

RECEIVED
LEGISLATIVE AUDI
04 DEC 22 AM 11:

CITY OF BROUSSARD, LOUISIANA

Annual Financial Report

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 1-26-05

J. L. SONNIER
Certified Public Accountant
Lafayette, Louisiana

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's 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:	
Budget (GAAP Basis) comparison schedule - expenditures	41-42
Proprietary Fund:	
Utility Fund - statement of revenues, expenses and changes in fund net assets - budget (GAAP basis) and actual	43
Utility Fund - schedule of operating expenses - budget (GAAP basis) and actual	44-45
Nonmajor fund information:	
Combining balance sheet - nonmajor governmental funds	47
Combining statement of revenues, expenditures and changes in fund balances - nonmajor governmental funds	48
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 <i>Government Auditing Standards</i>	49-50
Schedule of prior and current year audit findings and management's corrective action plan	51

J. L. SONNIER

CERTIFIED PUBLIC ACCOUNTANT

401 AUDUBON BLVD., SUITE 103-B
LAFAYETTE, LA 70503

(337) 235-8188
FAX: (337) 235-0913
RES.: (337) 984-5928

INDEPENDENT AUDITOR'S REPORT

The Honorable Charles E. Langlinais
and Members of the Board of Aldermen
City of Broussard, Louisiana

I 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 Broussard, 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 Broussard, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinions.

The financial statements referred to above include only the primary government of the City of Broussard, Louisiana, which consists of funds, organizations, institutions, agencies, 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 Broussard, 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 my 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 Broussard, 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.

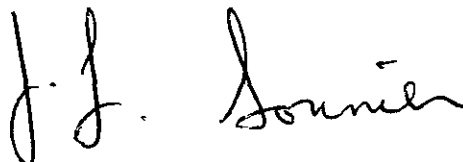
As described in Note (2) to the basic financial statements, the City of Broussard, Louisiana adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments*, as of June 30, 2004. This results in a change in the format and content of the basic financial statements.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 16, 2004, on my consideration of the City of Broussard, Louisiana's internal control over financial reporting and my 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 my audit.

The required supplementary information on pages 38 through 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I 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, I did not audit the information and express no opinion on it.

The City of Broussard 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.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Broussard, 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. The nonmajor governmental fund combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The budgetary comparisons on pages 41 through 45 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.



November 16, 2004

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

Government-wide financial statements

Fund financial statements -

Governmental funds

Proprietary (enterprise) fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

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

CITY OF BROUSSARD

Statement of Net Assets
June 30, 2004

ASSETS	Governmental Activities	Business- Type Activities	Total
ASSETS			
Current Assets -			
Cash and interest bearing deposits	\$ 5,243,827	\$ 354,290	\$ 5,598,117
Receivables, net	831,870	115,740	947,610
Internal balances	-	-	-
Due from other governmental units	41,072	-	41,072
Prepaid items	89,995	18,950	108,945
Total current assets	<u>6,206,764</u>	<u>488,980</u>	<u>6,695,744</u>
Noncurrent Assets			
Restricted assets -			
Cash and interest bearing deposits	-	100,374	100,374
Due from other governments	-	849,826	849,826
Capital assets -			
Land, improvements and construction in progress	294,085	264,747	558,832
Other capital assets, net of depreciation	2,894,479	7,176,487	10,070,966
Total noncurrent assets	<u>3,188,564</u>	<u>8,391,434</u>	<u>11,579,998</u>
Total assets	<u>9,395,328</u>	<u>8,880,414</u>	<u>18,275,742</u>
LIABILITIES			
Current Liabilities			
Accounts salaries and other payables	223,420	118,585	342,005
Current portion of long-term debt	250,154	-	250,154
Total current liabilities	<u>473,574</u>	<u>118,585</u>	<u>592,159</u>
Noncurrent Liabilities			
Customer deposits payable	-	100,374	100,374
Long-term debt	4,342,235	-	4,342,235
Total noncurrent liabilities	<u>4,342,235</u>	<u>100,374</u>	<u>4,442,609</u>
Total liabilities	<u>4,815,809</u>	<u>218,959</u>	<u>5,034,768</u>
NET ASSETS			
Invested in capital assets, net of related debt	(1,403,825)	7,441,234	6,037,409
Restricted for debt service	688,600	-	688,600
Unrestricted	5,294,744	1,220,221	6,514,965
Total net assets	<u>\$ 4,579,519</u>	<u>\$ 8,661,455</u>	<u>\$ 13,240,974</u>

See notes to basic financial statements.

CITY OF BROUSSARD

Statement of Activities
For the Year Ended June 30, 2004

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Fees Fines & Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities						
General government	\$ 812,461	\$ -	\$ -	\$ (32,787)	\$ -	\$ (32,787)
Public safety -						
Police	1,059,564	50,740	-	(742,747)	-	(742,747)
Fire	145,777	-	-	(145,777)	-	(145,777)
Streets	1,498,407	-	25,768	(1,472,639)	-	(1,472,639)
Interest on long-term debt	256,926	-	-	(256,926)	-	(256,926)
Total governmental activities	3,805,922	50,740	25,768	(2,650,876)	-	(2,650,876)
Business-type activities						
Water	883,601	-	-	-	(395,425)	(395,425)
Sewer	522,712	-	-	-	(322,631)	(322,631)
Sanitation	286,083	-	-	-	(11,536)	(11,536)
Total business-type activities	1,692,396	-	-	-	(729,592)	(729,592)
Total	\$ 5,498,318	\$ 50,740	\$ 25,768	(2,650,876)	(729,592)	(3,380,468)
General Revenues						
Taxes -						
Sales and use taxes levied for general purposes				4,840,249	-	4,840,249
Franchise taxes				256,287	-	256,287
Grants and contributions not restricted to specific programs				182,093	-	182,093
Interest and investment earnings				39,830	2,522	42,352
Miscellaneous				116,314	27,835	144,149
Transfers				(1,301,237)	1,301,237	-
Total general revenues and transfers				4,133,536	1,331,594	5,465,130
Change in net assets				1,482,660	602,002	2,084,662
Net assets July 1, 2003				3,096,859	8,059,453	11,156,312
Net assets June 30, 2004				4,579,519	8,661,455	13,240,974

See notes to basic financial statements.

FUND FINANCIAL STATEMENTS

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 1975 1% and 1991 1% sales and use taxes. Both taxes are dedicated to the payment of various public improvement bonds. After payment of debt service, the 1975 tax is available for any lawful purpose, and the 1991 tax is restricted to constructing, improving, operating and maintaining waterworks, sewer, fire and police protection, streets, bridges and drainage facilities.

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 water, sewer and garbage collection services. All activities necessary to provide those services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, debt service, billing and collection.

NONMAJOR FUNDS

The debt service funds have been combined and are presented as nonmajor funds. Information about each of these funds can be found on page 46.

CITY OF BROUSSARD

Balance Sheet
Governmental Funds
June 30, 2004

	<u>General</u>	<u>Sales Tax</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total</u>
ASSETS					
Cash and interest bearing deposits	\$120,519	\$4,434,279	\$ 429	\$688,600	\$5,243,827
Receivables -					
Taxes and licenses	62,002	744,188	-	-	806,190
Due from other governmental units	25,212	-	15,860	-	41,072
Due from other funds	-	-	-	-	-
Other	22,610	-	3,070	-	25,680
Prepaid items	89,995	-	-	-	89,995
Total assets	<u>\$320,338</u>	<u>\$5,178,467</u>	<u>\$ 19,359</u>	<u>\$688,600</u>	<u>\$6,206,764</u>
LIABILITIES AND FUND BALANCES					
Liabilities -					
Accounts payable and accrued expenditures	\$169,255	\$ 3,224	\$ 372	\$ -	\$ 172,851
Retainage payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>169,255</u>	<u>3,224</u>	<u>372</u>	<u>-</u>	<u>172,851</u>
Fund balances -					
Reserved for prepaid items	89,995	-	-	-	89,995
Reserved for debt service	-	-	-	688,600	688,600
Designated for capital improvements	-	-	18,987	-	18,987
Unreserved, undesignated	61,088	5,175,243	-	-	5,236,331
Total fund balances	<u>151,083</u>	<u>5,175,243</u>	<u>18,987</u>	<u>688,600</u>	<u>6,033,913</u>
Total liabilities and fund balances	<u>\$320,338</u>	<u>\$5,178,467</u>	<u>\$ 19,359</u>	<u>\$688,600</u>	<u>\$6,206,764</u>

See notes to basic financial statements.

CITY OF BROUSSARD

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

The following is an analysis of the difference between total fund balances as reported in the Governmental funds balance sheet and total net assets of governmental activities as reported in the statement of net assets.

Total fund balances of governmental funds at June 30, 2004	\$6,033,913
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,188,564
General long-term debt of governmental activities is not payable from current resources, and, therefore, not reported in the funds.	
Bonds payable	(4,592,389)
Accrued interest on bonds payable	<u>(50,569)</u>
Total net assets of governmental activities at June 30, 2004	<u>\$4,579,519</u>

See notes to basic financial statements.

CITY OF BROUSSARD

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

	General	Sales Tax	Capital Projects	Nonmajor Funds	Total
Revenues					
Taxes	\$ 256,287	\$4,840,249	\$ -	\$ -	\$5,096,536
Licenses and permits	812,461	-	-	-	812,461
Intergovernmental	232,833	-	25,768	-	258,601
Charges for services	-	-	-	-	-
Fine and forfeits	266,077	-	-	-	266,077
Interest	1,928	32,553	3	5,346	39,830
Miscellaneous	118,048	-	-	-	118,048
Total revenues	<u>1,687,634</u>	<u>4,872,802</u>	<u>25,771</u>	<u>5,346</u>	<u>6,591,553</u>
Expenditures					
Current					
General government	743,867	40,043	131	-	784,041
Streets	1,408,062	-	-	-	1,408,062
Public safety - police	972,209	-	-	-	972,209
Public safety - fire	67,158	-	-	-	67,158
Debt service - principal	-	-	-	235,460	235,460
Debt service - interest and fiscal charges	-	-	-	258,703	258,703
Capital outlay	1,518,941	-	-	-	1,518,941
Total expenditures	<u>4,710,237</u>	<u>40,043</u>	<u>131</u>	<u>494,163</u>	<u>5,244,574</u>
Excess (deficiency) of revenues over expenditures	<u>(3,022,603)</u>	<u>4,832,759</u>	<u>25,640</u>	<u>(488,817)</u>	<u>1,346,979</u>
Other financing sources (uses)					
Transfers in	2,847,665	-	18,930	492,947	3,359,542
Transfers out	(26,402)	(4,608,609)	(25,768)	-	(4,660,779)
Total other financing sources (uses)	<u>2,821,263</u>	<u>(4,608,609)</u>	<u>(6,838)</u>	<u>492,947</u>	<u>(1,301,237)</u>
Net change in fund balances	(201,340)	224,150	18,802	4,130	45,742
Fund balances - beginning	352,423	4,951,093	185	684,470	5,988,171
Fund balances - ending	<u>\$ 151,083</u>	<u>\$5,175,243</u>	<u>\$ 18,987</u>	<u>\$688,600</u>	<u>\$6,033,913</u>

See notes to basic financial statements.

CITY OF BROUSSARD

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2004

Total net changes in fund balances per the Statement of Revenues,
Expenditures and Changes in Fund Balances \$ 45,742

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 outlays 1,518,941
Depreciation expense (317,526)

Bond proceeds provide current financial resources to governmental
funds, but issuing debt increases long-term liabilities in the statement of
net assets. Repayment of bond principal is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities in
the statement of net assets.

Long-term debt proceeds -
Long-term debt repaid 235,460

Some expenses reported in the statement of activities do not require the
use of current financial resources and therefore are not reported as
expenditures in governmental funds.

Accrued interest on long-term debt at June 30, 2003 52,346
Accrued interest on long-term debt at June 30, 2004 (50,569)

Governmental funds do not record fixed assets and accumulated
depreciation, and proceeds from asset dispositions are reported as
revenue in those funds. In the statement of activities, a gain or loss is
reported when proceeds from an asset disposition are greater or less than
the asset's cost less accumulated depreciation. Thus, the change in net
assets differs from the change in fund balance by the book value (cost
less accumulated depreciation) of the assets disposed of.

(1,734)

Total changes in net assets per the Statement of Activities \$ 1,482,660

See notes to basic financial statements.

CITY OF BROUSSARD

Statement of Net Assets
Proprietary Fund
June 30, 2004

ASSETS

Current Assets	
Cash and interest-bearing deposits	\$ 354,290
Accounts receivable, net	115,740
Prepaid insurance	18,950
Total current assets	<u>488,980</u>
Restricted Assets - cash and interest-bearing deposits	<u>100,374</u>
Noncurrent Assets	
Land, improvements and construction in progress	264,747
Other capital assets, net of accumulated depreciation	7,176,487
Due from other governments	849,826
Total noncurrent assets	<u>8,291,060</u>
 Total assets	 <u>8,880,414</u>

LIABILITIES

Current liabilities	
Accounts payable	94,965
Accrued expenses	1,460
Compensated absences	22,160
Total current liabilities	<u>118,585</u>
Liabilities payable from restricted assets	
Customers' deposits	<u>100,374</u>
 Total liabilities	 <u>218,959</u>

NET ASSETS

Invested in capital assets, net of related debt	7,441,234
Unrestricted	<u>1,220,221</u>
 Total net assets	 <u>\$ 8,661,455</u>

See notes to basic financial statements.

CITY OF BROUSSARD

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

Operating revenues	
Charges for services	\$ 962,804
Miscellaneous	27,835
Total operating revenues	<u>990,639</u>
Operating expenses	
Personal services	360,917
Repairs and maintenance, materials and supplies	333,050
Other operating expenses	603,086
Depreciation	395,343
Total operating expenses	<u>1,692,396</u>
Income (loss) from operations	(701,757)
Nonoperating revenues (expenses)	
Interest earned	<u>2,522</u>
Income before contributions and transfers	(699,235)
Capital contributions	-
Transfers in	1,301,237
Transfers out	<u>-</u>
Change in net assets	602,002
Net assets, beginning of year	<u>8,059,453</u>
Net assets, end of year	<u><u>\$ 8,661,455</u></u>

See notes to basic financial statements.

CITY OF BROUSSARD

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

Cash flows from operating activities	
Receipts from customers	\$ 998,004
Payments to suppliers	(919,424)
Payments to employees	<u>(369,573)</u>
Net cash provided by operating activities	<u>(290,993)</u>
Cash flows from noncapital financing activities	
Transfers from other funds	1,301,237
Loan to Broussard Environmental Services and Enhancement District	<u>(399,338)</u>
Net cash flows from noncapital financing activities	<u>901,899</u>
Cash flows from capital and related financing activities	
Note principal paid	(4,507)
Acquisition of capital assets	<u>(470,937)</u>
Net cash used by capital and related financing activities	<u>(475,444)</u>
Cash flows from investing activities	
Interest on cash and investments	<u>2,522</u>
Net increase (decrease) in cash	137,984
Cash, beginning of period	<u>316,680</u>
Cash, end of period	<u>\$ 454,664</u>

(continued)

CITY OF BROUSSARD

Statement of Cash Flows (continued)
Proprietary Fund
Year Ended June 30, 2004

Reconciliation of operating income to net cash provided (used) by operating activities	
Operating loss	\$ (701,757)
Adjustments to reconcile operating loss to net cash used by operating activities -	
Depreciation	395,343
Provision for doubtful accounts	11,070
Changes in assets and liabilities -	
(Increase) decrease in accounts receivable	(985)
(Increase) decrease in prepaid expenses	(2,355)
(Decrease) increase in accounts payable and accrued liabilities	(659)
(Decrease) increase in customers' deposits	8,350
	<hr/>
Net cash provided by operating activities	<u>\$ (290,993)</u>
Reconciliation of cash and interest-bearing deposits per the balance sheet to ending cash per the statement of cash flows	
Current assets - cash and interest-bearing deposits	\$ 354,290
Restricted assets - cash and interest-bearing deposits	100,374
Cash, end of period	<u>\$ 454,664</u>

See notes to basic financial statements.

CITY OF BROUSSARD, LOUISIANA

Notes to Basic Financial Statements

I. Summary of Significant Accounting Policies

The City of Broussard (City) was incorporated in 1884 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 Broussard (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.

Notes to Basic Financial Statements (continued)

The City of Broussard Housing Authority's five member board of directors is appointed by the Mayor and Council of the City of Broussard. 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 City of Broussard has no authority over, nor is it involved in the record keeping of the *Broussard 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.

The Broussard Economic Development Corporation was chartered in 1993. The City of Broussard appoints a majority of the Corporation's Board and has the ability to impose its will on the Corporation. The Corporation is considered a component unit of the City. Separate financial statements of the Corporation are available through request at the Broussard town hall.

The Broussard Environmental Service Enhancement District was chartered in 2001. The Council of the City of Broussard appoints a majority of the District's Board, and has the ability of impose its will on the District. The District is therefore considered a component unit of the City. Separate financial statements of the District are available at the City of Broussard town hall.

The city has chosen to issue financial statements of the primary government (City) only; therefore, the previously listed component units are not included in the accompanying financial statements.

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

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.

Notes to Basic Financial Statements (continued)

B. Basis of Presentation

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.

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.

Notes to Basic Financial Statements (continued)

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 - This special revenue fund is used to account for the receipt and use of proceeds of the City's two 1% sales and use taxes. These taxes may only be used for improvements and operation of specific public works and public safety activities and to fund payment of the City's related bonded debt.

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).

Proprietary Funds -

Enterprise Fund - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private 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.

Notes to Basic Financial Statements (continued)

The City's nonmajor funds are described below:

Debt Service Funds -

Debt service funds are used to account for the accumulation of financial resources for the payment of long-term debt principal, interest, and related costs of the city other than debt service payments made by the enterprise fund.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net 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.

Notes to Basic Financial Statements (continued)

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*.

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 outlays) 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 deposit of the City. For the purpose of the proprietary fund Statement of Cash Flows, cash includes all demand accounts, savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Notes to Basic Financial Statements (continued)

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 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 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. Allowances for uncollectible accounts receivable are based on historical trends and the periodic aging of accounts receivable.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether they are used in governmental fund operations or proprietary fund operations and 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	10-30 years
Equipment and vehicles	3-15 years
Utility system and improvements	7-30 years
Infrastructure	10-40 years

Notes to Basic Financial Statements (continued)

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, and will begin accumulating infrastructure information prospectively.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of debt service and proprietary funds that are legally restricted as to their use. The restricted assets are related to long-term debt service 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 lease and bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest is 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 and Sick Pay

Unused vacation is paid for at the end of each calendar year. Sick leave accumulates up to 60 days; days in excess of thirty days are not paid to the employee. Unused vacation and sick leave (up to 30 days) are paid when an employee is terminated. Accrued vacation and sick leave at June 30, 2004 totaled \$119,987.

Notes to Basic Financial Statements (continued)

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, mortgage 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 their 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 in the fund statements 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:

The Mayor prepares a proposed budget and submits it to the Council no later than fifteen (15) days prior to the beginning of each fiscal year.

A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

A public hearing is held on the proposed budget at least ten (10) 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.

Notes to Basic Financial Statements (continued)

Budgetary amendments involving an increase in a fund's appropriations must be approved by the Council. The Mayor may transfer budget amounts between departments within any fund. The level of budgetary control is by total appropriations (by fund); however, for report purposes, the budgetary information has been expanded.

All budgetary appropriations lapse at the end of each fiscal year.

Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles. (GAAP).

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 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 governmental funds 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	\$ 5,988,171
Add: Cost of capital assets at June 30, 2003	3,727,155
Less: Accumulated depreciation at June 30, 2003	(1,738,272)
Less: <i>Accrued revenues and expenses, net</i>	(52,346)
Less: Debt outstanding at June 30, 2003	<u>(4,827,849)</u>
Net assets at June 30, 2003	<u>\$ 3,096,859</u>

3. Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds with 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 had cash deposits (book balances) totaling \$5,698,491.

Notes to Basic Financial Statements (continued)

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 in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2004, bank balances of deposits totaling \$379,721 were insured and \$5,406,806 of bank deposit balances were collateralized with securities held in the name of pledging banks (Category 3).

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.

4. Investments

Under state law (R.S. 33:2955), the City may invest in any of the following obligations:

- a. direct U.S. Treasury obligations, the principal and interest of which are fully guaranteed by the U.S. government.
- b. U.S. government agency obligations, the principal and interest of which are fully guaranteed by the government of the U.S.
- c. direct security repurchase agreements of federal securities listed at a. and b. above
- d. time certificates of deposit of state and national banks, savings and loans, and credit unions.
- e. mutual or trust funds registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of securities of the U.S. government or its agencies.

State law should be consulted for various requirements and limitations relative to investments of Louisiana political subdivisions.

Notes to Basic Financial Statements (continued)

5. Receivables

Receivables at June 30, 2004 consisted of the following:

	Govern- mental Activities	Business- Type Activities	Total
Accounts	\$ -	\$ 116,021	\$ 116,021
Allowance	-	(281)	(281)
Taxes:			
Sales Tax	744,188	-	744,188
Franchise Tax	47,463	-	47,463
Other	4,462	-	4,462
Fines, licenses, etc.	35,757	-	35,757
Grants	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 831,870</u>	<u>\$ 115,740</u>	<u>\$ 947,610</u>

6. Due from Other Governments

Included in due from other governments is \$849,826 due from the Broussard Environmental Service Enhancement District. The money is payable to the Utility fund for funds advanced to the District relative to acquiring land for and planning the construction of sewer treatment facilities.

7. Restricted Assets – Business-Type Activities

Restricted assets were related to the customers' deposits liability of \$100,374 at June 30, 2004.

Notes to Basic Financial Statements (continued)

8. Capital Assets

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

	Balance 07/01/03	Additions	Deletions	Balance 06/30/04
Governmental activities:				
Land	\$ 264,085	\$ 30,000	\$ -	\$ 294,085
Buildings and improvements	1,059,410	549,968	-	1,609,378
Equipment and vehicles	2,403,660	688,761	(94,479)	2,997,942
Infrastructure	-	250,212		250,212
Construction in progress	-	-		-
Totals	<u>3,727,155</u>	<u>1,518,941</u>	<u>(94,479)</u>	<u>5,151,617</u>
Less accumulated depreciation				
Buildings and improvements	349,356	41,502	-	390,858
Equipment and vehicles	1,388,916	276,024	(92,745)	1,572,195
Total accumulated depreciation	<u>1,738,272</u>	<u>317,526</u>	<u>(92,745)</u>	<u>1,963,053</u>
Governmental activities, capital assets, net	<u>\$ 1,988,883</u>	<u>\$ 1,201,415</u>	<u>\$ (1,734)</u>	<u>\$ 3,188,564</u>
Included in the above category of equipment and vehicles is an asset under capital lease with a cost of \$143,800.				
Business-type activities:				
Land	\$ 116,265	\$ -	\$ -	\$ 116,265
Plant and equipment-water system	8,254,570	219,525	-	8,474,095
Plant and equipment-sewer system	3,070,829	67,615	-	3,138,444
Autos and office equipment	246,835	40,200	(3,500)	283,535
Construction in progress	4,885	143,597	-	148,482
Totals	<u>11,693,384</u>	<u>470,937</u>	<u>(3,500)</u>	<u>12,160,821</u>
Less accumulated depreciation				
Plant and equipment-water system	2,681,354	285,299	-	2,966,653
Plant and equipment-sewer system	1,474,534	92,721	-	1,567,255
Autos and office equipment	171,856	17,323	(3,500)	185,679
Total accumulated depreciation	<u>4,327,744</u>	<u>395,343</u>	<u>(3,500)</u>	<u>4,719,587</u>
Business-type activities, capital assets, net	<u>\$ 7,365,640</u>	<u>\$ 75,594</u>	<u>\$ -</u>	<u>\$ 7,441,234</u>

Notes to Basic Financial Statements (continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 61,207
Streets	90,345
Police	87,355
Fire	78,619
Total depreciation expense - governmental activities	<u>\$ 317,526</u>

Depreciation was charged to business-type activities as follows:

Water system	\$ 293,550
Sewer system	101,793
Total depreciation expense - business type activities	<u>\$ 395,343</u>

9. Accounts, Salaries and Other Payables

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

	Govern- mental Activities	Business- Type Activities	Total
Accounts	\$ 70,221	\$ 96,310	\$ 166,531
Accrued payroll	-	-	-
Payroll taxes	4,803	115	4,918
Retainage payable	-	-	-
Compensated absences	97,827	22,160	119,987
Accrued interest payable	50,569	-	50,569
Totals	<u>\$ 223,420</u>	<u>\$ 118,585</u>	<u>\$ 342,005</u>

10. Long-Term Debt

The following is a summary of changes in governmental activities long-term debt for the year ended June 30, 2004:

Bonds payable, July 1, 2003	\$ 4,827,849
Capital lease retired	(22,741)
Bonds retired	(212,719)
Bonds issued	-
Capital lease financing	-
Bonds payable June 30, 2004	<u>\$ 4,592,389</u>

Notes to Basic Financial Statements (continued)

Bond obligations payable at June 30, 2004, consisted of the following issues and are all payable from governmental activities.

General Obligation Bonds

	<u>Total</u>	<u>Current Portion</u>
\$2,450,000 May 1, 1996 Public Improvement Sales Tax Bonds, Series ST-1966 due in annual installments of \$55,000 to \$230,000 through May 1, 2016; interest at 5.00 to 8.00 percent payable from sales tax revenues.	\$ 1,880,000	\$ 100,000
\$2,300,000 December 1, 1997 Public Improvement Sales Tax Bonds, Series ST-1997 due in annual installments of \$70,000 to \$185,000 through May 1, 2017, interest at 4.70 to 5.25 percent payable from sales tax revenues.	1,805,000	100,000
\$995,000 May 28, 1998 Sales Tax Bonds, Series A due in monthly installments of \$5,801 through May 28, 2023; interest at 4.75 percent payable from sales tax revenues.	866,796	29,065
\$143,800 Capital Lease dated October 6, 2000 first payment of \$43,800 due October 6, 2001 and annual installments of \$23,598 due October 6, 2001 through October 6, 2005; interest at 5.78%. This lease payable from the General Fund was reported as an expenditure and other financing source in the year of acquisition.	40,593	21,089
	<u>\$ 4,592,389</u>	<u>\$ 250,154</u>

Notes to Basic Financial Statements (continued)

The annual requirements to amortize all long-term debt outstanding as of June 30, 2004, are as follows:

Year Ended June 30,	Principal	Interest	Total
2005	\$ 250,154	\$ 244,711	\$ 494,865
2006	259,980	231,881	491,861
2007	256,955	218,245	475,200
2008	273,507	204,874	478,381
2009	290,133	190,450	480,583
2010-2014	1,777,969	694,681	2,472,650
2015-2019	1,237,260	187,990	1,425,250
2020-2023	246,431	23,917	270,348
	<u>\$ 4,592,389</u>	<u>\$ 1,996,749</u>	<u>\$ 6,589,138</u>

11. Dedication of Proceeds and Flow of Funds-Sales and Use Tax

Under the terms of the 1975 1% sales tax ordinance, the sales tax may be used for any lawful public purpose, and may be funded into bonds.

The terms of the bond indentures relative to Sales Tax Bonds, Series A dated May 1, 1996 and May 28, 1998 pledge and dedicate the proceeds of the 1975 1% sales and use tax to the retirement of said bonds and require those proceeds to be set aside as follows:

- A. The establishment and maintenance of a 1975 Sales Tax Bond Sinking Fund (the "Sinking Fund"), sufficient in amount to pay promptly and fully the principal of and interest on the Bonds, including any pari-passu bonds issued hereafter, as they severally become due and payable, by transferring from the Sales Tax Fund to the regularly designated fiscal agent of the Issuer, monthly in advance on or before the 20th day of each month of each year a sum equal to the total amount of principal and interest falling due on the next payment date together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due.

Notes to Basic Financial Statements (continued)

- B. The establishment and maintenance of a 1975 Sales Tax Bond Reserve Fund (the "Reserve Fund"), by transferring from the Sales Tax Fund into the Reserve Fund monthly in advance *on or before the 20th day of each month of each year a sum at least equal to five percent (5%) of the amount to be paid monthly into the Sinking Fund*, said payments to continue until such time as there has been accumulated in the Reserve Fund an amount equal to the Reserve Fund Requirement, the money in the Reserve Fund to be retained solely for the purpose of paying the principal of and the interest on the bonds payable from the aforesaid Sinking Fund as to which there would otherwise be default. In the event that additional pari passu bonds are issued hereafter in the manner provided by this Bond Ordinance, then such payments will be resumed until such time as there has been accumulated in the Reserve Fund an amount equal to the Reserve Fund Requirement.

If at any time it shall be necessary to use moneys in the Reserve Fund for the purpose of paying principal or interest on bonds payable from the Sinking Fund as to which there would otherwise be default, then the moneys so used shall be replaced from the revenues first thereafter received from the Revenues of the Tax not hereinabove required to pay the expenses of collecting the Tax or to pay current principal and interest requirements, it being the intention hereof that there shall as nearly as possible be at all times in the Reserve Fund an amount equal to the Reserve Fund Requirement.

All moneys remaining in the Sales Tax Fund on the 20th day of each month in excess of all reasonable and necessary expenses of collection and administration of the Tax and after making the required payments into the Sinking Fund and Reserve Fund for the current month and for prior months during which the required payments may not have been made, shall be considered as surplus. Such surplus may be used by the Issuer for any of the purposes for which the Tax is authorized or for the purpose of retiring Bonds herein authorized in advance of their maturities.

Effective January 1, 1992, voters of the City approved an additional 1% sales tax dedicated to constructing, improving, operating and maintaining waterworks, fire and police protection facilities, sewerage works, streets, bridges and drainage. The City is authorized to fund the proceeds of the tax into bonds to pay the capital cost of the aforesaid purposes.

Under the terms of the bond indenture on outstanding Public Improvement Sales Tax Bonds, Series ST-1997 dated December 1, 1997, proceeds of the one percent sales and use tax (approved November 16, 1991) are pledged and dedicated to the retirement of said bonds and are to be set aside as follows:

Notes to Basic Financial Statements (continued)

- A. The maintenance of a Sales Tax Bond Sinking Fund-1997 (the "Sinking Fund"), sufficient in amount to pay promptly and fully the principal of and interest on the Bonds, including outstanding parity bonds and any additional parity bonds, as they severally become due and payable, by transferring from the Sales Tax Fund to the regularly designated fiscal agent of the Issuer, in advance on or before the 20th day of each month of each year, a sum equal to one-sixth (1/6) of the interest due on the next Interest Payment Date and a sum equal to one-twelfth (1/12) of the principal falling due on the next principal payment date on all bonds payable from the Sinking Fund, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due.
- B. The maintenance of the Sales Tax Bond Reserve Fund-1997 (the "Reserve Fund"), heretofore established pursuant to the Parity Bond Resolution by transferring into the Reserve Fund, immediately upon delivery of the Bonds from the Sales Tax Fund, an amount sufficient to increase the total amount on deposit therein to meet the Reserve Fund Requirement, the money in the Reserve Fund to be retained solely for the purpose of paying the principal of and the interest on the Outstanding Parity Bonds and the Bonds payable from the aforesaid Sinking Fund as to which there would otherwise be default. In the event that Additional Parity Bonds are issued hereafter in the manner provided by the Bond Ordinance, there shall be transferred from the proceeds of such Additional Parity Bonds and/or from the Sales Tax Fund into the Reserve Fund monthly or annually, such amounts (as may be designated in the ordinance authorizing the issuance of such Additional Parity Bonds) as will increase the total amount on deposit in the Reserve Fund within a period not exceeding five (5) years to a sum equal to the Reserve Fund Requirement for all outstanding bonds payable from the Sinking Fund and any Additional Parity Bonds.

If at any time it shall be necessary to use moneys in the Reserve Fund for the purpose of paying principal or interest on bonds payable from the Sinking Fund as to which there would otherwise be default, then the moneys so used shall be replaced from the revenues first thereafter received from the Revenues of the Tax not hereinabove required to pay the expenses of collecting the Tax or to pay current principal and interest requirements, it being the intention hereof that there shall as nearly as possible be at all times in the Reserve Fund an amount equal to the Reserve Fund Requirement.

Notes to Basic Financial Statements (continued)

All moneys remaining in the Sales Tax Fund on the 20th day of each month in excess of all reasonable and necessary expenses of collection and administration of the Tax and after making the required payments into the Sinking Fund and the Reserve Fund for the current month and for prior months during which the required payments may not have been made, shall be considered as surplus. Such surplus may be used by the Issuer for any of the purposes for which the Tax is authorized or for the purpose of retiring Bonds in advance of their maturities.

12. Retirement and Deferred Compensation Commitments

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 portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City contributes 4% to 8% of wages to each participating employee account based on years of service. For the year ended June 30, 2004 the City and employees contributed \$48,217 and \$50,276 respectively.

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 described in IRC 457 (g) for the exclusive benefit of the participants and their beneficiaries. The fair market value of the deferred compensation plan assets at June 30, 2004 was \$350,912.

13. 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	2,847,665	26,402
Sales Tax Special Revenue Fund	-	4,608,609
Capital Improvement Fund	18,930	25,768
Enterprise Fund:		
Utility Fund	1,301,237	-
Non-major Funds	492,947	-
Total	<u>\$ 4,660,779</u>	<u>\$ 4,660,779</u>

Transfers are used to move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them.

Notes to Basic Financial Statements (continued)

14. Compensation of Mayor and Aldermen

The Mayor and Aldermen were paid \$48,748 and \$47,414, respectively, during the fiscal year ended June 30, 2004.

15. Litigation and Claims

At June 30, 2004, the City was involved in several lawsuits claiming damages. In the opinion of the City's legal counsel, resolution of these lawsuits would not create a liability to the City in excess of insurance coverage.

16. Risk Management

The City is exposed to risks of loss in the areas of general and auto liability, property hazards, 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. Settlements have not exceeded insurance coverage during the three year period ended June 30, 2004.

17. On-Behalf Payments of Salaries

The State of Louisiana paid the City's policemen \$50,740 of supplemental pay during the year ended June 30, 2004. That amount is included in the accompanying financial statements as intergovernmental revenues and police expense in the government-wide statement of activities.

18. Commitments

The City is committed to spend an additional \$38,000 for sewer improvements. The project is to be funded by utility fund revenues.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF BROUSSARD
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes - franchise	\$ 225,000	\$ 225,000	\$ 256,287	\$ 31,287
Licenses and permits	590,000	725,000	812,461	87,461
Intergovernmental				
Broussard Fire Department	23,600	23,600	31,844	8,244
Video poker	630,000	110,000	122,911	12,911
On-behalf payments	51,000	51,000	50,740	(260)
Other	13,000	18,500	27,338	8,838
Fines and forfeits	200,000	260,000	266,077	6,077
Miscellaneous				
Interest	5,000	5,000	1,928	(3,072)
Other	15,000	70,000	118,048	48,048
Total revenues	<u>1,752,600</u>	<u>1,488,100</u>	<u>1,687,634</u>	<u>199,534</u>
Expenditures				
Current				
General government	738,420	754,420	743,867	10,553
Streets and drainage	1,538,500	1,450,000	1,408,061	41,939
Public safety				
Police	1,015,000	1,015,000	972,209	42,791
Fire	95,500	123,000	67,158	55,842
Capital outlays	1,244,000	1,591,363	1,518,942	72,421
Total expenditures	<u>4,631,420</u>	<u>4,933,783</u>	<u>4,710,237</u>	<u>223,546</u>
Deficiency of revenue over expenditures	<u>(2,878,820)</u>	<u>(3,445,683)</u>	<u>(3,022,603)</u>	<u>423,080</u>
Other financing sources (uses)				
Transfers in	2,500,000	3,500,000	2,847,665	(652,335)
Transfers out	(23,600)	(23,600)	(26,402)	(2,802)
Total other financing sources (uses)	<u>2,476,400</u>	<u>3,476,400</u>	<u>2,821,263</u>	<u>(655,137)</u>
Net change in fund balance	<u>(402,420)</u>	<u>30,717</u>	<u>(201,340)</u>	<u>(232,057)</u>
Fund balance, beginning	706,380	352,423	352,423	-
Fund balance, ending	<u>\$ 303,960</u>	<u>\$ 383,140</u>	<u>\$ 151,083</u>	<u>\$ (232,057)</u>

CITY OF BROUSSARD

Sales Tax Special Revenue Fund
 Budgetary Comparison Schedule
 Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$3,700,000	\$4,200,000	\$4,840,249	\$ 640,249
Miscellaneous - interest and other	55,000	35,000	32,553	(2,447)
Total revenues	<u>3,755,000</u>	<u>4,235,000</u>	<u>4,872,802</u>	<u>637,802</u>
Expenditures - current				
General government				
Collection fees	20,000	20,000	29,522	(9,522)
Professional fees	4,000	4,000	10,436	
Other		-	85	(85)
Total expenditures	<u>24,000</u>	<u>24,000</u>	<u>40,043</u>	<u>(9,607)</u>
Excess of revenues over expenditures	<u>3,731,000</u>	<u>4,211,000</u>	<u>4,832,759</u>	<u>628,195</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(4,164,000)	(5,464,000)	(4,608,609)	855,391
Total other financing sources (uses)	<u>(4,164,000)</u>	<u>(5,464,000)</u>	<u>(4,608,609)</u>	<u>855,391</u>
Net change in fund balances	(433,000)	(1,253,000)	224,150	1,483,586
Fund balance, beginning	<u>4,255,793</u>	<u>4,951,093</u>	<u>4,951,093</u>	-
Fund balance, ending	<u>\$3,822,793</u>	<u>\$3,698,093</u>	<u>\$5,175,243</u>	<u>\$ 1,483,586</u>

**OTHER
SUPPLEMENTARY INFORMATION**

CITY OF BROUSSARD
 General Fund
 Budget (GAAP Basis) Comparison Schedule - Expenditures
 Year Ended June 30, 2004
 Unaudited

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Current			
General government			
Salaries	\$ 207,200	\$ 210,037	\$ (2,837)
Payroll taxes	20,720	15,813	4,907
Group insurance	25,000	33,067	(8,067)
Retirement	7,000	-	7,000
Insurance	30,000	30,995	(995)
Office	30,000	76,079	(46,079)
Utilities	12,000	9,090	2,910
Telephone	18,000	9,852	8,148
Advertising	12,000	8,553	3,447
Economic development	60,000	60,126	(126)
Dues	3,000	2,757	243
Supplies	12,000	1,723	10,277
Professional fees	165,000	153,256	11,744
Miscellaneous	51,000	48,009	2,991
Travel	6,500	6,841	(341)
Magistrate court	55,000	42,075	12,925
Repairs and maintenance	40,000	35,594	4,406
Total general government	<u>754,420</u>	<u>743,867</u>	<u>10,553</u>
Public safety			
Police department			
Salaries	486,000	482,230	3,770
On-behalf payments - salaries	51,000	50,740	260
Payroll taxes	48,000	34,564	13,436
Retirement	15,500	10,747	4,753
Insurance	85,000	85,359	(359)
Group insurance	70,000	78,462	(8,462)
Auto	75,000	71,473	3,527
Uniforms and supplies	64,000	33,232	30,768
Miscellaneous	44,500	21,524	22,976
Repairs and maintenance	25,000	26,710	(1,710)
Uninsured losses	-	31,074	(31,074)
Utilities and communication	51,000	46,094	4,906
Total police department	<u>1,015,000</u>	<u>972,209</u>	<u>42,791</u>

continued

CITY OF BROUSSARD
 General Fund
 Budget (GAAP Basis) Comparison Schedule - Expenditures (continued)
 Year Ended June 30, 2004
Unaudited

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Fire department			
Salaries	25,000	-	25,000
Payroll taxes	2,500	-	2,500
Vehicle	30,000	18,077	11,923
Insurance	25,000	26,286	(1,286)
Utilities and communication	18,000	16,150	1,850
Repairs and maintenance	8,000	2,061	5,939
Supplies	5,000	935	4,065
Miscellaneous	9,500	3,649	5,851
Total fire department	<u>123,000</u>	<u>67,158</u>	<u>55,842</u>
Streets and drainage			
Salaries	565,000	613,992	(48,992)
Payroll taxes	35,000	27,584	7,416
Retirement	13,000	15,389	(2,389)
Group insurance	50,000	61,735	(11,735)
Insurance	87,000	67,703	19,297
Equipment rent	-	45,200	(45,200)
Equipment maintenance	139,000	121,600	17,400
Street maintenance	315,000	262,133	52,867
Professional	25,000	7,813	17,187
Engineering	40,000	36,542	3,458
Utilities and communication	60,000	65,251	(5,251)
Uniforms and supplies	115,000	79,441	35,559
Miscellaneous	6,000	3,679	2,321
Total streets and drainage	<u>1,450,000</u>	<u>1,408,062</u>	<u>41,938</u>
Capital outlays			
General government	376,763	339,706	37,057
Police	144,000	135,548	8,452
Fire	585,600	612,270	(26,670)
Streets and drainage	485,000	431,417	53,583
Total capital outlays	<u>1,591,363</u>	<u>1,518,941</u>	<u>72,422</u>
Total Expenditures	<u>\$ 4,933,783</u>	<u>\$ 4,710,237</u>	<u>\$ 223,546</u>

CITY OF BROUSSARD
Proprietary Fund
Utility Fund
Statement of Revenues, Expenses and Changes in Fund Net Assets -
Budget (GAAP Basis) and Actual
Year Ended June 30, 2004
Unaudited

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Operating revenues			
Charges for services			
Water sales	\$ 475,000	\$ 451,191	\$ (23,809)
Water connections	35,000	36,985	1,985
Sewer charges	200,000	191,681	(8,319)
Sewer connections	8,000	8,400	400
Garbage revenue	275,000	274,547	(453)
Miscellaneous	30,000	27,835	(2,165)
Total operating revenue	<u>1,023,000</u>	<u>990,639</u>	<u>(32,361)</u>
Operating expenses			
Water	767,000	883,601	(116,601)
Sewer	478,350	522,712	(44,362)
Garbage	279,300	286,083	(6,783)
Total operating expense	<u>1,524,650</u>	<u>1,692,396</u>	<u>(167,746)</u>
Operating loss	(501,650)	(701,757)	(200,107)
Nonoperating revenue (expense)			
Interest earned	<u>-</u>	<u>2,522</u>	<u>2,522</u>
Loss before contributions and transfers	(501,650)	(699,235)	(197,585)
Capital contributions	-	-	-
Transfers in	1,500,000	1,301,237	(198,763)
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	998,350	602,002	(396,348)
Net assets, beginning of year	<u>8,059,453</u>	<u>8,059,453</u>	<u>-</u>
Net assets, end of year	<u>\$ 9,057,803</u>	<u>\$ 8,661,455</u>	<u>\$ (396,348)</u>

CITY OF BROUSSARD
Utility Fund
Schedule of Operating Expenses - Budget (GAAP Basis) and Actual
Year Ended June 30, 2004
Unaudited

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable <u>(Unfavorable)</u>
Water department			
Salaries	\$ 123,200	\$ 158,556	(35,356)
Payroll taxes and retirement	15,300	25,803	(10,503)
Bad debts	1,500	5,827	(4,327)
Group insurance	15,000	19,554	(4,554)
Professional fees	15,000	4,939	10,061
Engineering fees	40,000	4,095	35,905
Repairs and maintenance	40,000	130,123	(90,123)
Vehicle	7,000	4,636	2,364
Utilities	60,000	42,513	17,487
Materials and supplies	70,000	74,685	(4,685)
Depreciation	250,000	293,550	(43,550)
Insurance	35,000	27,053	7,947
Office	10,000	4,622	5,378
Water lease	75,000	78,676	(3,676)
Miscellaneous	10,000	8,969	1,031
Total water department	<u>767,000</u>	<u>883,601</u>	<u>(116,601)</u>
Sewer department			
Salaries	124,600	133,840	(9,240)
Payroll taxes and retirement	17,500	7,294	10,206
Bad debts	750	2,235	(1,485)
Group insurance	12,000	15,870	(3,870)
Professional fees	30,000	8,023	21,977
Engineering fees	25,000	19,318	5,682
Repairs and maintenance	95,000	102,339	(7,339)
Vehicle	6,500	6,814	(314)
Utilities	60,000	76,977	(16,977)
Materials and supplies	-	25,903	(25,903)
Depreciation	81,000	101,793	(20,793)
Insurance	20,000	16,746	3,254
Office	3,000	3,159	(159)
Miscellaneous	3,000	2,401	599
Total sewer department	<u>478,350</u>	<u>522,712</u>	<u>(44,362)</u>

continued

CITY OF BROUSSARD
 Utility Fund
 Schedule of Operating Expenses - Budget (GAAP Basis) and Actual (continued)
 Year Ended June 30, 2004
Unaudited

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Garbage department			
Garbage collection expense	275,000	278,460	(3,460)
Supplies	-	-	-
Office	3,000	4,047	(1,047)
Professional fees	-	-	-
Bad debts	800	3,321	(2,521)
Miscellaneous	500	255	245
Total garbage department	<u>279,300</u>	<u>286,083</u>	<u>(6,783)</u>
 Total operating expenses	 <u>\$ 1,524,650</u>	 <u>\$ 1,692,396</u>	 <u>\$ (167,746)</u>

COMBINING FINANCIAL STATEMENTS

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Funds

Sales Tax Bonds (5/01/96)

To accumulate monies for payment of the 1996 \$2,450,000 Sales Tax Public Improvement bonds which are due in annual installments, plus interest, through maturity in 2016. Debt service is financed from the proceeds of the City's June 28, 1975 one (1) percent sales and use tax.

Sales Tax Bonds (12/01/97)

To accumulate monies for payment of the 1997 \$2,300,000 Sales Tax Public Improvement bonds which are due in annual installments, plus interest, through maturity in 2017. Debt service is financed from the proceeds of the City's November 16, 1991 one (1) percent sales and use tax.

Sales Tax Bonds (5/28/98)

To accumulate monies for payment of the 1998 \$995,000 Sales Tax Public Improvement bonds which are due in monthly installments, plus interest, through maturity in 2023. Debt service is financed from the proceeds of the City's June 28, 1975 one (1) percent sales and use tax.

Capital Lease (10/6/00)

To accumulate monies for payment of the October 6, 2000 \$143,800 fire truck capital lease which is payable in annual installments through maturity in 2005.

CITY OF BROUSSARD

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2004

	Debt Service Funds				Total
	Capital Lease 2000	1998 Sales Tax Bond	1997 Sales Tax Bond	1996 Sales Tax Bond	
Cash and interest-bearing deposits	\$ -	\$ 70,146	\$ 280,508	\$ 337,946	\$ 688,600
Total assets	\$ -	\$ 70,146	\$ 280,508	\$ 337,946	\$ 688,600
LIABILITIES AND FUND BALANCES					
Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances	-	70,146	280,508	337,946	688,600
Reserved for debt service	-	-	-	-	-
Total liabilities and fund balances	\$ -	\$ 70,146	\$ 280,508	\$ 337,946	\$ 688,600

CITY OF BROUSSARD
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended June 30, 2004

	Debt Service Funds				Total		
	1998	1997	1996	1996			
Revenues	Capital	Lease	2000	Sales Tax	Sales Tax	Bond	Bond
Miscellaneous - interest earned	\$ -	\$ 202	\$ 2,326	\$ 2,818	\$ 5,346		
Expenditures							
Debt service							
Principal retirement	22,741	27,719	95,000	90,000	235,460		
Interest and fiscal charges	3,661	41,891	98,865	114,286	258,703		
Total expenditures	<u>26,402</u>	<u>69,610</u>	<u>193,865</u>	<u>204,286</u>	<u>494,163</u>		
Excess (deficiency) of revenues over expenditures	<u>(26,402)</u>	<u>(69,408)</u>	<u>(191,539)</u>	<u>(201,468)</u>	<u>(488,817)</u>		
Other financing sources (uses)							
Transfers in	26,402	69,610	192,948	203,987	492,947		
Transfers out	-	-	-	-	-		
Total other financing sources (uses)	<u>26,402</u>	<u>69,610</u>	<u>192,948</u>	<u>203,987</u>	<u>492,947</u>		
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	202	1,409	2,519	4,130		
Fund balance, beginning	-	69,944	278,977	335,549	684,470		
Fund balance, ending	<u>-</u>	<u>70,146</u>	<u>280,386</u>	<u>338,068</u>	<u>688,600</u>		

J. L. SONNIER
CERTIFIED PUBLIC ACCOUNTANT

401 AUDUBON BLVD., SUITE 103-B
LAFAYETTE, LA 70503

(337) 235-8188
FAX: (337) 235-0913
RES.: (337) 984-5928

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

The Honorable Charles E. Langlinais
and Members of the Board of Aldermen
City of Broussard, Louisiana

I 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 Broussard, Louisiana, as of and for the year ended June 30, 2004, which collectively comprise the City of Broussard, Louisiana's basic primary government financial statements and have issued my report thereon dated November 16, 2004. I conducted my 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 Broussard, Louisiana's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my audit, I considered the City of Broussard, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinions on the financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a certain matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the City of Broussard, 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.

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. My 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, I 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 is limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



November 16, 2004

CITY OF BROUSSARD

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

I. Prior Year Findings

Item 03-1 Inadequate Segregation of Accounting Functions

Finding:

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

Status: Unresolved - see item 04-1

Item 03-2 - Noncompliance with Louisiana Local Government Budget Act

Finding:

The General Fund's expenditures were 41% in excess of budget. The Local Government Budget Act requires budget amendment when actual expenditures are expected to exceed budgeted expenditures by more than 5%.

Status: Resolved

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

Item 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.

Management's corrective action plan:

Management has determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.