrative	188	-	-	188
Culture & Recreation	-	-	3,818	3,818
Capital Expenditures	-	28,299	-	28,299
Total Expenditures	<u>188</u>	<u>28,299</u>	<u>3,818</u>	<u>32,305</u>
Excess (Deficiency) of Revenues Over Expenditures	1,033	-	9,752	10,785
Other Financing Sources (Uses):				
Operating Transfers In	-	-	545	545
Operating Transfers Out	-	(545)	-	(545)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,033	(545)	10,297	10,785
Fund Balance (Deficit)				
Beginning of Year	56,262	545	-	56,807
End of Year	<u>\$ 57,295</u>	<u>\$ -</u>	<u>\$ 10,297</u>	<u>\$ 67,592</u>

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

August 26, 2004

The Honorable Mayor and
Members of the Board of Aldermen
City of Bunkie, Louisiana

We have audited the financial statements of the City of Bunkie, Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated August 26, 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 Bunkie, 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 Bunkie, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

-Members-

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

*The Honorable Mayor and
Members of the Board of Aldermen
August 26, 2004*

This report is intended for the information of management, and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.



Rozier, Harrington & McKay,
Certified Public Accountants

CITY OF BUNKIE

Schedule of Findings and Questioned Cost For the Year Ended June 30, 2004

PART I - SUMMARY OF AUDITOR'S RESULTS:

- The Independent Auditor's Report on the primary government financial statements for the City of Bunkie as of June 30, 2004 and for the year then ended expressed an unqualified opinion.
- The report on internal control included no reportable conditions.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the City of Bunkie.

PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

- N/A

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:

- N/A

CITY OF BUNKIE

Management's Corrective Action Plan For the Year Ended June 30, 2004

<u>SECTION I</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
<u>SECTION II</u> INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
<u>SECTION III</u> MANAGEMENT LETTER	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A

CITY OF BUNKIE

Schedule of Prior Year Findings and Questioned Cost For the Year Ended June 30, 2004

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings were reported in the schedule of findings and questioned costs.	Response – N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings of the nature were reported as a result of the previous audit.	Response – N/A
SECTION III MANAGEMENT LETTER	
No findings of the nature were reported as a result of the previous audit.	Response – N/A