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**CITY OF BUNKIE, LOUISIANA**

Financial Report

Year Ended June 30, 2007

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 12/5/07

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## INDEPENDENT AUDITORS' REPORT

The Honorable Gerard C. Moreau, 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, Louisiana, as of and for the year ended June 30, 2007, 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's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bunkie, Louisiana, as of June 30, 2007, 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.

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2007, on our consideration of the City of Bunkie, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in conjunction with this report in considering the results of our audit.

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The required supplementary information on pages 37 through 38 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bunkie, Louisiana's basic financial statements. The other supplementary information on pages 40 through 43 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for which is marked as "unaudited", has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

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

Marksville, Louisiana  
October 3, 2007

**BASIC FINANCIAL STATEMENTS**

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

CITY OF BUNKIE, LOUISIANA

Statement of Net Assets  
June 30, 2007

	2007		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash	\$ 1,143,172	\$ 216,877	\$ 1,360,049
Interest bearing deposits	249,695	-	249,695
Receivables, net	306,248	106,142	412,390
Internal balances	27,951	(27,951)	-
Inventory	-	57,474	57,474
Prepaid items	78,912	3,554	82,466
<b>Total current assets</b>	<u>1,805,978</u>	<u>356,096</u>	<u>2,162,074</u>
<b>Noncurrent assets:</b>			
<b>Restricted assets -</b>			
Cash	-	252,782	252,782
<b>Capital assets -</b>			
Non depreciable capital assets	240,336	53,861	294,197
Depreciable capital assets, net	2,635,744	4,636,580	7,272,324
<b>Total noncurrent assets</b>	<u>2,876,080</u>	<u>4,943,223</u>	<u>7,819,303</u>
<b>Total assets</b>	<u>4,682,058</u>	<u>5,299,319</u>	<u>9,981,377</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts and other payables	63,684	23,813	87,497
<b>Payable from restricted assets -</b>			
Accrued interest payable	-	12,846	12,846
Bonds due within one year	-	142,609	142,609
Note due within one year	-	57,667	57,667
Capital lease obligations-due within one year	35,012	-	35,012
<b>Total current liabilities</b>	<u>98,696</u>	<u>236,935</u>	<u>335,631</u>
<b>Noncurrent liabilities:</b>			
Customers deposits payable	-	106,260	106,260
Bonds due in more than one year	-	1,077,878	1,077,878
Note due in more than one year	-	173,000	173,000
Capital lease obligations-due in more than one year	102,345	-	102,345
<b>Total noncurrent liabilities</b>	<u>102,345</u>	<u>1,357,138</u>	<u>1,459,483</u>
<b>Total liabilities</b>	<u>201,041</u>	<u>1,594,073</u>	<u>1,795,114</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	2,738,723	3,439,563	6,178,286
Restricted for debt service	-	39,660	39,660
Unrestricted	1,742,294	226,023	1,968,317
<b>Total net assets</b>	<u>\$ 4,481,017</u>	<u>\$3,705,246</u>	<u>\$ 8,186,263</u>

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

CITY OF BUNKIE, LOUISIANA

Statement of Activities

For the Year Ended June 30, 2007

	Activities			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>							
General government -							
Finance and administrative	\$ 465,926	\$ -	\$ -	\$ -	\$ (465,926)	\$ -	\$ (465,926)
Judicial	56,434	-	-	-	(56,434)	-	(56,434)
Public safety -							
Fire protection	313,841	-	115,854	-	(197,987)	-	(197,987)
Police protection	565,889	20,614	7,178	-	(538,097)	-	(538,097)
Animal control	8,243	-	-	-	(8,243)	-	(8,243)
Haas evacuation center	31,009	11,870	25,597	-	6,458	-	6,458
Public works -							
Streets	385,300	-	-	-	(385,300)	-	(385,300)
Airport	21,872	14,264	13,397	-	5,789	-	5,789
Drivers license office	15,284	16,962	-	-	1,678	-	1,678
Culture and recreation	91,694	-	-	-	(91,694)	-	(91,694)
Health and welfare	28,479	-	32,266	-	3,787	-	3,787
Total governmental activities	<u>1,983,971</u>	<u>63,710</u>	<u>194,292</u>	-	<u>(1,725,969)</u>	-	<u>(1,725,969)</u>
<b>Business-type activities:</b>							
Water	202,881	564,971	-	-	-	362,090	362,090
Sewer	434,888	256,659	-	-	-	(178,229)	(178,229)
Total business-type activities	<u>637,769</u>	<u>821,630</u>	-	-	-	<u>183,861</u>	<u>183,861</u>
<b>Total</b>	<b>\$ 2,621,740</b>	<b>\$ 885,340</b>	<b>\$ 194,292</b>	<b>\$ -</b>	<b>(1,725,969)</b>	<b>183,861</b>	<b>(1,542,108)</b>
<b>General revenues:</b>							
Taxes -							
Ad Valorem					79,646	193,268	272,914
Sales and use taxes, levied for general purposes					872,673	-	872,673
Licenses and permits					153,044	-	153,044
Intergovernmental					163,059	-	163,059
Utility franchise					247,628	-	247,628
Miscellaneous					203,329	12,838	216,167
Transfers					364,220	(364,220)	-
Total general revenues and transfers					<u>2,083,599</u>	<u>(158,114)</u>	<u>1,925,485</u>
Change in net assets					357,630	25,747	383,377
Net assets - July 1, 2006					<u>4,123,387</u>	<u>3,679,499</u>	<u>7,802,886</u>
Net assets - June 30, 2007					<u>\$ 4,481,017</u>	<u>\$ 3,705,246</u>	<u>\$ 8,186,263</u>

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



**FUND FINANCIAL STATEMENTS (FFS)**

## **FUND DESCRIPTIONS**

### **General Fund**

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

### **Special Revenue Funds**

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

#### **Sales Tax Fund**

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

To account for the receipt and use of proceeds of the City's 1/2% sales and use tax. These taxes are dedicated and used for general operating purposes.

To account for the receipt and use of proceeds of the City's 1/2% sales and use tax. These taxes are dedicated and used for the purpose of paying salaries and related benefits for police, fire and other city employees.

### **Enterprise Funds**

#### **Water System Fund**

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

#### **Sewer System Fund**

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

CITY OF BUNKIE, LOUISIANA

Balance Sheet  
Governmental Funds  
June 30, 2007

	General	Sales Tax Fund	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash	\$350,833	\$ 731,320	\$61,019	\$ 1,143,172
Interest bearing deposits	-	249,695	-	249,695
Receivables:				
Taxes	87,761	37,784	-	125,545
Accrued interest	-	581	-	581
Due from other governmental units	165,383	4,649	-	170,032
Other	10,090	-	-	10,090
Interfund receivables	31,000	-	-	31,000
Prepaid items	78,912	-	-	78,912
Total assets	<u>\$723,979</u>	<u>\$ 1,024,029</u>	<u>\$61,019</u>	<u>\$ 1,809,027</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 60,836	\$ 848	-	\$ 61,684
Customer rental deposits payable	2,000	-	-	2,000
Interfund payables	3,049	-	-	3,049
Total liabilities	<u>65,885</u>	<u>848</u>	<u>-</u>	<u>66,733</u>
Fund balances:				
Reserved for prepaid items	78,912	-	-	78,912
Unreserved, undesignated	579,182	1,023,181	61,019	1,663,382
Total fund balances	<u>658,094</u>	<u>1,023,181</u>	<u>61,019</u>	<u>1,742,294</u>
Total liabilities and fund balances	<u>\$723,979</u>	<u>\$ 1,024,029</u>	<u>\$61,019</u>	<u>\$ 1,809,027</u>

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

CITY OF BUNKIE, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
June 30, 2007

Total fund balances for governmental funds at June 30, 2007		\$ 1,742,294
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 200,000	
Construction in progress	40,336	
Buildings and improvements, net of \$695,560 accumulated depreciation	2,116,100	
Equipment, vehicles, furniture, and fixtures net of of \$385,323 accumulated depreciation	252,562	
Infrastructure, net of \$13,858 accumulated depreciation	<u>267,082</u>	2,876,080
Long-term liabilities at June 30, 2007:		
Capital leases payable		<u>(137,357)</u>
Total net assets of governmental activities at June 30, 2007		<u>\$ 4,481,017</u>

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

CITY OF BUNKIE, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances-  
 Governmental Funds  
 For the Year Ended June 30, 2007

	General	Sales Tax Fund	Other Governmental Funds	Total
<b>Revenues:</b>				
Taxes -				
Ad Valorem	\$ 79,646	\$ -	\$ -	\$ 79,646
Sales	375,071	497,602	-	872,673
Other	23,966	-	-	23,966
Licenses and permits	153,044	-	-	153,044
Intergovernmental	329,886	-	-	329,886
Utility Franchise Agreements	247,628	-	-	247,628
Other	245,037	24,232	1,269	270,538
Total revenues	<u>1,454,278</u>	<u>521,834</u>	<u>1,269</u>	<u>1,977,381</u>
<b>Expenditures:</b>				
General government -				
Finance and administrative	423,030	40,333	-	463,363
Judicial	51,903	-	-	51,903
Public safety -				
Fire protection	295,622	-	-	295,622
Police protection	548,377	-	-	548,377
Animal control	8,243	-	-	8,243
Haas evacuation center	31,009	-	-	31,009
Public works -				
Streets	370,729	-	-	370,729
Airport	21,872	-	-	21,872
Divers license office	15,284	-	-	15,284
Culture & recreation	32,999	-	-	32,999
Health & welfare	28,067	-	-	28,067
Capital expenditures	119,928	-	-	119,928
Debt service	34,828	-	-	34,828
Total expenditures	<u>1,981,891</u>	<u>40,333</u>	<u>-</u>	<u>2,022,224</u>
Excess (deficiency) of				
Revenue over expenditures	<u>(527,613)</u>	<u>481,501</u>	<u>1,269</u>	<u>(44,843)</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	721,210	-	-	721,210
Operating transfers out	-	(336,875)	(20,115)	(356,990)
Proceeds from capital lease	57,174	-	-	57,174
Total other financing sources (uses)	<u>778,384</u>	<u>(336,875)</u>	<u>(20,115)</u>	<u>421,394</u>
Net change in fund balances	250,771	144,626	(18,846)	376,551
Fund balances, beginning	407,323	878,555	79,865	1,365,743
Fund balances, ending	<u>\$ 658,094</u>	<u>\$ 1,023,181</u>	<u>\$ 61,019</u>	<u>\$ 1,742,294</u>

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

CITY OF BUNKIE, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and  
 Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended June 30, 2007

Total net changes in fund balances at June 30, 2007 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$376,551
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 119,928	
Depreciation expense for the year ended June 30, 2007	<u>(113,220)</u>	6,708
Less: Loss on disposition of assets		(3,283)
Governmental funds report capital lease proceeds as income. However, this income is recorded as debt on the statement of net assets.		
		(57,174)
Principal paid on capital lease expensed in governmental funds		<u>34,828</u>
Total changes in net assets at June 30, 2007 per Statement of Activities		<u>\$357,630</u>

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

CITY OF BUNKIE, LOUISIANA

Statement of Net Assets  
Proprietary Funds  
June 30, 2006

	Business-Type Activities		Total
	Water System	Sewer System	Enterprise Fund
<b>ASSETS</b>			
Current assets:			
Cash	\$ 209,122	\$ 7,755	\$ 216,877
Receivables (net)	72,364	33,778	106,142
Due from other funds	-	3,049	3,049
Inventory	55,974	1,500	57,474
Prepaid items	1,300	2,254	3,554
Total current assets	<u>338,760</u>	<u>48,336</u>	<u>387,096</u>
Restricted assets:			
Cash	68,992	183,790	252,782
Capital assets:			
Non-depreciable assets	53,861	-	53,861
Depreciable assets	2,857,113	5,466,939	8,324,052
Accumulated depreciation	<u>(1,919,552)</u>	<u>(1,767,920)</u>	<u>(3,687,472)</u>
Total capital assets	<u>991,422</u>	<u>3,699,019</u>	<u>4,690,441</u>
Total assets	<u>1,399,174</u>	<u>3,931,145</u>	<u>5,330,319</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	12,921	10,892	23,813
Due to other funds	31,000	-	31,000
Liabilities payable from restricted assets -			
Deposits due others	106,260	-	106,260
Accrued interest payable from restricted assets	-	12,846	12,846
Bonds due within one year	-	142,609	142,609
Note due within one year	57,667	-	57,667
Total current liabilities	<u>207,848</u>	<u>166,347</u>	<u>374,195</u>
Noncurrent liabilities:			
Bonds due in more than one year	-	1,077,878	1,077,878
Note due in more than one year	173,000	-	173,000
Total noncurrent liabilities	<u>173,000</u>	<u>1,077,878</u>	<u>1,250,878</u>
Total liabilities	<u>380,848</u>	<u>1,244,225</u>	<u>1,625,073</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	818,422	2,621,141	3,439,563
Restricted for debt service	11,325	28,335	39,660
Unrestricted	188,579	37,444	226,023
Total net assets	<u>\$1,018,326</u>	<u>\$2,686,920</u>	<u>\$3,705,246</u>

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

CITY OF BUNKIE, LOUISIANA

Statement of Revenues, Expenses, and Change in Fund Net Assets -  
 Proprietary Funds  
 For the Year Ended June 30, 2007

	Business-Type Activities		Total Enterprise Fund
	Water System	Sewer System	
Operating revenues:			
Charges for services	\$ 537,858	\$ 255,649	\$ 793,507
Delinquent and other charges	27,113	1,010	28,123
Total operating revenues	<u>564,971</u>	<u>256,659</u>	<u>821,630</u>
Operating expenses:			
Salaries	41,616	75,084	116,700
Employee benefits	16,465	32,778	49,243
Chemicals and supplies	13,037	13,515	26,552
Repairs and maintenance	10,497	5,249	15,746
Gasoline and oil	3,575	10,627	14,202
Utilities and telephone	68,974	74,011	142,985
Depreciation expense	40,908	142,906	183,814
Other operating expenses	7,809	41,521	49,330
Total operating expenses	<u>202,881</u>	<u>395,691</u>	<u>598,572</u>
Operating income (loss)	<u>362,090</u>	<u>(139,032)</u>	<u>223,058</u>
Nonoperating revenues (expenses)			
Interest revenue	6,922	5,916	12,838
Ad valorem taxes	-	193,268	193,268
Interest expenses	-	(39,197)	(39,197)
Total nonoperating revenues	<u>6,922</u>	<u>159,987</u>	<u>166,909</u>
Income before transfers	369,012	20,955	389,967
Operating transfers out	<u>(354,113)</u>	<u>(10,107)</u>	<u>(364,220)</u>
Change in net assets	14,899	10,848	25,747
Net assets, beginning	<u>1,003,427</u>	<u>2,676,072</u>	<u>3,679,499</u>
Net assets, ending	<u>\$1,018,326</u>	<u>\$2,686,920</u>	<u>\$3,705,246</u>

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



CITY OF BUNKIE, LOUISIANA

Combining Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2007

	Business-Type Activities		Total Enterprise Fund
	Water System	Sewer System	
Cash flows from operating activities:			
Receipts from customers	\$ 549,813	\$ 275,539	\$ 825,352
Payments to suppliers	(148,807)	(138,574)	(287,381)
Payments to employees	(58,081)	(107,862)	(165,943)
Other receipts	27,113	1,010	28,123
Net cash provided by operating activities	<u>370,038</u>	<u>30,113</u>	<u>400,151</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	31,000	-	31,000
Cash paid to other funds	-	(23,242)	(23,242)
Transfers to other funds	(354,113)	(10,107)	(364,220)
Net cash used by noncapital financing activities	<u>(323,113)</u>	<u>(33,349)</u>	<u>(356,462)</u>
Cash flows from capital and related financing activities:			
Capital expenditures	(322,235)	(17,022)	(339,257)
Ad valorem taxes	-	193,268	193,268
Net decrease in meter deposits	(9,291)	-	(9,291)
Proceeds from issuance of note	288,335	-	288,335
Principal paid on revenue bonds	-	(142,372)	(142,372)
Principal paid on note	(57,668)	-	(57,668)
Interest paid on debt instruments	-	(39,375)	(39,375)
Net cash used by capital and related financing activities	<u>(100,859)</u>	<u>(5,501)</u>	<u>(106,360)</u>
Cash flows from investing activities:			
Interest and other income	6,922	5,916	12,838
Net cash provided by investing activities	<u>6,922</u>	<u>5,916</u>	<u>12,838</u>
Net decrease in cash and cash equivalents	(47,012)	(2,821)	(49,833)
Cash and cash equivalents, beginning of period	<u>325,126</u>	<u>194,366</u>	<u>519,492</u>
Cash and cash equivalents, end of period	<u>\$ 278,114</u>	<u>\$ 191,545</u>	<u>\$ 469,659</u>

(continued)

CITY OF BUNKIE, LOUISIANA

Combining Statement of Cash Flows  
 Proprietary Funds (Continued)  
 For the Year Ended June 30, 2007

	Business-Type Activities		Total Enterprise Fund
	Water System	Sewer System	
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 362,090	\$ (139,032)	\$ 223,058
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	40,908	142,906	183,814
Changes in current assets and liabilities:			
Decrease in accounts receivable	11,955	19,890	31,845
Increase in inventory	(55,974)	(1,500)	(57,474)
Increase in prepaid items	(1,300)	(2,254)	(3,554)
Increase in accounts and other payables	12,359	10,103	22,462
Net cash provided by operating activities	<u>\$ 370,038</u>	<u>\$ 30,113</u>	<u>\$ 400,151</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:			
Cash and cash equivalents, beginning of period -			
Cash and cash equivalents - unrestricted	\$ 325,126	\$ 25,303	\$ 350,429
Cash and cash equivalents - restricted	-	169,063	169,063
Total cash and cash equivalents, beginning of period	<u>325,126</u>	<u>194,366</u>	<u>519,492</u>
Cash and cash equivalents, end of period -			
Cash and cash equivalents - unrestricted	209,122	7,755	216,877
Cash and cash equivalents - restricted	68,992	183,790	252,782
Total cash and cash equivalents, end of period	<u>278,114</u>	<u>191,545</u>	<u>469,659</u>
Net decrease	<u>\$ (47,012)</u>	<u>\$ (2,821)</u>	<u>\$ (49,833)</u>

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

## CITY OF BUNKIE, LOUISIANA

### Notes to Basic Financial Statements

#### (1) Summary of Significant Accounting Policies

The accompanying financial statements of the City of Bunkie, Louisiana (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. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

##### A. Financial Reporting Entity

The City of Bunkie, Louisiana was incorporated under the provisions of Louisiana Law in 1885. The City is governed by its Mayor and a Board of Aldermen consisting of five members.

This report includes all funds that are controlled by or dependent on the City executive and legislative branches (the Mayor and Board of Aldermen). Control by or dependence on the City was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.

##### B. Basis of Presentation

###### Government-Wide Financial Statements (GWFS)

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

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

## CITY OF BUNKIE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

#### Fund Financial Statements

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

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

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

The major funds of the City are described below:

#### Governmental Funds -

##### General Fund

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

##### Special Revenue Fund

##### Sales Tax Fund -

The Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for constructing, paving, resurfacing, improving and maintaining public streets, sidewalks, and bridges.

The Sales Tax Fund is used also to account for the proceeds of a one half percent sales and use tax that is dedicated and used for general operating purposes.

CITY OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The Sales Tax Fund is used also to account for the proceeds of a one half percent sales and use tax that is legally restricted to expenditures for paying salaries and related benefits for the police department, fire department and other city employees.

Proprietary Funds -

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City of Bunkie's enterprise fund is the Utility Fund.

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

On the government-wide statement of net 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.

CITY OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

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

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

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

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City.

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

CITY OF BUNKIE, LOUISIANA

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 and payables between funds within governmental activities are eliminated in the statement of net assets.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance for uncollectibles for customers' utility receivables was \$7,000 and \$7,000 at June 30, 2007 and 2006, respectively. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to July 1, 2001, governmental funds' infrastructure assets were not capitalized.

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:

CITY OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to the general obligation bond accounts and utility meter deposits.

Long-term debt

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

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

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

Compensated Absences

The City does not accumulate unpaid vacation. Sick pay may be accumulated not to exceed 30 days. There is no material amount of compensated absences payable at 06/30/07.



## CITY OF BUNKIE, LOUISIANA

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

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

#### E. Revenues, Expenditures, and Expenses

##### Operating Revenues and Expenses

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

##### Expenditures/Expenses

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

## CITY OF BUNKIE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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

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

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

#### Interfund Transfers

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

#### F. Revenue Restrictions

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.

#### G. Budget and Budgetary Accounting

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 Mayor and City Clerk 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.

## CITY OF BUNKIE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

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.

#### H. Capitalization of Interest Expense

It is the policy of the City of Bunkie to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the Proprietary Fund. At June 30, 2007, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

#### I. Use of Estimates

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

#### (2) Ad Valorem Taxes

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Avoyelles Parish. City property tax revenues are budgeted in the year billed.

For the year ended June 30, 2007, taxes of a total of 19.91 mills, consisting of 5.66 mills for general corporate purposes and 14.25 mills for the payment of general obligation bonds, were levied on property with assessed valuations totaling \$13,707,383.

Total taxes levied were \$272,914. Taxes receivable at June 30, 2007 was \$220, which was current.

CITY OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2007, the City had cash and interest-bearing deposits (book balances) totaling \$1,862,526 as follows:

Demand deposits	\$ 1,612,831
Time deposits	<u>249,695</u>
Total	<u>\$ 1,862,526</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the City or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2007, are secured as follows:

Bank balances	<u>\$2,037,881</u>
Federal deposit insurance	513,801
Pledged securities	<u>1,524,080</u>
Total	<u>\$2,037,881</u>

As of June 30, 2007, the City's total bank balances were fully insured and collateralized with securities held in the name of the City by the pledging financial institution's agent and, therefore, not exposed to custodial credit risk.

CITY OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Receivables

Receivables at June 30, 2007 of \$412,390 consist of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Accounts receivable		
Charges for services	\$ -	\$ 113,142
Taxes:		
Franchise taxes	46,351	-
Sales Taxes	79,194	-
Interest	581	-
Other	<u>10,090</u>	<u>-</u>
Total accounts receivable	136,216	113,142
Due from other governmental agencies		
Grants	66,836	-
Fire Insurance	24,686	-
2% Fire Rebate	61,013	-
Video Poker	7,968	-
Beer Tax	2,848	-
Tabacco Tax	<u>6,681</u>	<u>-</u>
Total due from other governmental agencies	<u>170,032</u>	<u>-</u>

(5) Restricted Assets - Proprietary Fund Type

Restricted assets in the amount of \$252,782 at June 30, 2007 consisted of the following:

	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
Customer Utility Deposits	\$ 68,992	\$ -	\$ 68,992
General Obligation Bond Fund	<u>-</u>	<u>183,790</u>	<u>183,790</u>
	<u>\$ 68,992</u>	<u>\$ 183,790</u>	<u>\$ 252,782</u>

CITY OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(8) Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance 07/01/06	Additions	Deletions	Balance 06/30/07
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 200,000	\$ -	\$ -	\$ 200,000
Construction in progress	21,780	18,556	-	40,336
Other capital assets:				
Buildings and improvement	2,811,660	-	-	2,811,660
Equipment, furniture and fixtures	585,096	101,372	48,583	637,885
Infrastructure	280,940	-	-	280,940
Totals	<u>3,899,476</u>	<u>119,928</u>	<u>48,583</u>	<u>3,970,821</u>
Less accumulated depreciation				
Buildings	627,297	68,263	-	695,560
Equipment, furniture and fixtures	392,690	37,933	45,300	385,323
Infrastructure	6,834	7,024	-	13,858
Total accumulated depreciation	<u>1,026,821</u>	<u>113,220</u>	<u>45,300</u>	<u>1,094,741</u>
Governmental activities, capital assets, net	<u>\$ 2,872,655</u>	<u>\$ 6,708</u>	<u>\$ 3,283</u>	<u>\$ 2,876,080</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land and rights of way	\$ 45,546	\$ -	\$ -	\$ 45,546
Utility construction in process	-	8,315	-	8,315
Other capital assets:				
Waterworks system	2,543,193	313,920	-	2,857,113
Sewer treatment plan	3,494,320	-	-	3,494,320
Sewer Collection system	1,809,136	17,022	-	1,826,158
Utility equipment	80,603	-	424	80,179
Vehicles	66,281	-	-	66,281
Totals	<u>8,039,079</u>	<u>339,257</u>	<u>424</u>	<u>8,377,912</u>
Less accumulated depreciation				
Waterworks system	1,878,644	40,908	-	1,919,552
Sewer treatment plan	1,086,531	89,787	-	1,176,318
Sewer Collection system	406,163	47,660	-	453,823
Utility equipment	71,675	1,984	424	73,235
Vehicles	61,068	3,475	-	64,543
Total accumulated depreciation	<u>3,504,081</u>	<u>183,814</u>	<u>424</u>	<u>3,687,471</u>
Business-type activities, capital assets, net	<u>\$ 4,534,998</u>	<u>\$ 155,443</u>	<u>\$ -</u>	<u>\$ 4,690,441</u>

CITY OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

Finance and administrative	\$ 1,500
Judicial	3,906
Fire protection	18,219
Police protection	16,329
Streets	14,572
Culture and recreation	<u>58,694</u>
Total depreciation expense	<u>\$ 113,220</u>

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

Water	\$ 40,908
Sewer	<u>142,906</u>
Total depreciation expense	<u>\$183,814</u>

(9) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2007:

	Governmental Activities	Business-type Activities	Total
General obligation bonds	\$ -	\$ 1,235,000	\$ 1,235,000
Deferred bond issue costs	-	(14,513)	(14,513)
Capital leases	137,357	-	137,357
Note payable	-	230,667	230,667
Total obligations	<u>\$ 137,357</u>	<u>\$ 1,451,154</u>	<u>\$ 1,588,511</u>
Due within one year	35,012	200,276	235,288
Due in more than one year	<u>102,345</u>	<u>1,250,878</u>	<u>1,353,223</u>
Total obligations	<u>\$ 137,357</u>	<u>\$ 1,451,154</u>	<u>\$ 1,588,511</u>

CITY OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt activity for the year ended June 30, 2007 is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital lease - Government Capital	\$ 115,011	\$ -	21,029	93,982
Capital lease - John Deere	-	37,930	6,890	31,040
Capital lease - GMAC	-	19,244	6,909	12,335
<b>Business-type activities</b>				
General obligation bonds	1,380,000	-	145,000	1,235,000
Deferred bond issue costs	(17,141)	-	(2,628)	(14,513)
Note payable	-	288,335	57,668	230,667
Total long-term debt	<u>\$ 1,477,870</u>	<u>\$ 345,509</u>	<u>234,868</u>	<u>1,588,511</u>

**General Obligation Bonds**

Amounts outstanding at year end consist of General Obligation Refunding Bonds, Series 2004 and a note payable to USCI for water tower maintenance. Portions of the bond issue mature each year with the final installment Due March 1, 2016. Amounts maturing each year range from \$105,000 to \$150,000 with interest rates ranging from 0.1% to 5.0%. The bonds and the note are scheduled to mature as follows:

Year Ended June 30th	<u>General Obligation Bonds</u>		<u>Bond Issue Cost</u>	<u>Note Payable</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Principal</u>
2008	140,000	38,927	(2,609)	57,666
2009	135,000	38,788	(2,539)	57,667
2010	135,000	37,437	(2,369)	57,667
2011	140,000	34,063	(2,114)	57,667
2012	145,000	30,212	(1,802)	-
2013-2017	540,000	61,775	(3,080)	-
Total	<u>1,235,000</u>	<u>241,202</u>	<u>(14,513)</u>	<u>230,667</u>



CITY OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Capital Lease Obligations

Capital lease obligations outstanding at year end consist of 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 seven (7) annual installments of \$26,188 beginning September 1, 2004 and ending September 1, 2010. The City entered into a capital lease with John Deere Credit Company dated July 17, 2006 for a mini excavator with an original cost of \$37,930, bearing interest at a rate of 5.75%, payable in five (5) annual installments of \$8,480 beginning July 17 2006 and ending July 17, 2010. The City entered into another capital lease with General Motors Acceptance Corporation for a Chevy Silverado pickup truck dated July 13, 2006 with an original cost of \$19,244, bearing interest at a rate of 7.90%, payable in three (3) annual installments of \$6,908 beginning July 13, 2006 and ending July 13, 2008. Future minimum lease payments under these capital lease arrangements are presented as follows:

Year Ended June 30th	Fire Truck		Mini Excavator		Chevy Silverado	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 21,973	\$ 4,215	\$ 7,106	\$ 1,375	\$ 5,933	\$ 975
2009	22,958	3,230	7,525	955	6,402	505
2010	23,988	2,200	7,969	511	-	-
2011	25,063	1,124	8,440	40	-	-
Total	<u>93,982</u>	<u>10,769</u>	<u>31,040</u>	<u>2,881</u>	<u>12,335</u>	<u>1,480</u>

(10) Employee Retirement

All employees are members of one of the following retirement systems:

- Federal Social Security System
- Municipal Employees' Retirement System of Louisiana
- Municipal Police Employees' Retirement System of Louisiana

CITY OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Pertinent information relative to each plan follows:

A) Federal Social Security System

All employees of the City of Bunkie are members of the Federal Social Security System. The City and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the City; 7.65% by the employee). Total covered wages for the years ended June 30, 2007 and 2006, totaled \$976,181 and \$960,969, respectively. The City's contribution during the years ended June 30, 2007 and 2006 amounted to \$74,678 and \$73,514, respectively.

B) Municipal Employees' Retirement System of Louisiana System

Eligible employees of the City participate in the Municipal Employees' Retirement System, which is a cost-sharing, multiple-employer defined benefit public employee retirement system. The plan is controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality 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 are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average monthly 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 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.

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 Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

## CITY OF BUNKIE, LOUISIANA

### Notes to Basic Financial Statements (Continued)

Funding policy – Under Plan A, members are required by state to contribute 9.25% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 16%. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the System under Plan A for the years ending June 30, 2007 and 2006 were \$65,812, and \$65,440 respectively, equal to the required contributions for each year.

#### C) Municipal Police Employees' Retirement System of Louisiana (System)

Eligible employees of the City participate in the Municipal Police Employees' Retirement System, which is a cost-sharing, multiple-employer defined benefit public employee retirement system. The plan is controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan description – All full-time police department employees engaged in law enforcement are required 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 1/3% 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 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, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809-7017.

Funding Policy - Plan members are required by state statute to contribute 7.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 15.5% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions to the System for the years ending June 2007 and 2006 were \$32,895, and \$28,186, respectively, equal to the required contributions for each year.

CITY OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Litigation and Claims

At June 30, 2007, the City was not involved in any lawsuits claiming damages.

(12) Compensation of City Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended June 30, 2007 follows:

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

(13) Risk Management

The City is exposed to risks of loss in the areas of 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 risk have historically not exceeded insurance coverage.

CITY OF BUNKIE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Interfund Transactions

A. Transfers

Transfers consisted of the following at June 30, 2007:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 721,210	\$ -
Water System Fund	-	354,113
Sewer System Fund	-	10,107
Community Center Operations	-	20,115
Sales Tax Fund	-	336,875
	<u>                    </u>	<u>                    </u>
Government-Wide Balances	<u>\$ 721,210</u>	<u>\$ 721,210</u>

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

(15) New Accounting Pronouncements

In November 2004, the Governmental Accounting Standards Board (GASB) issued Statement 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." This statement requires the accrual of postemployment benefits for retired employees. The City is required to implement this standard for the fiscal year ending June 30, 2010. The City has not yet determined the full impact that adoption of GASB Statement 45 will have on the financial statements.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

CITY OF BUNKIE, LOUISIANA  
General Fund

Statement of Revenues, Expenditures and changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2007

	2007			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>Revenues:</b>				
Taxes -				
Ad valorem	\$ 80,043	\$ 79,411	\$ 79,646	235
Sales	217,279	329,231	375,071	45,840
Other	10,000	23,966	23,966	-
Licenses and permits	146,667	149,135	153,044	3,909
Intergovernmental	394,334	328,465	329,886	1,421
Utility franchise agreements	234,136	246,252	247,628	1,376
Other	124,952	215,066	245,037	29,971
Total revenues	<u>1,207,411</u>	<u>1,371,526</u>	<u>1,454,278</u>	<u>82,752</u>
<b>Expenditures:</b>				
General government -				
Finance and administrative	435,579	424,053	423,030	1,023
Judicial	78,086	53,482	51,903	1,579
Public safety -				
Fire protection	421,392	303,362	295,622	7,740
Police protection	588,595	551,832	548,377	3,455
Animal control	8,403	8,500	8,243	257
Haas evacuation center	41,830	40,255	31,009	9,246
Public works -				
Streets	334,113	363,843	370,729	(6,886)
Airport	35,018	28,078	21,872	6,206
Drivers license office	13,790	15,500	15,284	216
Culture and recreation	87,937	41,855	32,999	8,856
Health and welfare	49,678	31,900	28,067	3,833
Capital expenditures	-	119,928	119,928	-
Debt service	-	34,827	34,828	(1)
Total expenditures	<u>2,094,421</u>	<u>2,017,415</u>	<u>1,981,891</u>	<u>35,524</u>
Deficiency of revenues over expenditures	<u>(887,010)</u>	<u>(645,889)</u>	<u>(527,613)</u>	<u>118,276</u>
<b>Other financing sources:</b>				
Operation transfers in	742,813	787,086	721,210	(65,876)
Proceeds from capital leases	57,174	57,174	57,174	-
Total other financing sources	<u>799,987</u>	<u>844,260</u>	<u>778,384</u>	<u>(65,876)</u>
Net change in fund balances	(87,023)	198,371	250,771	52,400
Fund balance, beginning	<u>407,323</u>	<u>407,323</u>	<u>407,323</u>	<u>-</u>
Fund balance, ending	<u>\$ 320,300</u>	<u>\$ 605,694</u>	<u>\$ 658,094</u>	<u>\$ 52,400</u>

CITY OF BUNKIE, LOUISIANA  
Sales Tax Fund

Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual  
For the Year Ended June 30, 2007

	2007			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Taxes -				
Sales	\$ 426,488	\$ 496,806	\$ 497,602	\$ 796
Other	11,340	19,496	24,232	4,736
Total revenues	<u>437,828</u>	<u>516,302</u>	<u>521,834</u>	<u>5,532</u>
Expenditures:				
General government -				
Finance and administrative	<u>8,700</u>	<u>48,303</u>	<u>40,333</u>	<u>7,970</u>
Excess of revenues over expenditures	429,128	467,999	481,501	13,502
Other financing uses:				
Operating transfers out	<u>(334,113)</u>	<u>(389,520)</u>	<u>(336,875)</u>	<u>52,645</u>
Net change in fund balances	95,015	78,479	144,626	66,147
Fund balances, beginning	<u>878,555</u>	<u>878,555</u>	<u>878,555</u>	<u>-</u>
Fund balances, ending	<u>\$ 973,570</u>	<u>\$ 957,034</u>	<u>\$ 1,023,181</u>	<u>\$ 66,147</u>



**OTHER SUPPLEMENTARY INFORMATION**

CITY OF BUNKIE, LOUISIANA  
Nonmajor Governmental Fund

Balance Sheet  
June 30, 2007

	<u>Surplus Bonds Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 61,019</u>
FUND BALANCE	
Fund balance:	
Unreserved	<u>\$ 61,019</u>

CITY OF BUNKIE, LOUISIANA  
Nonmajor Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2007

	<u>Surplus Bond Fund</u>	<u>Community Center Operations</u>	<u>Total</u>
Revenues:			
Other	<u>\$ 1,269</u>	<u>\$ -</u>	<u>\$ 1,269</u>
Other financing uses:			
Operating transfer out	<u>-</u>	<u>20,115</u>	<u>20,115</u>
Excess (deficiency) of revenues over other uses	1,269	(20,115)	(18,846)
Fund balance, beginning	<u>59,750</u>	<u>20,115</u>	<u>79,865</u>
Fund balance, ending	<u>\$ 61,019</u>	<u>\$ -</u>	<u>\$ 61,019</u>

CITY OF BUNKIE, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
June 30, 2007

Records maintained by the City indicated the following number of customers were being serviced during the month of June, 2007:

<u>Department</u>	<u>2007</u>
Water:	
Commercial	275
Residential	<u>1,667</u>
Total	<u>1,942</u>
Sewerage:	
Commercial	241
Residential	<u>1,600</u>
Total	<u>1,841</u>

CITY OF BUNKIE, LOUISIANA

Schedule of Insurance In Force  
(Unaudited)  
June 30, 2007

Description of Coverage	Insurance Company	Policy Number	Expiration Date
Employees	LA Municipal Risk Management Agency	70-0191-00005416	1/1/2008
N/A	LA Municipal Risk Management Agency	100-0312-2006	11/30/2007
Various Employees	Cottonport Insurance Agency	S198936	7/1/2007
Commercial Auto - Fire Dept.	Cottonport Insurance Agency	TR2052016-0	3/20/2008
Airport	Cottonport Insurance Agency	AAPN00975745-003	03/12//08
Buildings, Equipment, Etc.	EMC Insurance Companies	1X3-89-84-07	11/30/2007
Portable Equipment	AAIC	VF-CL-0008015-09	3/20/2008

**INTERNAL CONTROL  
AND  
COMPLIANCE**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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Retired:  
Conrad O. Chapman, CPA\* 2006  
Harry J. Ciosllo, CPA 2007

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

WEB SITE:  
[WWW.KCSRCPAS.COM](http://WWW.KCSRCPAS.COM)

\* A Professional Accounting Corporation

The Honorable Gerard C. Moreau, Mayor  
and Members of the Board of Aldermen  
Bunkie, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bunkie, Louisiana (the City) as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 3, 2007. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management of employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the control deficiency described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 07-1 to be a significant deficiency in internal control over financial reporting.

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Member of:  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

#### Compliance and Other Matters

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

This report is intended solely for the information and use of the City's management and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

Bunkie, Louisiana  
October 3, 2007



CITY OF BUNKIE, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended June 30, 2007

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
<u>Compliance</u>						
N/A	N/A	There are no compliance findings.				
<u>Internal Control</u>						
07-1	6/30/2007	The City does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	No	The City has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Mr. Gerard C. Moreau, Mayor	N/A
<u>PRIOR YEAR (6/30/06)</u>						
<u>Compliance</u>						
N/A	N/A	There were no compliance findings.				
<u>Internal Control</u>						
N/A	N/A	There were no reportable conditions in internal control.				