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CITY OF BREAUX BRIDGE, LOUISIANA

Financial Report

Year Ended June 30, 2006

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Release Date 11-29-06

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net assets	5
Statement of activities	6
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	9
Reconciliation of the governmental funds balance sheet to the statement of net assets	10
Statement of revenues, expenditures, and changes in fund balances- governmental funds	11
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	12
Statement of net assets - proprietary fund	13
Statement of revenues, expenses, and changes in fund net assets - proprietary fund	14
Statement of cash flows - proprietary fund	15-16
Statement of fiduciary net assets - bond fee fund	17
Notes to basic financial statements	18-37
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund - budgetary comparison schedule	39
Sales Tax Special Revenue Fund - budgetary comparison schedule	40

TABLE OF CONTENTS

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION	
General Fund:	
Budgetary comparison schedule - revenues	42
Budgetary comparison schedule - expenditures	43-44
Parks and Recreation Special Revenue Fund:	
Budegetary comparison schedule	45
Nonmajor fund information:	
Balance sheet - nonmajor governmental funds	47
Statement of revenues, expenditures and changes in fund balances - nonmajor governmental funds	48
Utility Fund - statement of revenues, expenses and changes in retained earnings - budget (GAAP basis) and actual	49-50
Utility Fund - statement of operating expenses - budget (GAAP basis) and actual	51-52
Utility Fund - schedule of changes in assets restricted for revenue bond debt service	53
 COMPLIANCE, INTERNAL CONTROL AND OTHER INFORMATION	
 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	 55-56
 Schedule of prior and current year audit findings and management's corrective action plan	 57-58

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Breux Bridge, Louisiana, as of and for the year ended June 30, 2006, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Breux Bridge, Louisiana's management. Our responsibility is to express 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net assets, revenues, and expenses of the aggregate discretely presented component units would have been reported as \$303,800; \$100,087; \$203,713; \$261,965; and \$259,436; respectively.

In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate

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discretely presented component units of the City of Breaux Bridge, Louisiana, as of June 30, 2006, or the changes in financial position thereof for the year then ended.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Breaux Bridge, Louisiana, as of June 30, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 13, 2006, on our consideration of the City of Breaux Bridge, 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 assessing the results of our audit.

The required supplementary information on pages 38 through 40 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

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

Breaux Bridge, Louisiana
September 13, 2006

BASIC FINANCIAL STATEMENTS

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

CITY OF BREAUX BRIDGE

Statement of Net Assets
June 30, 2006

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
	Activities	Activities	
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$2,452,163	\$1,934,883	\$ 4,387,046
Receivables, net	270,028	267,972	538,000
Internal balances	21,414	(21,414)	-
Due from other governmental units	27,818	-	27,818
Prepaid items	91,566	75,938	167,504
Total current assets	<u>2,862,989</u>	<u>2,257,379</u>	<u>5,120,368</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	2,275	493,720	495,995
Capital assets, net	<u>2,271,910</u>	<u>7,382,610</u>	<u>9,654,520</u>
Total noncurrent assets	<u>2,274,185</u>	<u>7,876,330</u>	<u>10,150,515</u>
Total assets	<u>5,137,174</u>	<u>10,133,709</u>	<u>15,270,883</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	255,502	156,579	412,081
Note payable	<u>14,281</u>	<u>90,000</u>	<u>104,281</u>
Total current liabilities	<u>269,783</u>	<u>246,579</u>	<u>516,362</u>
Noncurrent liabilities:			
Customers' deposits payable	-	149,235	149,235
Note payable	<u>14,280</u>	<u>1,355,000</u>	<u>1,369,280</u>
Total noncurrent liabilities	<u>14,280</u>	<u>1,504,235</u>	<u>1,518,515</u>
Total liabilities	<u>284,063</u>	<u>1,750,814</u>	<u>2,034,877</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,271,910	6,027,610	8,299,520
Restricted for debt service	2,275	227,391	229,666
Unrestricted	<u>2,578,926</u>	<u>2,127,894</u>	<u>4,706,820</u>
Total net assets	<u>\$4,853,111</u>	<u>\$8,382,895</u>	<u>\$ 13,236,006</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Activities
For the Year Ended June 30, 2006

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 993,273	\$ 390,995	\$ 47,825	\$ -	\$ (554,453)	\$ -	\$ (554,453)
Public safety:							
Police	1,054,891	89,278	18,306	-	(947,307)	-	(947,307)
Streets	316,585	-	-	-	(316,585)	-	(316,585)
Sanitation	529,191	529,189	-	-	(2)	-	(2)
Parks and recreation	294,882	31,866	-	-	(263,016)	-	(263,016)
Interest on long-term debt	2,062	-	-	-	(2,062)	-	(2,062)
Total governmental activities	<u>3,190,884</u>	<u>1,041,328</u>	<u>66,131</u>	<u>-</u>	<u>(2,083,425)</u>	<u>-</u>	<u>(2,083,425)</u>
Business-type activities:							
Gas	857,744	896,952	-	-	-	39,208	39,208
Water	981,552	1,025,044	-	24,433	-	67,925	67,925
Sewer	317,191	496,817	-	-	-	179,626	179,626
Interest on long-term debt	67,388	-	-	-	-	(67,388)	(67,388)
Total business-type activities	<u>2,223,875</u>	<u>2,418,813</u>	<u>-</u>	<u>24,433</u>	<u>-</u>	<u>219,371</u>	<u>219,371</u>
Total	<u>\$5,414,759</u>	<u>\$ 3,460,141</u>	<u>\$66,131</u>	<u>\$ 24,433</u>	<u>(2,083,425)</u>	<u>219,371</u>	<u>(1,864,054)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					156,702	-	156,702
Sales and use taxes, levied for general purposes					1,481,432	-	1,481,432
Franchise taxes					425,472	-	425,472
Grants and contributions not restricted to specific programs -							
State sources					449,963	-	449,963
Interest and investment earnings					69,204	74,884	144,088
Miscellaneous					86,671	89,791	176,462
Transfers					3,900	(3,900)	-
Total general revenues and transfers					<u>2,673,344</u>	<u>160,775</u>	<u>2,834,119</u>
Change in net assets					589,919	380,146	970,065
Net assets - July 1, 2005					4,263,192	8,002,749	12,265,941
Net assets - June 30, 2006					<u>\$4,853,111</u>	<u>\$8,382,895</u>	<u>\$13,236,006</u>

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

MAJOR FUNDS

General Fund

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

Special Revenue Fund

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

Sales Tax Fund -

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

Enterprise Fund

Utility Fund -

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

NONMAJOR FUNDS

The Capital Projects, the Debt Service Fund, and one Special Revenue Fund have been combined and are presented as the nonmajor funds. Information about each of these funds can be found on page 46.

Fiduciary Fund

Bond Fee Fund -

To account for the collection of bond fees and payment of these collections to various governmental agencies in accordance with applicable laws.

CITY OF BREAUX BRIDGE

Balance Sheet
 Governmental Funds
 June 30, 2006

	<u>General</u>	<u>Sales Tax Special Revenue</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and interest-bearing deposits	\$ 525,524	\$ 1,888,720	\$ 40,194	\$ 2,454,438
Receivables:				
Taxes and licenses	9,720	144,808	-	154,528
Due from other governmental units	27,818	-	-	27,818
Due from other funds	21,414	-	-	21,414
Special assessments	-	-	11,499	11,499
Other	104,001	-	-	104,001
Prepaid items	80,042	-	11,524	91,566
Total assets	<u>\$ 768,519</u>	<u>\$ 2,033,528</u>	<u>\$ 63,217</u>	<u>\$ 2,865,264</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenditures	\$ 218,889	\$ 623	\$ 24,116	\$ 243,628
Deferred property assessments	-	-	11,499	11,499
Total liabilities	<u>218,889</u>	<u>623</u>	<u>35,615</u>	<u>255,127</u>
Fund balances -				
Reserved for:				
Prepaid items	80,042	-	11,524	91,566
Debt service	-	-	2,275	2,275
Unreserved, undesignated, reported in:				
General fund	469,588	-	-	469,588
Special revenue funds	-	2,032,905	13,763	2,046,668
Capital projects fund	-	-	40	40
Debt service fund	-	-	-	-
Total fund balances	<u>549,630</u>	<u>2,032,905</u>	<u>27,602</u>	<u>2,610,137</u>
Total liabilities and fund balances	<u>\$ 768,519</u>	<u>\$ 2,033,528</u>	<u>\$ 63,217</u>	<u>\$ 2,865,264</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2006

Total fund balances for governmental funds at June 30, 2006			\$2,610,137
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	\$ 413,975		
Buildings and improvements, net of \$578,612 accumulated depreciation	906,235		
Equipment and vehicles, net of \$977,203 accumulated depreciation	<u>951,700</u>	2,271,910	
General long-term debt of governmental activities is not payable from current resources and, therefore, not reported in the funds. This debt is:			
Bonds payable and underlying accrued interest		<u>(28,936)</u>	
			<u>2,242,974</u>
Total net assets of governmental activities at June 30, 2006			<u>\$4,853,111</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Governmental Funds
For the Year Ended June 30, 2006

	General	Sales Tax Special Revenue	Nonmajor Funds	Total
Revenues:				
Taxes	\$ 582,174	\$ 1,481,432	\$ -	\$ 2,063,606
Licenses and permits	390,995	-	-	390,995
Federal grant	66,131	-	-	66,131
Intergovernmental	449,963	-	-	449,963
Charges for services	529,189	-	-	529,189
Fines and forfeits	89,278	-	-	89,278
Interest	-	58,700	-	58,700
Special assessment	-	-	5,968	5,968
Miscellaneous	84,495	-	38,578	123,073
Total revenues	<u>2,192,225</u>	<u>1,540,132</u>	<u>44,546</u>	<u>3,776,903</u>
Expenditures:				
Current -				
General government	910,896	29,414	-	940,310
Streets and bridges	287,613	-	-	287,613
Sanitation	529,191	-	-	529,191
Public safety -police	1,005,670	-	-	1,005,670
Culture and recreation	-	-	247,184	247,184
Debt service	-	-	16,530	16,530
Capital outlay	33,228	-	1,040	34,268
Total expenditures	<u>2,766,598</u>	<u>29,414</u>	<u>264,754</u>	<u>3,060,766</u>
Excess (deficiency) of revenues over expenditures	<u>(574,373)</u>	<u>1,510,718</u>	<u>(220,208)</u>	<u>716,137</u>
Other financing sources (uses):				
Operating transfers in	700,000	-	188,900	888,900
Operating transfers out	-	(885,000)	-	(885,000)
Total other financing sources (uses)	<u>700,000</u>	<u>(885,000)</u>	<u>188,900</u>	<u>3,900</u>
Net changes in fund balances	125,627	625,718	(31,308)	720,037
Fund balances, beginning	<u>424,003</u>	<u>1,407,187</u>	<u>58,910</u>	<u>1,890,100</u>
Fund balances, ending	<u>\$ 549,630</u>	<u>\$ 2,032,905</u>	<u>\$ 27,602</u>	<u>\$ 2,610,137</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2006

Total net changes in fund balances at June 30, 2006 per
Statement of Revenues, Expenditures and Changes in Fund Balances \$720,037

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 \$ 34,268
Depreciation expense for the year ended June 30, 2006 (185,519) (151,251)

Governmental funds record long-term debt in the General Long-
Term Debt Account Group as opposed to recording debt activity in the
fund financial statements. However, in the statement of activities, the
debt and related expenses are reported. 14,281

Governmental funds are reported on the modified accrual basis of
accounting as opposed to the accrual basis of accounting. Therefore,
there are additional accruals in the statement of activities. 187

Because governmental funds do not record fixed assets and accumulated
depreciation, any assets disposed of with no selling price do not affect
the statement of revenues, expenditures, and changes in fund balances.
However, in the statement of activities, a gain or loss is shown on assets
that are not fully depreciated. 6,665

Total changes in net assets at June 30, 2006 per Statement of Activities \$589,919

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Net Assets
 Proprietary Fund
 June 30, 2006

ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 1,934,883
Receivables:	
Accounts	267,972
Prepaid items	<u>75,938</u>
Total current assets	<u>2,278,793</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	493,720
Capital assets, net of accumulated depreciation	<u>7,382,610</u>
Total noncurrent assets	<u>7,876,330</u>
Total assets	<u>\$ 10,155,123</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 129,485
Due to other funds	21,414
Revenue bonds payable	90,000
Accrued interest payable	27,094
Customers' deposits	<u>149,235</u>
Total current liabilities	417,228
Noncurrent liabilities:	
Revenue bonds payable	<u>1,355,000</u>
Total liabilities	<u>1,772,228</u>
NET ASSETS	
Invested in capital assets, net of related debt	6,027,610
Restricted for debt service	227,391
Unrestricted	<u>2,127,894</u>
Total net assets	<u>\$ 8,382,895</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Revenues, Expenses, and Changes in Fund Net Assets -
 Proprietary Fund
 For the Year Ended June 30, 2006

Operating revenues:	
Charges for services	\$ 2,418,813
Miscellaneous	<u>86,693</u>
Total operating revenues	<u>2,505,506</u>
Operating expenses:	
Gas purchased	645,351
Repairs and maintenance	122,234
Salaries	357,955
Depreciation	385,340
Other operating expenses	<u>645,607</u>
Total operating expenses	<u>2,156,487</u>
Operating income	<u>349,019</u>
Nonoperating revenues (expenses):	
Other revenue	2,796
Grant funds	24,433
Interest on investments	74,884
Interest on bonds	(67,388)
Gain on disposal of capital assets	<u>302</u>
Total nonoperating revenues	<u>35,027</u>
Income before transfers	384,046
Operating transfers out	<u>(3,900)</u>
Change in net assets	380,146
Net assets, beginning	<u>8,002,749</u>
Net assets, ending	<u>\$ 8,382,895</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2006

Cash flows from operating activities:	
Receipts from customers	\$ 2,466,978
Payments to suppliers	(1,420,588)
Payments to employees	<u>(357,955)</u>
Net cash provided by operating activities	<u>688,435</u>
Cash flows from noncapital financing activities:	
Cash received from others	2,796
Proceeds from grant	24,433
Operating transfers out to other funds	<u>(1,381)</u>
Net cash provided by noncapital financing activities	<u>25,848</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds	(90,000)
Interest paid on revenue bonds	(69,075)
Acquisition of capital assets	<u>(80,450)</u>
Net cash used by capital and related financing activities	<u>(239,525)</u>
Cash flows from investing activities:	
Interest on investments and interest-bearing deposits	<u>74,884</u>
Net increase in cash and cash equivalents	549,642
Cash and cash equivalents, beginning of period	<u>1,878,961</u>
Cash and cash equivalents, end of period	<u>\$ 2,428,603</u>

(continued)

CITY OF BREAUX BRIDGE

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2006

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 349,019
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	385,340
Changes in current assets and liabilities:	
Increase in accounts receivable	(18,950)
Increase in prepaid items	(12,389)
Increase in accounts payable and accrued liabilities	46,113
Decrease in contracts payable	(4,840)
Decrease in retainage payable	(55,858)
Total adjustments	<u>339,416</u>
Net cash provided by operating activities	<u>\$ 688,435</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 1,431,625
Cash - restricted	447,336
Total cash and cash equivalents	<u>1,878,961</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	1,934,883
Cash - restricted	493,720
Total cash and cash equivalents	<u>2,428,603</u>
Net increase	<u>\$ 549,642</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Fiduciary Net Assets
Bond Fee Fund
June 30, 2006

ASSETS

Cash	\$ 22,017
Total assets	<u>\$ 22,017</u>

LIABILITIES

Due to others	<u>\$ 22,017</u>
Total liabilities	<u>\$ 22,017</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

The accompanying financial statements of the City of Breaux Bridge (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Although the City has the option to apply FASB pronouncements issued after that date, the City has chosen not to. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

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, and the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

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

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

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

The Breaux Bridge Housing Authority was chartered by the City of Breaux Bridge in 1958. The Authority's five-member board of directors is appointed by the Mayor and Board of Aldermen of the City of Breaux Bridge. The City's oversight responsibilities in the management, operation and financial accountability of the Authority are remote. For this reason, the Authority is not considered to be a component unit of the City and accordingly, is not included in the City's audited financial statements. The Authority's in-lieu-of-tax payment to the City was waived for 2006.

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Fund Financial Statements

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

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

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

Several funds of the City are considered to be major funds and are described below:

Governmental Funds -

General Fund -

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

Special Revenue Fund -

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

Sales Tax Fund -

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Proprietary Fund -

Enterprise Fund -

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

The City's nonmajor funds are described below:

Recreation and Parks Operating Fund (Special Revenue Fund) -

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

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).

Debt Service Funds -

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

There is one debt service fund at June 30, 2006, which handles payments on the 1998 Certificate of Indebtedness. It is used to account for repayment of \$142,809 certificate of indebtedness, Series 1998, which is due in annual installments, plus interest, until maturity in 2008.

Fiduciary Fund Type -

Bond Fee Fund (Agency Fund) -

The bond fee fund is used to account for the collection of bond fees and payment of these collections to various governmental agencies in accordance with applicable laws.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

collectible within the current period or within 60 days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Equity

Cash, interest-bearing deposits, and investments

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer's utility service receivables as their major receivables. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading/billing and the end of the month are estimated and recorded at June 30, 2006.

Capital Assets

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

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net 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	15-40 years
Equipment and vehicles	2-30 years
Utility system and improvements	10-50 years
Infrastructure	40 years

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

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

Restricted Assets

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

Long-term debt

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

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

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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Unpaid Accumulated Vacation, Sick Pay, and Compensated Time

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

Equity Classifications

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

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

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

E. Budget and Budgetary Accounting

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

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Mayor.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

F. Capitalization of Interest Expense

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

G. 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) Cash and Interest-Bearing Deposits

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2006, the City has cash and interest-bearing deposits (book balances) totaling \$4,883,041.

CITY OF BREAUX BRIDGE, LOUISIANA

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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2006 are secured as follows:

Bank balances	<u>\$ 4,950,104</u>
---------------	---------------------

At June 30, 2006 the deposits are secured as follows:

Federal deposit insurance	\$ 200,000
Pledged securities (Category 3)	<u>4,750,104</u>
 Total federal insurance and pledged securities	 <u>\$ 4,950,104</u>

Pledged securities in Category 3 include 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. The City has not formally adopted a deposit and investment policy that limits their allowable deposits or investments.

(3) Receivables

Receivables at June 30, 2006 of \$538,000 consist of the following:

	General	Sales Tax	Nonmajor Funds	Utility	Total
Accounts	\$ -	\$ -	\$ -	\$ 373,728	\$ 373,728
Allowance	-	-	-	(105,756)	(105,756)
Taxes:					
Sales tax	-	144,808	-	-	144,808
Property tax	9,720	-	-	-	9,720
Franchise tax	93,636	-	-	-	93,636
Special assessments	-	-	11,499	-	11,499
Fines, licenses, etc.	10,365	-	-	-	10,365
Totals	<u>\$ 113,721</u>	<u>\$ 144,808</u>	<u>\$ 11,499</u>	<u>\$ 267,972</u>	<u>\$ 538,000</u>

CITY OF BREAUX BRIDGE, LOUISIANA
Notes to Basic Financial Statements (Continued)

(4) Due from Other Governmental Units

Amounts due from other governmental units at June 30, 2006 consisted of the following:

General Fund:

Amount due from the State of Louisiana for video poker receipts for the month of June 30, 2006.	\$ 13,309
Amount due from Department of Motor Vehicles for fees for June 2006.	4,878
Amount due from the Louisiana Department of Transportation for highway maintenance for January to June 2006.	4,457
Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending June 30, 2006.	<u>5,174</u>
	<u>\$ 27,818</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2006 was as follows:

	Balance 07/01/05	Additions	Deletions	Balance 06/30/06
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 413,975	\$ -	\$ -	\$ 413,975
Capital assets being depreciated:				
Buildings and improvements	1,484,847	-	-	1,484,847
Equipment and vehicles	1,914,606	34,268	(19,971)	1,928,903
Totals	<u>3,813,428</u>	<u>34,268</u>	<u>(19,971)</u>	<u>3,827,725</u>
Less accumulated depreciation				
Buildings and improvements	536,438	42,174	-	578,612
Equipment and vehicles	860,494	143,345	(26,636)	977,203
Total accumulated depreciation	<u>1,396,932</u>	<u>185,519</u>	<u>(26,636)</u>	<u>1,555,815</u>
Governmental activities, capital assets, net	<u>\$ 2,416,496</u>	<u>\$ (151,251)</u>	<u>\$ 6,665</u>	<u>\$ 2,271,910</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 150,200	\$ -	\$ -	\$ 150,200
Capital assets being depreciated:				
Plant and equipment - gas	1,934,359	-	-	1,934,359
Plant and equipment - water system	4,742,056	31,936	-	4,773,992
Plant and equipment - sewer system	7,940,479	17,242	-	7,957,721
Autos and office equipment	380,588	31,574	(18,384)	393,778
Totals	<u>15,147,682</u>	<u>80,752</u>	<u>(18,384)</u>	<u>15,210,050</u>
Less accumulated depreciation				
Plant and equipment - gas	1,004,979	55,106	-	1,060,085
Plant and equipment - water system	3,317,766	90,012	-	3,407,778
Plant and equipment - sewer system	2,827,014	211,604	-	3,038,618
Autos and office equipment	310,725	28,618	(18,384)	320,959
Total accumulated depreciation	<u>7,460,484</u>	<u>385,340</u>	<u>(18,384)</u>	<u>7,827,440</u>
Business-type activities, capital assets, net	<u>\$ 7,687,198</u>	<u>\$ (304,588)</u>	<u>\$ -</u>	<u>\$ 7,382,610</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 52,450
Police	47,452
Streets	37,919
Park and recreation	<u>47,698</u>
Total depreciation expense	<u>\$ 185,519</u>

(6) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2006:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 139,453	\$ 112,896	\$ 252,349
Sales tax	-	2,077	2,077
Accrued payroll	13,440	8,018	21,458
Payroll withholdings	15,735	6,494	22,229
Contingent liabilities	75,000	-	75,000
Accrued interest payable	375	27,094	27,469
Deferred revenues	11,499	-	11,499
Totals	<u>\$ 255,502</u>	<u>\$ 156,579</u>	<u>\$ 412,081</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(7) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the City of Breaux Bridge, Louisiana for the year ended June 30, 2006. The special assessment debt relates to governmental activities and is therefore paid by the debt service fund. The revenue bonds relate to business-type activities, and the payments are made from the enterprise fund. In the past, payments on long-term debt that pertained to the City's governmental activities were made by the debt service fund, and those that pertained to the business-type activities were made by the enterprise fund.

	Special Assessment	Revenue	Total
Long-term debt at July 1, 2005	\$ 42,842	\$ 1,535,000	\$ 1,577,842
Debt assumed	-	-	-
Debt retired	<u>(14,281)</u>	<u>(90,000)</u>	<u>(104,281)</u>
Long-term debt at June 30, 2006	<u>\$ 28,561</u>	<u>\$ 1,445,000</u>	<u>\$ 1,473,561</u>

Long-term debt at June 30, 2006 is comprised of the following:

Revenue bonds

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

\$ 1,445,000

Special assessment bonds debt with governmental commitment

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

\$ 28,561

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The annual requirements to amortize all debt outstanding at June 30, 2006 are as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 104,281	\$ 66,524	\$ 170,805
2008	109,280	61,725	171,005
2009	100,000	56,700	156,700
2010	105,000	52,200	157,200
2011	110,000	47,475	157,475
2012-2016	640,000	157,950	797,950
2017-2018	305,000	20,700	325,700
Totals	<u>\$ 1,473,561</u>	<u>\$ 463,274</u>	<u>\$ 1,936,835</u>

(8) Dedication of Sales Tax Revenues

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

(9) Enterprise Fund Operations

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

Operating results of the individual utilities were as follows:

	Year Ended June 30,	Charges for Services	Miscellaneous Operating Revenues	Other Operating Expenses	Operating Income
Gas utility	2006	\$ 896,952	\$ 27,470	\$ (857,744)	\$ 66,678
Water utility	2006	\$ 1,025,044	\$ 41,242	\$ (981,552)	\$ 84,734
Sewerage system	2006	\$ 496,817	\$ 17,981	\$ (317,191)	\$ 197,607

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

At June 30, 2006, the City of Breaux Bridge was furnishing utility service to the following number of customers:

Gas customers	1,327
Water customers	2,741
Sewer customers	2,827

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

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

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

Revenues shall be applied to the payment of all reasonable and necessary expenses of operating and maintaining the Sewer System. A Sewer Revenue Bond and Interest Sinking Fund must be established and maintained by transferring from the Sewer Revenue Fund each month a sum whereby an amount sufficient to pay the succeeding principal and interest installment will accumulate by the time payment is due. The balance in this account at June 30, 2006 was \$68,205.

Upon completion of construction of improvements and extensions to the Sewer System funded by this bond issue, a Sewer Reserve Fund must be established and maintained with monthly transfers from the Sewer Revenue Fund, until such a time as there is accumulated a sum equal to the highest combined principal and interest requirement for any succeeding fiscal year. The money in the Sewer Reserve Fund is to be retained solely for the purpose of paying the principal of and the interest on bonds payable from the Sewer Revenue Bond and Interest Sinking Fund, should that fund be unable to meet such payments. The balance in this account at June 30, 2006, was \$276,253.

During the year ended June 30, 2006, the City complied with the provisions of the bond indenture as outlined above.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(11) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2006:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 21,414	\$ -
Enterprise Fund:		
Utility Fund	-	21,414
Total	<u>\$ 21,414</u>	<u>\$ 21,414</u>

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

B. Interfund transfers

Interfund transfers consisted of the following at June 30, 2006:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 700,000	\$ -
Sales Tax Special Revenue Fund	-	885,000
Enterprise Fund:		
Utility Fund	-	3,900
Non-major Funds	188,900	-
Total	<u>\$ 888,900</u>	<u>\$ 888,900</u>

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Ad Valorem Taxes

For the year ended June 30, 2006, taxes of 4.75 mills were levied on property with assessed valuations totaling \$32,975,103 and were dedicated as follows:

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

Total taxes levied were \$156,636 of which \$9,720 had not been collected at June 30, 2006. The taxes are levied and assessed on or about October and November, respectively, of each year.

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

(13) Retirement Systems

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

Funding Policy: Plan members are required by state statute to contribute 7.5% of their annual covered salary and the City of Breaux Bridge is required to contribute at an actuarially determined rate. The current rate is 16.25% of annual covered payroll. The contribution requirements of plan members and the City of Breaux Bridge are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City of Breaux Bridge's contributions to the System for the years ended June 30, 2006, 2005 and 2004 were \$40,523, \$30,787, and \$25,156, respectively, equal to the required contributions for each year.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(14) Restricted Assets - Utility Fund

Restricted assets were composed of checking and savings accounts at June 30, 2006 and were restricted as follows:

Bond reserve, sinking, and contingency funds	\$ 344,458
Customers' deposits	<u>149,262</u>
	<u>\$ 493,720</u>

(15) Compensation of City Officials

A detail of compensation paid to City officials for the year ended June 30, 2006 follows:

Jack Dale Delhomme, Mayor	<u>\$ 48,808</u>
Aldermen:	
Howard Alexander	\$ 6,744
Ricky Calais	6,744
Kenneth LeBlanc	6,744
Albert Menard	6,744
Terry Thibodeaux	<u>6,744</u>
Total	<u>\$ 33,720</u>
Randy Angelle, Judge	<u>\$ 6,600</u>
Jerry Frederick, City Marshal	<u>\$ 15,133</u>

(16) Risk Management

The City is exposed to risks of loss in the areas of general and auto liability, property hazards, health care, and workers' compensation. Those risks are handled by purchasing commercial insurance. There have been no significant reductions in insurance coverage during the current fiscal year nor have settlements exceeded coverage during the current year or preceding two years.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(17) Deferred Compensation Plan

Certain employees of the City participate in the Louisiana Public Employees Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

(18) On-behalf Payments

The City has recognized \$62,870 as a revenue and an expenditure for on-behalf salary payments made by the state of Louisiana.

(19) Contingencies

The City has determined that \$75,000 is a reasonable estimate of potential liability related to claims filed. Accordingly, \$75,000 has been accrued at June 30, 2006 and is reflected in accounts payable and accrued expenditures.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF BREAUX BRIDGE

General Fund

Budgetary Comparison Schedule

For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 426,000	\$ 552,700	\$ 582,174	\$ 29,474
Licenses and permits	297,200	302,200	390,995	88,795
Federal grants	-	47,825	66,131	18,306
Intergovernmental	422,600	304,900	449,963	145,063
Charges for services	477,000	526,000	529,189	3,189
Fines - City Court	80,000	85,500	89,278	3,778
Miscellaneous	55,250	58,000	84,495	26,495
Total revenues	<u>1,758,050</u>	<u>1,877,125</u>	<u>2,192,225</u>	<u>315,100</u>
Expenditures:				
General government	914,083	923,082	910,896	12,186
Streets and bridges	378,000	305,850	287,613	18,237
Sanitation	477,000	526,000	529,191	(3,191)
Public safety - Police	963,150	1,049,493	1,005,670	43,823
Capital outlay	40,000	37,200	33,228	3,972
Total expenditures	<u>2,772,233</u>	<u>2,841,625</u>	<u>2,766,598</u>	<u>75,027</u>
Deficiency of revenues over expenditures	<u>(1,014,183)</u>	<u>(964,500)</u>	<u>(574,373)</u>	<u>390,127</u>
Other financing sources:				
Transfer from Sales Tax Fund	700,000	700,000	700,000	-
Transfer from Utility Fund	400,000	300,000	-	(300,000)
Total other financing sources	<u>1,100,000</u>	<u>1,000,000</u>	<u>700,000</u>	<u>(300,000)</u>
Net change in fund balances	85,817	35,500	125,627	90,127
Fund balance, beginning	<u>157,058</u>	<u>424,003</u>	<u>424,003</u>	<u>-</u>
Fund balance, ending	<u>\$ 242,875</u>	<u>\$ 459,503</u>	<u>\$ 549,630</u>	<u>\$ 90,127</u>

CITY OF BREAUX BRIDGE
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 1,042,200	\$ 1,282,000	\$1,481,432	\$ 199,432
Miscellaneous - interest and other	10,000	52,000	58,700	6,700
Total revenues	<u>1,052,200</u>	<u>1,334,000</u>	<u>1,540,132</u>	<u>206,132</u>
Expenditures:				
General government				
Collection fees	17,500	20,000	22,012	(2,012)
Salaries	3,400	3,825	3,871	(46)
Payroll taxes	270	310	303	7
Pension	60	65	46	19
Computer expense	200	200	167	33
Miscellaneous	775	700	162	538
Legal and professional fees	3,150	3,000	2,853	147
Total expenditures	<u>25,355</u>	<u>28,100</u>	<u>29,414</u>	<u>(1,314)</u>
Excess of revenues over expenditures	<u>1,026,845</u>	<u>1,305,900</u>	<u>1,510,718</u>	<u>204,818</u>
Other financing uses:				
Transfer out to General Fund	(700,000)	(700,000)	(700,000)	-
Transfer out to Recreation & Parks Operating Fund	<u>(175,000)</u>	<u>(185,000)</u>	<u>(185,000)</u>	<u>-</u>
Total other financing uses	<u>(875,000)</u>	<u>(885,000)</u>	<u>(885,000)</u>	<u>-</u>
Net change in fund balances	151,845	420,900	625,718	204,818
Fund balance, beginning	<u>1,272,231</u>	<u>1,407,187</u>	<u>1,407,187</u>	<u>-</u>
Fund balance, ending	<u>\$ 1,424,076</u>	<u>\$ 1,828,087</u>	<u>\$2,032,905</u>	<u>\$ 204,818</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF BREAUX BRIDGE
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Taxes:			
General alimony	\$ 145,000	\$ 156,702	\$ 11,702
Franchise taxes	<u>407,700</u>	<u>425,472</u>	<u>17,772</u>
Total taxes	<u>552,700</u>	<u>582,174</u>	<u>29,474</u>
 Licenses and permits	 <u>302,200</u>	 <u>390,995</u>	 <u>88,795</u>
 Federal grants	 -	 18,306	 18,306
FEMA reimbursements	<u>47,825</u>	<u>47,825</u>	<u>-</u>
Total federal	<u>47,825</u>	<u>66,131</u>	<u>18,306</u>
 Intergovernmental:			
State revenue sharing	12,000	12,049	49
Beer tax	22,000	21,483	(517)
Video poker	155,000	295,027	140,027
Motor vehicle tax	57,800	58,534	734
On behalf payments	<u>58,100</u>	<u>62,870</u>	<u>4,770</u>
Total intergovernmental	<u>304,900</u>	<u>449,963</u>	<u>145,063</u>
 Charges for servies - garbage	 <u>526,000</u>	 <u>529,189</u>	 <u>3,189</u>
 Fines - City Court	 <u>85,500</u>	 <u>89,278</u>	 <u>3,778</u>
 Miscellaneous:			
Interest	7,000	8,923	1,923
Crawfish festival	-	15,000	15,000
Other	<u>51,000</u>	<u>60,572</u>	<u>9,572</u>
Total miscellaneous	<u>58,000</u>	<u>84,495</u>	<u>26,495</u>
 Total revenues	 <u>\$1,877,125</u>	 <u>\$2,192,225</u>	 <u>\$ 315,100</u>

CITY OF BREAUX BRIDGE
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Current:			
General government -			
Salaries and wages	\$273,861	\$261,503	\$ 12,358
Payroll taxes	27,400	28,295	(895)
Retirement	4,750	3,666	1,084
City Court	123,850	139,356	(15,506)
Legal and professional	80,000	80,539	(539)
National Guard unit	1,200	1,200	-
St. Martin Parish veteran's officer	1,050	1,131	(81)
Telephone	13,100	13,011	89
Publishing minutes and advertising	2,350	3,609	(1,259)
Office supplies and expense	15,750	15,118	632
Electricity	16,800	17,782	(982)
Louisiana Municipal Association dues	1,215	1,215	-
Other dues	750	400	350
Preparation of tax roll	3,706	3,706	-
General insurance	43,000	33,032	9,968
Group insurance	182,000	182,437	(437)
Schools and conventions	5,500	5,248	252
Building maintenance	19,000	17,540	1,460
Crawfish festival expense	3,000	4,315	(1,315)
Miscellaneous	40,200	39,533	667
Economic development	57,500	52,242	5,258
Planning and zoning	7,100	6,018	1,082
Total general government	<u>923,082</u>	<u>910,896</u>	<u>12,186</u>
Streets and bridges -			
Salaries and wages	50,250	48,404	1,846
Payroll taxes	4,000	3,922	78
Retirement	500	131	369
Shells, gravel and other material	28,000	25,230	2,770
Supplies	8,100	9,924	(1,824)
Motor equipment repairs and maintenance	31,000	27,408	3,592
Fuel	14,500	14,114	386
Electricity (street lights)	95,000	95,141	(141)
General insurance	24,000	24,610	(610)
Grass spraying and cutting	2,000	500	1,500
Engineering	7,500	5,411	2,089
Catch basin and sidewalks	1,000	1,191	(191)
Rabies control shelter	15,000	14,821	179
Miscellaneous	<u>25,000</u>	<u>16,806</u>	<u>8,194</u>
Total streets and bridges	<u>305,850</u>	<u>287,613</u>	<u>18,237</u>

(continued)

CITY OF BREAUX BRIDGE
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Sanitation:			
Garbage contract	\$ 526,000	\$ 529,191	\$ (3,191)
Total sanitation	<u>526,000</u>	<u>529,191</u>	<u>(3,191)</u>
Public safety - police:			
Salaries and wages	569,843	559,276	10,567
Retirement	43,500	41,545	1,955
Payroll taxes	44,750	49,248	(4,498)
Automobile repairs and expense	46,300	43,154	3,146
Office supplies and expense	27,500	25,896	1,604
Jail supplies and expense	11,000	10,518	482
Electricity	14,250	14,355	(105)
Telephone	18,250	17,990	260
On behalf payments	58,100	62,870	(4,770)
General insurance	85,000	86,303	(1,303)
Gasoline	40,000	41,986	(1,986)
Uninsured liability claims	35,000	9,471	25,529
Crime lab	8,000	15,683	(7,683)
Miscellaneous	48,000	27,375	20,625
Total public safety - police	<u>1,049,493</u>	<u>1,005,670</u>	<u>43,823</u>
Capital outlay -			
Autos and equipment	<u>37,200</u>	<u>33,228</u>	<u>3,972</u>
Total capital outlay	<u>37,200</u>	<u>33,228</u>	<u>3,972</u>
 Total expenditures	 <u>\$ 2,841,625</u>	 <u>\$2,766,598</u>	 <u>\$ 75,027</u>

CITY OF BREAUX BRIDGE
Parks & Recreation Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2006

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Miscellaneous -			
Donations	\$ 5,000	\$ 2,450	\$ (2,550)
Tournaments	16,000	31,866	15,866
Other	2,150	2,935	785
Total revenues	23,150	37,251	14,101
Expenditures:			
Current:			
Culture and recreation -			
Salaries and wages	54,500	59,323	(4,823)
Payroll taxes	4,070	5,522	(1,452)
Pension	800	580	220
Repairs and supplies	53,600	44,850	8,750
Electricity	16,500	16,286	214
Insurance	39,600	50,571	(10,971)
Group insurance	5,450	5,449	1
Legal and professional	9,000	9,068	(68)
Tournament fund expense	31,575	38,913	(7,338)
Miscellaneous	8,725	16,622	(7,897)
Capital outlay	-	1,040	(1,040)
Total expenditures	223,820	248,224	(24,404)
Deficiency of revenues over expenditures	(200,670)	(210,973)	(10,303)
Other financing sources:			
Operating transfers in	185,000	185,000	-
Total other financing sources	185,000	185,000	-
Net change in fund balances	(15,670)	(25,973)	(10,303)
Fund balance, beginning	51,260	51,260	-
Fund balance, ending	\$ 35,590	\$ 25,287	\$ (10,303)

**NON MAJOR
FUND DESCRIPTIONS**

SPECIAL REVENUE FUND

Recreation and Parks Operating Fund -

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

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).

DEBT SERVICE FUND

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

CITY OF BREAUX BRIDGE

Balance Sheet -
Nonmajor Governmental Funds
June 30, 2006

	Recreation and Parks Special Revenue	Capital Projects Fund	Debt Service Fund	Total
ASSETS				
Cash	\$ 37,879	\$ 40	\$ 2,275	\$ 40,194
Receivables				
Special assessments	-	-	11,499	11,499
Prepaid items	<u>11,524</u>	<u>-</u>	<u>-</u>	<u>11,524</u>
 Total assets	 <u>\$ 49,403</u>	 <u>\$ 40</u>	 <u>\$ 13,774</u>	 <u>\$ 63,217</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenditures	\$ 24,116	\$ -	\$ -	\$ 24,116
Deferred property assessments	<u>-</u>	<u>-</u>	<u>11,499</u>	<u>11,499</u>
Total liabilities	<u>24,116</u>	<u>-</u>	<u>11,499</u>	<u>35,615</u>
Fund balances:				
Reserved for prepaid items	11,524	-	-	11,524
Reserved for debt service	-	-	2,275	2,275
Unreserved, undesignated	<u>13,763</u>	<u>40</u>	<u>-</u>	<u>13,803</u>
Total fund balances	<u>25,287</u>	<u>40</u>	<u>2,275</u>	<u>27,602</u>
 Total liabilities and fund balances	 <u>\$ 49,403</u>	 <u>\$ 40</u>	 <u>\$ 13,774</u>	 <u>\$ 63,217</u>

CITY OF BREAUX BRIDGE

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Recreation and Parks Special Revenue	Capital Projects Fund	Debt Service Fund	Total
Revenues:				
Tournaments	\$ 31,866	\$ -	\$ -	\$ 31,866
Miscellaneous	5,385	-	1,327	6,712
Special assessment revenues	<u>-</u>	<u>-</u>	<u>5,968</u>	<u>5,968</u>
 Total revenues	 <u>37,251</u>	 <u>-</u>	 <u>7,295</u>	 <u>44,546</u>
Expenditures:				
Current -				
Culture and recreation	247,184	-	-	247,184
Debt service	-	-	16,530	16,530
Capital outlay	<u>1,040</u>	<u>-</u>	<u>-</u>	<u>1,040</u>
Total expenditures	<u>248,224</u>	<u>-</u>	<u>16,530</u>	<u>264,754</u>
 Deficiency of revenues over expenditures	 <u>(210,973)</u>	 <u>-</u>	 <u>(9,235)</u>	 <u>(220,208)</u>
Other financing sources:				
Transfers in	<u>185,000</u>	<u>-</u>	<u>3,900</u>	<u>188,900</u>
Total other financing sources	<u>185,000</u>	<u>-</u>	<u>3,900</u>	<u>188,900</u>
 Net changes in fund balances	 <u>(25,973)</u>	 <u>-</u>	 <u>(5,335)</u>	 <u>(31,308)</u>
 Fund balances, beginning	 <u>51,260</u>	 <u>40</u>	 <u>7,610</u>	 <u>58,910</u>
 Fund balances, ending	 <u>\$ 25,287</u>	 <u>\$ 40</u>	 <u>\$ 2,275</u>	 <u>\$ 27,602</u>

CITY OF BREAUX BRIDGE, LOUISIANA
Enterprise Fund
Utility Fund

Statement of Revenues, Expenses and Changes in Retained Earnings
Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2006

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Charges for services -			
Utility sales	\$ 2,338,000	\$ 2,391,428	\$ 53,428
Installation and reconnection charges	20,250	27,385	7,135
Miscellaneous	86,170	86,693	523
Total operating revenues	2,444,420	2,505,506	61,086
Operating expenses:			
Direct expenses	1,661,150	1,656,103	5,047
Allocated expenses	480,950	500,384	(19,434)
Total operating expenses	2,142,100	2,156,487	(14,387)
Operating income	302,320	349,019	46,699
Nonoperating revenues (expenses):			
Other revenue	1,120	2,796	1,676
Grant funds	24,433	24,433	-
Interest on investments	65,000	74,884	9,884
Interest on bonds	(70,000)	(67,388)	2,612
Gain on disposal of capital assets	-	302	302
Total nonoperating revenues	20,553	35,027	14,474
Income before transfers	322,873	384,046	61,173
Operating transfers out	(300,000)	(3,900)	296,100
Net income	22,873	380,146	357,273
Retained earnings, beginning of year	8,002,749	8,002,749	-
Retained earnings, end of year	\$ 8,025,622	\$ 8,382,895	\$ 357,273

<u>Gas</u>	<u>Water System</u>	<u>Sewerage System</u>
\$ 887,828	\$ 1,010,313	\$ 493,287
9,124	14,731	3,530
<u>27,470</u>	<u>41,242</u>	<u>17,981</u>
<u>924,422</u>	<u>1,066,286</u>	<u>514,798</u>
756,504	667,155	232,444
<u>101,240</u>	<u>314,397</u>	<u>84,747</u>
<u>857,744</u>	<u>981,552</u>	<u>317,191</u>
<u>\$ 66,678</u>	<u>\$ 84,734</u>	<u>\$ 197,607</u>

CITY OF BREAUX BRIDGE, LOUISIANA
Utility Fund

Statement of Operating Expenses - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Direct expenses:			
Gas purchased	\$ 626,000	\$ 645,351	\$ (19,351)
System repairs and maintenance	106,500	122,234	(15,734)
Electricity	122,050	117,918	4,132
Plant supplies	71,500	75,364	(3,864)
General insurance	65,000	60,887	4,113
Depreciation	367,500	356,722	10,778
Sewer feasibility study	40,600	40,600	-
Testing - solid waste	7,000	5,085	1,915
Engineering	5,000	4,272	728
Salaries	210,000	203,000	7,000
Gas leak survey	14,000	1,523	12,477
Miscellaneous	26,000	23,147	2,853
Total direct expenses	<u>1,661,150</u>	<u>1,656,103</u>	<u>5,047</u>
Allocated expenses:			
Salaries	160,000	154,955	5,045
Group insurance	78,000	77,497	503
Pension	4,100	2,677	1,423
Bad debt expense	15,000	19,578	(4,578)
Payroll taxes	29,250	28,815	435
Office supplies and expense	41,000	42,605	(1,605)
Legal and accounting fees	18,000	17,936	64
General insurance	39,000	39,975	(975)
Maintenance and supplies	57,700	59,216	(1,516)
Meter reading	200	20,265	(20,065)
Computer billing expense	5,000	4,781	219
Depreciation	27,000	28,618	(1,618)
Miscellaneous	6,700	3,466	3,234
Total allocated expenses	<u>480,950</u>	<u>500,384</u>	<u>(19,434)</u>
Total operating expenses	<u>\$ 2,142,100</u>	<u>\$2,156,487</u>	<u>(14,387)</u>

Gas	Water System	Sewerage System
\$ 645,351	\$ -	\$ -
19,557	72,118	30,559
18,867	69,572	29,479
-	75,364	-
9,742	35,923	15,222
57,076	210,466	89,180
-	-	40,600
-	-	5,085
684	2,520	1,068
-	187,535	15,465
1,523	-	-
3,704	13,657	5,786
<u>756,504</u>	<u>667,155</u>	<u>232,444</u>
45,104	93,165	16,686
10,075	60,448	6,974
348	2,088	241
7,268	8,271	4,039
3,746	22,476	2,593
6,817	25,137	10,651
2,870	10,582	4,484
6,396	23,585	9,994
9,475	34,937	14,804
3,242	11,957	5,066
765	2,821	1,195
4,579	16,885	7,154
555	2,045	866
<u>101,240</u>	<u>314,397</u>	<u>84,747</u>
<u>\$ 857,744</u>	<u>\$ 981,552</u>	<u>\$317,191</u>

CITY OF BREAUX BRIDGE, LOUISIANA
Utility Fund

Schedule of Changes in Assets Restricted for Revenue Bond Debt Service
For the Year Ended June 30, 2006

	<u>Bond and Interest Redemption</u>	<u>Reserve</u>	<u>Contingency</u>	<u>Total</u>
Cash and savings, July 1, 2005	\$ 67,540	\$ 73,618	\$ 167,102	\$ 308,260
Increases:				
Transfer from operating account	157,704	30,000	-	187,704
Interest earned on investments	<u>2,036</u>	<u>3,273</u>	<u>2,260</u>	<u>7,569</u>
	<u>159,740</u>	<u>33,273</u>	<u>2,260</u>	<u>195,273</u>
Decreases:				
Principal payments	(90,000)	-	-	(90,000)
Interest payments	<u>(69,075)</u>	<u>-</u>	<u>-</u>	<u>(69,075)</u>
	<u>(159,075)</u>	<u>-</u>	<u>-</u>	<u>(159,075)</u>
Cash and savings, June 30, 2006	<u>\$ 68,205</u>	<u>\$ 106,891</u>	<u>\$ 169,362</u>	<u>\$ 344,458</u>

**COMPLIANCE
INTERNAL CONTROL
AND
OTHER INFORMATION**

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

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

We have audited the accompanying 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 Breux Bridge, Louisiana, as of and for the year ended June 30, 2006, which collectively comprise the City of Breux Bridge, Louisiana's basic primary government financial statements and have issued our report thereon dated September 13, 2006. 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 of Breux Bridge, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Breux Bridge, Louisiana's ability to initiate, record, process, 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 year audit findings and management's corrective action plan as item 06-1.

A material weakness is a reportable 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 caused by

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error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 06-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Breaux Bridge, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

However, we noted a certain matter that we reported to management of the City of Breaux Bridge, Louisiana, in a separate letter dated September 13, 2006.

This report is intended solely for the information and use of management, others within the organization, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

Breaux Bridge, Louisiana
September 13, 2006

CITY OF BREAUX BRIDGE, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
Year Ended June 30, 2006

I. Prior Year Findings:

Internal Control Over Financial Reporting

05-1 – 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.

Status: Unresolved. See item 06-1.

Compliance

There were no findings that were required to be reported at June 30, 2005.

Management Letter Items

05-2 – Noncompliance with Louisiana Local Government Budget Act

Finding: The actual revenues in the Parks and Recreation Fund for the year ended June 30, 2005 were significantly less than the budgeted revenues. The unfavorable variance of approximately 37% exceeded the 5% variance allowed by state law. Also, the actual revenues for the year ended June 30, 2005 were significantly less than the actual revenues for the year ended June 30, 2004. Upon inquiry and analysis of this matter, it was learned that the City hosted a smaller number of tournaments in the year ended June 30, 2005, resulting in a reduction of revenue and corresponding expenditures. The budget was inadvertently not amended to reflect this.

In conjunction with the inquiries and analysis done regarding the revenue of the Parks and Recreation Fund, we offer the following suggestions:

- The City should study and evaluate the internal controls relevant to the Parks and Recreation Fund.
- The City should monitor the revenues and expenditures of the Parks and Recreation Fund throughout the year and increase revenue or decrease expenditures as deemed necessary. Additionally, the City should amend its budget as deemed appropriate.
- If the City allows other organizations use of the City Park to host athletic tournaments, the City should charge these organizations a reasonable rental fee. The City and its personnel should have limited involvement with these independently sponsored tournaments.

Status: Partially resolved. See item 06-2.

(continued)

CITY OF BREAUX BRIDGE, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan (continued)
Year Ended June 30, 2006

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

Internal Control Over Financial Reporting

06-1 – 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: Mr. Jack Dale Delhomme, Mayor, determined that it is not cost effective to achieve complete segregation of duties within the accounting department. No plan is considered necessary.

Compliance

There are no findings that are required to be reported at June 30, 2006.

Management Letter Items

06-2 – Noncompliance with Louisiana Local Government Budget Act

Finding: The actual expenditures in the Parks and Recreation Fund for the year ended June 30, 2006 were significantly more than the budgeted expenditures. The unfavorable variance of approximately 11% exceeded the 5% variance allowed by state law.

In conjunction with the inquiries and analysis done regarding the activity of the Parks and Recreation Fund, we offer the following suggestions:

- The City should monitor the revenues and expenditures of the Parks and Recreation Fund throughout the year and increase revenue or decrease expenditures as deemed necessary. Additionally, the City should amend its budget as deemed appropriate.
- If the City allows other organizations use of the City Park to host athletic tournaments, the City should charge these organizations a reasonable rental fee.

Management's Corrective Action Plan: Mr. Jack Dale Delhomme, Mayor, will more closely monitor the revenues and expenditures of the Parks and Recreation Fund throughout the year. In addition, the budget will be amended as needed. The City will also begin charging a park rental fee to all organizations for use of the City Park to host athletic tournaments. These changes will take effect immediately.

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MANAGEMENT LETTER

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

We have audited the financial statements of the City of Breux Bridge for the year ended June 30, 2006 and submitted our report to you dated September 13, 2006. We noted a certain matter of concern as follows:

The actual expenditures in the Parks and Recreation Fund for the year ended June 30, 2006 were significantly more than the budgeted expenditures. The unfavorable variance of approximately 11% exceeded the 5% variance allowed by state law.

In conjunction with the inquiries and analysis done regarding the activity of the Parks and Recreation Fund, we offer the following suggestions:

- The City should monitor the revenues and expenditures of the Parks and Recreation Fund throughout the year and increase revenue or decrease expenditures as deemed necessary. Additionally, the City should amend its budget as deemed appropriate.
- If the City allows other organizations use of the City park to host athletic tournaments, the City should charge these organizations a reasonable rental fee.

Should you have any questions or need additional information regarding this matter, please feel free to contact us.

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

Breux Bridge, Louisiana
September 13, 2006

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