

CITY OF BREAUX BRIDGE, LOUISIANA

Financial Report

Year Ended June 30, 2010

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

Release Date 1/26/11

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INDEPENDENT AUDITORS' REPORT

The Honorable Jack Dale Delhomme, Mayor
and Members of the Board of Aldermen
City of Breau 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 Breau Bridge, Louisiana, as of and for the year ended June 30, 2010, 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 Breau 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. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements 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 \$357,201; \$91,419; \$265,782; \$273,374; and \$254,352; 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 discretely presented component units of the City of Breaux Bridge, Louisiana, as of June 30, 2010, 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, each major fund, and the aggregate remaining fund information of the City of Breaux Bridge, Louisiana, as of June 30, 2010, 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 October 26, 2010, 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 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 40 through 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial statements as a whole. The other supplementary information section is presented for purposes of additional analysis and is not a required part of the financial statements. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

Breaux Bridge, Louisiana
October 26, 2010

BASIC FINANCIAL STATEMENTS

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

CITY OF BREAUX BRIDGE

Statement of Net Assets
June 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$4,778,121	\$ 769,962	\$ 5,548,083
Receivables, net	385,101	279,300	664,401
Internal balances	76,151	(76,151)	-
Due from other governmental units	374,814	-	374,814
Prepaid items	75,171	50,371	125,542
Total current assets	<u>5,689,358</u>	<u>1,023,482</u>	<u>6,712,840</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	1,002,121	667,574	1,669,695
Capital assets, net	7,163,215	7,731,350	14,894,565
Total noncurrent assets	<u>8,165,336</u>	<u>8,398,924</u>	<u>16,564,260</u>
Total assets	<u>13,854,694</u>	<u>9,422,406</u>	<u>23,277,100</u>
LIABILITIES			
Current liabilities:			
Accounts, salaries and other payables	730,610	205,674	936,284
Note payable	240,000	110,000	350,000
Total current liabilities	<u>970,610</u>	<u>315,674</u>	<u>1,286,284</u>
Noncurrent liabilities:			
Customers' deposits payable	-	170,104	170,104
Note payable	3,470,000	945,000	4,415,000
Total noncurrent liabilities	<u>3,470,000</u>	<u>1,115,104</u>	<u>4,585,104</u>
Total liabilities	<u>4,440,610</u>	<u>1,430,778</u>	<u>5,871,388</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,453,215	6,786,350	11,239,565
Restricted for debt service	2,121	367,688	369,809
Unrestricted	4,958,748	837,590	5,796,338
Total net assets	<u>\$9,414,084</u>	<u>\$7,991,628</u>	<u>\$ 17,405,712</u>

The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Activities
For the Year Ended June 30, 2010

Activities	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 1,590,284	\$ 406,696	\$ 145,475	\$ -	\$ (1,038,113)	\$ -	\$ (1,038,113)
Public safety:							
Police	1,433,472	108,186	-	-	(1,325,286)	-	(1,325,286)
Streets	537,640	-	-	217,584	(320,056)	-	(320,056)
Sanitation	708,017	692,307	-	-	(15,710)	-	(15,710)
Parks and recreation	291,261	-	-	282,945	(8,316)	-	(8,316)
Interest on long-term debt	104,626	-	-	-	(104,626)	-	(104,626)
Total governmental activities	<u>4,665,300</u>	<u>1,207,189</u>	<u>145,475</u>	<u>500,529</u>	<u>(2,812,107)</u>	<u>-</u>	<u>(2,812,107)</u>
Business-type activities:							
Gas	641,492	603,449	-	-	-	(38,043)	(38,043)
Water	1,163,225	1,008,288	-	421,242	-	266,305	266,305
Sewer	619,612	501,213	-	-	-	(118,399)	(118,399)
Interest on long-term debt	50,231	-	-	-	-	(50,231)	(50,231)
Total business-type activities	<u>2,474,560</u>	<u>2,112,950</u>	<u>-</u>	<u>421,242</u>	<u>-</u>	<u>99,632</u>	<u>99,632</u>
Total	<u>\$ 7,139,860</u>	<u>\$ 3,320,139</u>	<u>\$ 145,475</u>	<u>\$ 921,771</u>	<u>\$ (2,812,107)</u>	<u>\$ 59,632</u>	<u>\$ (2,752,475)</u>

General revenues:

Taxes -							
Property taxes, levied for general purposes					217,485	-	217,485
Sales and use taxes, levied for general purposes					2,581,091	-	2,581,091
Franchise taxes					366,385	-	366,385
Grants and contributions not restricted to specific programs -							
State sources					581,529	-	581,529
Interest and investment earnings					1,476	164	1,640
Miscellaneous					377,075	91,867	468,942
Transfers					306,927	(306,927)	-
Total general revenues and transfers					<u>4,431,968</u>	<u>(214,896)</u>	<u>4,217,072</u>
Change in net assets					1,619,861	(155,264)	1,464,597
Net assets - July 1, 2009					7,794,223	8,146,892	15,941,115
Net assets - June 30, 2010					<u>\$ 9,414,084</u>	<u>\$ 7,991,628</u>	<u>\$ 17,405,712</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.

Capital Projects Funds

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

2008 Street Construction Fund -

To account for a street improvements project. Financing is provided by the issuance of \$3,000,000 of street improvement bonds, series 2008.

LCDBG Capital Projects Fund -

To account for a water system improvements for fire protection project. Financing is provided by a community block grant of \$334,000.

2010 Limited Tax Construction Fund -

To account for improvements to the existing City Hall. Financing is provided by the issuance of \$1,000,000 of limited tax revenue bonds, series 2010.

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

One Special Revenue Fund, three Capital Projects Funds, and three Debt Service Funds have been combined and are presented as the nonmajor funds. Information about each of these funds can be found on page 48.

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, 2010

	General	Sales Tax Special Revenue	2008 Street Construction Fund	LCDBG Capital Projects Fund	2010 Limited Tax Construction Fund	Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and interest-bearing deposits	\$417,998	\$ 4,280,694	\$ 525	\$ 100	\$1,000,093	\$ 80,832	\$ 5,780,242
Receivables:							
Taxes and licenses	158,626	226,089	-	-	-	-	384,715
Due from other governmental units	93,670	-	-	89,019	-	-	182,689
Due from other funds	34,589	-	157,000	41,562	-	62,184	295,335
Other	386	-	-	-	-	-	386
Prepaid items	66,459	-	-	-	-	8,712	75,171
Total assets	<u>\$771,728</u>	<u>\$ 4,506,783</u>	<u>\$157,525</u>	<u>\$130,681</u>	<u>\$1,000,093</u>	<u>\$151,728</u>	<u>\$ 6,718,538</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued expenditures	\$338,529	\$ 985	\$156,882	\$130,582	\$ 13,500	\$ 81,866	\$ 722,344
Due to other funds	62,184	157,000	-	-	-	-	219,184
Total liabilities	<u>400,713</u>	<u>157,985</u>	<u>156,882</u>	<u>130,582</u>	<u>13,500</u>	<u>81,866</u>	<u>941,528</u>
Fund balances -							
Reserved for:							
Prepaid items	66,459	-	-	-	-	8,712	75,171
Debt service	-	-	-	-	-	1,503	1,503
Unreserved, undesignated, reported in:							
General fund	304,556	-	-	-	-	-	304,556
Special revenue funds	-	4,348,798	-	-	-	58,685	4,407,483
Capital projects fund	-	-	643	99	986,593	962	988,297
Total fund balances	<u>371,015</u>	<u>4,348,798</u>	<u>643</u>	<u>99</u>	<u>986,593</u>	<u>69,862</u>	<u>5,777,010</u>
Total liabilities and fund balances	<u>\$771,728</u>	<u>\$ 4,506,783</u>	<u>\$157,525</u>	<u>\$130,681</u>	<u>\$1,000,093</u>	<u>\$151,728</u>	<u>\$ 6,718,538</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, 2010

Total fund balances for governmental funds at June 30, 2010		\$ 5,777,010
Total net assets reported for governmental activities in the statement of net assets is different because:		
Receivable recorded under the accrual basis of accounting:		
Due from St. Martin Parish Government		\$ 192,125
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	
Construction in progress	476,271	
Buildings and improvements, net of \$753,345 accumulated depreciation	1,147,897	
Equipment and vehicles, net of \$1,431,664 accumulated depreciation	1,128,509	
Infrastructure, net of \$136,736 accumulated depreciation	<u>3,996,563</u>	7,163,215
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>(3,718,266)</u>
		<u>3,637,074</u>
Total net assets of governmental activities at June 30, 2010		<u>\$ 9,414,084</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, 2010

	General	Sales Tax Special Revenue	2008 Street Construction Fund	LCDBG Capital Projects Fund	2010 Limited Tax Construction Fund	Nonmajor Funds	Total
Revenues:							
Taxes	\$ 583,870	\$2,547,763	\$ -	\$ -	\$ -	\$ -	\$3,131,633
Licenses and permits	406,696	-	-	-	-	-	406,696
Grant	145,475	-	-	217,584	-	282,945	646,004
Intergovernmental	581,529	-	-	-	-	-	581,529
Charges for services	692,307	-	-	-	-	-	692,307
Fines and forfeits	108,186	-	-	-	-	-	108,186
Interest	-	1,466	-	-	-	-	1,466
Miscellaneous	126,910	-	-	-	200	5,450	132,560
Total revenues	<u>2,644,973</u>	<u>2,549,229</u>	<u>-</u>	<u>217,584</u>	<u>200</u>	<u>288,395</u>	<u>5,700,381</u>
Expenditures:							
Current -							
General government	1,472,550	19,723	-	-	-	-	1,492,273
Streets and bridges	445,786	-	-	-	-	-	445,786
Sanitation	708,017	-	-	-	-	-	708,017
Public safety -police	1,388,640	-	-	-	-	-	1,388,640
Culture and recreation	-	-	-	-	-	233,746	233,746
Debt service	-	-	-	-	-	255,083	255,083
Capital outlay	<u>266,730</u>	<u>-</u>	<u>571,418</u>	<u>274,512</u>	<u>13,607</u>	<u>417,252</u>	<u>1,543,519</u>
Total expenditures	<u>4,281,723</u>	<u>19,723</u>	<u>571,418</u>	<u>274,512</u>	<u>13,607</u>	<u>906,081</u>	<u>6,067,064</u>
Excess (deficiency) of revenues over expenditures	<u>(1,636,750)</u>	<u>2,529,506</u>	<u>(571,418)</u>	<u>(56,928)</u>	<u>(13,407)</u>	<u>(617,686)</u>	<u>(366,683)</u>
Other financing sources (uses).							
Proceeds from bond issuance	-	-	-	-	1,000,000	-	1,000,000
Operating transfers in	1,680,000	-	345,009	26,927	-	667,160	2,719,096
Operating transfers out	<u>(62,184)</u>	<u>(2,349,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,412,169)</u>
Total other financing sources (uses)	<u>1,617,816</u>	<u>(2,349,985)</u>	<u>345,009</u>	<u>26,927</u>	<u>1,000,000</u>	<u>667,160</u>	<u>1,306,927</u>
Net changes in fund balances	(18,934)	179,521	(226,409)	(30,001)	986,593	49,474	940,244
Fund balances, beginning	<u>389,949</u>	<u>4,169,277</u>	<u>227,052</u>	<u>30,100</u>	<u>-</u>	<u>20,388</u>	<u>4,836,766</u>
Fund balances, ending	<u>\$ 371,015</u>	<u>\$4,348,798</u>	<u>\$ 643</u>	<u>\$ 99</u>	<u>\$ 986,593</u>	<u>\$ 69,862</u>	<u>\$5,777,010</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, 2010

Total net changes in fund balances at June 30, 2010 per
 Statement of Revenues, Expenditures and Changes in Fund Balances \$ 940,244

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	\$1,543,519	
Depreciation expense for the year ended June 30, 2010	<u>(258,885)</u>	1,284,634

The statement of net assets presents capital assets under a different
 capitalization policy than capital outlays presented in the statement of
 revenues, expenditures, and changes in fund balance

Change in due from St. Martin Parish Government		192,125
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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.

Principal debt payments	150,000	
Bond proceeds	(1,000,000)	
Accrued interest payable	<u>457</u>	<u>(849,543)</u>

Total changes in net assets at June 30, 2010 per Statement of Activities		<u>\$ 1,619,861</u>
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The accompanying notes are an integral part of this statement.

CITY OF BREAUX BRIDGE

Statement of Net Assets
 Proprietary Fund
 June 30, 2010

ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 769,962
Receivables:	
Accounts	279,300
Prepaid items	<u>50,371</u>
Total current assets	<u>1,099,633</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	667,574
Capital assets, net of accumulated depreciation	<u>7,731,350</u>
Total noncurrent assets	<u>8,398,924</u>
Total assets	<u>9,498,557</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	150,056
Due to other funds	76,151
Retainage payable	35,836
Revenue bonds payable	110,000
Accrued interest payable	19,782
Customers' deposits	<u>170,104</u>
Total current liabilities	<u>561,929</u>
Noncurrent liabilities:	
Revenue bonds payable	<u>945,000</u>
Total liabilities	<u>1,506,929</u>
NET ASSETS	
Invested in capital assets, net of related debt	6,786,350
Restricted for debt service	367,688
Unrestricted	<u>837,590</u>
Total net assets	<u>\$ 7,991,628</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, 2010

Operating revenues:	
Charges for services	\$ 2,112,950
Miscellaneous	<u>89,491</u>
Total operating revenues	<u>2,202,441</u>
Operating expenses:	
Gas purchased	359,605
Repairs and maintenance	277,712
Salaries	503,254
Depreciation	390,082
Other operating expenses	<u>893,676</u>
Total operating expenses	<u>2,424,329</u>
Operating loss	<u>(221,888)</u>
Nonoperating revenues (expenses):	
Grant Funds	421,242
Other revenue	3,789
Interest on investments	164
Interest on bonds	(50,231)
Loss on asset disposal	<u>(1,413)</u>
Total nonoperating income	<u>373,551</u>
Income before transfers	<u>151,663</u>
Operating transfers in	100,000
Operating transfers out	<u>(406,927)</u>
Total operating transfers	<u>(306,927)</u>
Change in net assets	(155,264)
Net assets, beginning	<u>8,146,892</u>
Net assets, ending	<u>\$ 7,991,628</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, 2010

Cash flows from operating activities:	
Receipts from customers	\$ 2,187,315
Payments to suppliers	(1,461,583)
Payments to employees	<u>(503,254)</u>
Net cash provided by operating activities	<u>222,478</u>
Cash flows from noncapital financing activities:	
Cash received from others	3,789
Proceeds from grant	421,242
Operating transfers out to other funds	<u>(264,985)</u>
Net cash provided by noncapital financing activities	<u>160,046</u>
Cash flows from capital and related financing activities:	
Principal paid on revenue bonds	(105,000)
Interest paid on revenue bonds	(52,200)
Acquisition of capital assets	<u>(944,203)</u>
Net cash used by capital and related financing activities	<u>(1,101,403)</u>
Cash flows from investing activities:	
Interest on investments and interest-bearing deposits	<u>164</u>
Net decrease in cash and cash equivalents	(718,715)
Cash and cash equivalents, beginning of period	<u>2,156,251</u>
Cash and cash equivalents, end of period	<u>\$ 1,437,536</u>

(continued)

CITY OF BREAUX BRIDGE

Statement of Cash Flows
 Proprietary Fund (Continued)
 For the Year Ended June 30, 2010

Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (221,888)
Adjustments to reconcile operating income to net cash used by operating activities:	
Depreciation	390,082
Changes in current assets and liabilities:	
Decrease in accounts receivable	17,846
Decrease in prepaid items	13,023
Increase in accounts payable and accrued liabilities	<u>23,415</u>
Total adjustments	<u>444,366</u>
Net cash provided by operating activities	<u>\$ 222,478</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	\$ 1,523,272
Cash - restricted	<u>632,979</u>
Total cash and cash equivalents	<u>2,156,251</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	769,962
Cash - restricted	<u>667,574</u>
Total cash and cash equivalents	<u>1,437,536</u>
Net decrease	<u>\$ (718,715)</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, 2010

ASSETS

Cash

Total assets

\$ 110

LIABILITIES

Due to others

Total liabilities

\$ 110

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 2010.

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Fund Financial Statements

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

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

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

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

Governmental Funds -

General Fund -

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

Special Revenue Fund -

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

Sales Tax Fund -

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Capital Projects Funds -

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).

2008 Street Construction Fund -

To account for a street improvements project. Financing is provided by the issuance of \$3,000,000 of street improvement bonds, series 2008.

LCDBG Capital Projects Fund -

To account for a water system improvements for fire protection project. Financing is provided by a community block grant of \$334,000.

2010 Limited Tax Construction Fund -

To account for improvements to the existing City Hall. Financing is provided by the issuance of \$1,000,000 of limited tax revenue bonds, series 2010.

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 concessions and rental income.

Belle Terre Capital Projects Fund -

To account for the Belle Terre subdivision street improvement project. Financing is provided by the Sales Tax Fund.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Capital Projects Fund -

To account for the Parc Hardy building and Tourism building projects. Financing is provided by state and local funds.

2010 Street Construction Fund -

To account for a street improvements project. Financing is provided by the issuance of \$1,000,000 of street improvement bonds, series 2010.

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 are three debt service funds at June 30, 2010. One handles payments on the 2008 Certificate of Indebtedness and the 2010 Street Improvement Bonds. It is used to account for repayment of \$3,000,000 certificate of indebtedness, Series 2008, which is due in annual installments, plus interest, until maturity in 2023. It is also used to account for repayment of \$1,000,000 street improvement bonds, Series 2010, which is due in annual installments, plus interest, until maturity in 2020. The second handles the collection of payments in regards to a special assessment for new sewer lines for parts of the City. The third handles repayment of \$1,000,000 limited tax bonds Series 2010, which is due in annual installments, plus interest, until maturity in 2020.

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.

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:

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

- 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 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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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, 2010.

Capital Assets

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

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets’ estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

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,

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.
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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

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, 2010, the City has cash and interest-bearing deposits (book balances) totaling \$7,217,888 of which \$110 is attributable to the nonmajor fiduciary fund, which is not presented in the statement of net assets.

These deposits are stated at cost, which approximates market. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy, by state law, is that all deposits 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, 2010 are secured as follows:

Bank balances	<u>\$ 7,390,211</u>
---------------	---------------------

At June 30, 2010 the deposits are secured as follows:

Insured	\$ 500,000
Uninsured and collateral held by pledging bank not in City's name	<u>6,890,211</u>
Total	<u>\$ 7,390,211</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Receivables

Receivables at June 30, 2010 of \$664,401 consist of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$ 433,765	\$ 433,765
Allowance	-	-	(154,465)	(154,465)
Taxes:				
Sales tax	-	226,089	-	226,089
Property tax	21,416	-	-	21,416
Allowance	(16,446)	-	-	(16,446)
Franchise Tax	81,270	-	-	81,270
Fines, licenses, etc.	<u>72,772</u>	<u>-</u>	<u>-</u>	<u>72,772</u>
Totals	<u>\$ 159,012</u>	<u>\$ 226,089</u>	<u>\$ 279,300</u>	<u>\$ 664,401</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, 2010 consisted of the following:

General Fund:

Amount due from the State of Louisiana for video poker receipts for May and June 2010.	\$ 59,688
Amount due from Department of Motor Vehicles for fees for June 2010.	5,257
Amount due from the Louisiana Department of Transportation for highway maintenance for January to June 2010.	4,840
Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending June 30, 2010.	5,689
Amount due from the State of Louisiana for a water improvement grant reimbursement for expenses paid in June 2010.	89,019
Amount due from the State of Louisiana for various grant reimbursements for expenses paid in June 2010.	18,196
Amount due from St. Martin Parish Government.	<u>192,125</u>
	<u>\$ 374,814</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Capital Assets Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance 07/01/09	Additions	Deletions	Balance 06/30/10
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 413,975	\$ -	\$ -	\$ 413,975
Construction in progress	2,928,439	344,405	(2,796,573)	476,271
Capital assets being depreciated:				
Buildings and improvements	1,490,247	410,995	-	1,901,242
Equipment and vehicles	2,338,790	252,792	(31,409)	2,560,173
Infrastructure	748,997	3,384,302	-	4,133,299
Totals	<u>7,920,448</u>	<u>4,392,494</u>	<u>(2,827,982)</u>	<u>9,484,960</u>
Less accumulated depreciation				
Buildings and improvements	705,913	47,432	-	753,345
Equipment and vehicles	1,305,984	157,089	(31,409)	1,431,664
Infrastructure	82,372	54,364	-	136,736
Total accumulated depreciation	<u>2,094,269</u>	<u>258,885</u>	<u>(31,409)</u>	<u>2,321,745</u>
Governmental activities, capital assets, net	<u>\$ 5,826,179</u>	<u>\$ 4,133,609</u>	<u>\$ (2,796,573)</u>	<u>\$ 7,163,215</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 150,200	\$ -	\$ -	\$ 150,200
Construction in progress	295,749	815,593	(225,834)	885,508
Capital assets being depreciated:				
Plant and equipment - gas	1,939,859	-	-	1,939,859
Plant and equipment - water system	5,270,537	277,236	(14,751)	5,533,022
Plant and equipment - sewer system	7,995,021	44,161	-	8,039,182
Autos and office equipment	454,656	33,046	(36,644)	451,058
Totals	<u>16,106,022</u>	<u>1,170,036</u>	<u>(277,229)</u>	<u>16,998,829</u>
Less accumulated depreciation				
Plant and equipment - gas	1,217,880	51,439	-	1,269,319
Plant and equipment - water system	3,686,774	111,058	(14,751)	3,783,081
Plant and equipment - sewer system	3,646,225	203,026	-	3,849,251
Autos and office equipment	376,500	24,559	(35,231)	365,828
Total accumulated depreciation	<u>8,927,379</u>	<u>390,082</u>	<u>(49,982)</u>	<u>9,267,479</u>
Business-type activities, capital assets, net	<u>\$ 7,178,643</u>	<u>\$ 779,954</u>	<u>\$ (227,247)</u>	<u>\$ 7,731,350</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 64,684
Police	44,832
Streets	91,854
Park and recreation	<u>57,515</u>
Total depreciation expense	<u>\$ 258,885</u>

(6) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at June 30, 2010:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$ 300,010	\$ 129,611	\$ 429,621
Sales tax	-	1,012	1,012
Accrued payroll	41,943	16,661	58,604
Payroll withholdings	11,546	2,772	14,318
Retainage payable	24,176	35,836	60,012
Contracts payable	244,669	-	244,669
Contingent liabilities	100,000	-	100,000
Accrued interest payable	<u>8,266</u>	<u>19,782</u>	<u>28,048</u>
Totals	<u>\$ 730,610</u>	<u>\$ 205,674</u>	<u>\$ 936,284</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, 2010. The special assessment debt and bonds relate to governmental activities and are therefore paid by the debt service fund. The revenue bonds relate to business-type activities, and the payments are made from the enterprise fund. In the past, payments on long-term debt that pertained to the City's governmental activities were made by the debt service fund, and those that pertained to the business-type activities were made by the enterprise fund.

	<u>Bonds</u>	<u>Revenue</u>	<u>Total</u>
Long-term debt at July 1, 2009	\$ 2,860,000	\$ 1,160,000	\$ 4,020,000
Debt assumed	1,000,000	-	1,000,000
Debt retired	<u>(150,000)</u>	<u>(105,000)</u>	<u>(255,000)</u>
Long-term debt at June 30, 2010	<u>\$ 3,710,000</u>	<u>\$ 1,055,000</u>	<u>\$ 4,765,000</u>

Long-term debt at June 30, 2010 is comprised of the following:

Street improvement bonds

\$3,000,000 Certificate of Indebtedness, Series 2008, due in annual installments of \$140,000 to \$270,000; from June 1, 2009 to June 1, 2023; interest rate of 3.66 percent; payable from general revenues of the City.

\$ 2,710,000

Limited tax bonds

\$1,000,000 Limited Tax Bonds Series 2010, due in annual installments of \$85,000 to \$120,000, from March 1, 2011 to March 1, 2020; interest rate of 3.25 percent; payable from property tax revenues of the City.

\$ 1,000,000

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.

\$ 1,055,000

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

The annual requirements to amortize all debt outstanding at June 30, 2010 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 350,000	\$ 168,418	\$ 518,418
2012	365,000	165,776	530,776
2013	380,000	151,799	531,799
2014	405,000	137,252	542,252
2015	415,000	121,727	536,727
2016-2020	2,070,000	360,410	2,430,410
2021-2023	<u>780,000</u>	<u>57,828</u>	<u>837,828</u>
Totals	<u>\$ 4,765,000</u>	<u>\$ 1,163,210</u>	<u>\$ 5,928,210</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.

Another sales and use tax of 1 percent was levied as of January 1, 2009. This additional sales and use tax is in the Sales Tax District No. 1 of the City of Breaux Bridge. Revenues to be derived from the tax are dedicated to constructing, improving, and maintaining infrastructure, or to promote economic development, or funded into bonds for such purposes.

(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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

Operating results of the individual utilities were as follows:

	Year Ended June 30,	Charges for Services	Miscellaneous Operating Revenues	Other Operating Expenses	Operating Loss
Gas utility	2010	\$ 603,449	\$ 25,558	\$ 641,492	\$ (12,485)
Water utility	2010	\$ 1,008,288	\$ 42,705	\$ 1,163,225	\$ (112,232)
Sewerage system	2010	\$ 501,213	\$ 21,228	\$ 619,612	\$ (97,171)

At June 30, 2010, the City of Breaux Bridge was furnishing utility service to the following number of customers:

Gas customers	1,274
Water customers	2,843
Sewer customers	2,719

(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, 2010 was \$75,067.

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, 2010, was \$422,375.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

During the year ended June 30, 2010, the City complied with the provisions of the bond indenture as outlined above.

(11) Interfund Transactions

A. Receivables and Payables

Interfund receivables and payables consisted of the following at June 30, 2010:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 34,589	\$ 62,184
Sales Tax Special Revenue Fund	-	157,000
2008 Street Construction Fund	157,000	-
LCDBG Capital Projects Fund	41,562	-
Enterprise Fund:		
Utility Fund	-	76,151
Non-major Funds	<u>62,184</u>	<u>-</u>
Total	<u>\$ 295,335</u>	<u>\$ 295,335</u>

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

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. *Interfund transfers*

Interfund transfers consisted of the following at June 30, 2010:

	<u>Interfund Transfers In</u>	<u>Interfund Transfers Out</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 1,680,000	\$ 62,184
Sales Tax Special Revenue Fund	-	2,349,985
2008 Street Construction Fund	345,009	-
LCDBG Capital Projects Fund	26,927	-
Enterprise Fund:		
Utility Fund	100,000	406,927
Non-major Funds	<u>667,160</u>	<u>-</u>
Total	<u>\$ 2,819,096</u>	<u>\$ 2,819,096</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. Additional transfers made from the sales tax special revenue fund are for recreational facilities and funding payment of the bonds, which are noted as transfers made to the capital projects and non-major funds.

(12) Ad Valorem Taxes

For the year ended June 30, 2010, taxes of 4.75 mills were levied on property with assessed valuations totaling \$46,253,097 and were dedicated as follows:

General corporate purposes 4.75 mills

Total taxes levied were \$219,707 of which \$21,416 had not been collected at June 30, 2010. 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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(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 11.0% 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, 2010, 2009 and 2008 were \$30,139, \$22,307, and \$38,475, respectively, equal to the required contributions for each year.

(14) Restricted Assets - Utility Fund

Restricted assets were composed of checking and savings accounts at June 30, 2010 and were restricted as follows:

Bond reserve, sinking, and contingency funds	\$ 497,442
Customers' deposits	<u>170,132</u>
	<u>\$ 667,574</u>

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Compensation of City Officials

A detail of compensation paid to City officials for the year ended June 30, 2010 follows:

Jack Dale Delhomme, Mayor	<u>\$ 55,000</u>
Aldermen:	
Howard Alexander	\$ 10,200
Glenn Michael Angelle	10,200
Gary Champagne	10,200
Albert Menard	10,200
Terry Thibodeaux	<u>10,200</u>
Total	<u>\$ 51,000</u>
Randy Angelle, Judge	<u>\$ 6,600</u>
Jerry Frederick, City Marshal	<u>\$ 18,000</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.

(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.

CITY OF BREAUX BRIDGE, LOUISIANA

Notes to Basic Financial Statements (Continued)

(18) On-behalf Payments

The City has recognized \$85,721 as a revenue and an expenditure for on-behalf salary payments made by the state of Louisiana.

(19) Contingencies

The City has determined that \$100,000 is a reasonable estimate of potential liability related to claims filed. Accordingly, \$100,000 has been accrued at June 30, 2010 and is reflected in accounts, salaries and other payables.

(20) Subsequent Event

On July 2, 2010, the City issued Street Improvement Bonds, Series 2010, in the amount of \$1,000,000. Interest rate of 3.4%. The bonds mature on June 1, 2020. The bonds were issued to fund street improvements in the City. Subsequent events have been evaluated through October 26, 2010, the date of financial statement issuance.

(21) New Reporting Standard

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and the Governmental Fund Type Definitions* (Statement). This statement classifies fund balance into various categories. In addition, the statement clarifies the definitions of the various types of governmental funds. The City is required to implement this standard no later than the fiscal year beginning July 1, 2010. The City has not determined the full impact that adoption of GASB 54 will have on the financial statements.

**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF BREAUX BRIDGE
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 607,500	\$ 550,100	\$ 583,870	\$ 33,770
Licenses and permits	392,000	297,700	406,696	108,996
Grants	250,000	164,950	145,475	(19,475)
Intergovernmental	612,300	605,000	581,529	(23,471)
Charges for services	660,000	692,000	692,307	307
Fines - City Court	110,000	98,000	108,186	10,186
Miscellaneous	57,080	283,230	126,910	(156,320)
Total revenues	<u>2,688,880</u>	<u>2,690,980</u>	<u>2,644,973</u>	<u>(46,007)</u>
Expenditures:				
General government	1,569,987	1,490,179	1,472,550	17,629
Streets and bridges	470,700	508,150	445,786	62,364
Sanitation	673,000	707,000	708,017	(1,017)
Public safety - Police	702,000	1,431,270	1,388,640	42,630
Capital outlay	168,000	288,000	266,730	21,270
Total expenditures	<u>3,583,687</u>	<u>4,424,599</u>	<u>4,281,723</u>	<u>142,876</u>
Deficiency of revenues over expenditures	<u>(894,807)</u>	<u>(1,733,619)</u>	<u>(1,636,750)</u>	<u>96,869</u>
Other financing sources: (uses):				
Transfer from Sales Tax Fund	1,050,000	1,100,000	1,300,000	200,000
Transfer from Utility Fund	600,000	600,000	380,000	(220,000)
Transfer to 2010 Street Construction Fund	-	-	(62,184)	(62,184)
Total other financing sources	<u>1,650,000</u>	<u>1,700,000</u>	<u>1,617,816</u>	<u>(82,184)</u>
Net change in fund balances	755,193	(33,619)	(18,934)	14,685
Fund balance, beginning	<u>319,690</u>	<u>389,949</u>	<u>389,949</u>	<u>-</u>
Fund balance, ending	<u>\$1,074,883</u>	<u>\$ 356,330</u>	<u>\$ 371,015</u>	<u>\$ 14,685</u>

CITY OF BREAUX BRIDGE
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,540,000	\$ 2,490,000	\$2,547,763	\$ 57,763
Miscellaneous - interest and other	10,000	800	1,466	666
Total revenues	<u>2,550,000</u>	<u>2,490,800</u>	<u>2,549,229</u>	<u>58,429</u>
Expenditures:				
General government				
Collection fees	39,000	15,000	10,372	4,628
Salaries	5,150	5,150	5,136	14
Payroll taxes	415	415	403	12
Pension	75	50	11	39
Computer expense	800	1,000	265	735
Miscellaneous	2,700	2,800	242	2,558
Legal and professional fees	3,000	3,000	3,294	(294)
Total expenditures	<u>51,140</u>	<u>27,415</u>	<u>19,723</u>	<u>7,692</u>
Excess of revenues over expenditures	<u>2,498,860</u>	<u>2,463,385</u>	<u>2,529,506</u>	<u>66,121</u>
Other financing uses:				
Transfer out to General Fund	(1,050,000)	(1,100,000)	(1,300,000)	(200,000)
Transfer out to Recreation & Parks Operating Fund	(275,000)	(350,000)	(350,000)	-
Transfer out to Utility Fund	(600,000)	(600,000)	(100,000)	500,000
Transfer out to 2008 Street Construction	-	(188,009)	-	188,009
Transfer out to Excess Rev Bond Sink Fd	(254,678)	(254,676)	(254,976)	(300)
Transfer out to Capital Projects	-	-	(345,009)	(345,009)
Total other financing uses	<u>(2,179,678)</u>	<u>(2,492,685)</u>	<u>(2,349,985)</u>	<u>142,700</u>
Net change in fund balances	319,182	(29,300)	179,521	208,821
Fund balance, beginning	<u>3,319,352</u>	<u>4,169,277</u>	<u>4,169,277</u>	<u>-</u>
Fund balance, ending	<u>\$ 3,638,534</u>	<u>\$ 4,139,977</u>	<u>\$4,348,798</u>	<u>\$ 208,821</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF BREAUX BRIDGE
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Taxes:			
General alimony	\$ 209,000	\$ 217,485	\$ 8,485
Franchise taxes	<u>341,100</u>	<u>366,385</u>	<u>25,285</u>
Total taxes	<u>550,100</u>	<u>583,870</u>	<u>33,770</u>
Licenses and permits	<u>297,700</u>	<u>406,696</u>	<u>108,996</u>
Federal grants	-	14,471	14,471
State grants	<u>164,950</u>	<u>131,004</u>	<u>(33,946)</u>
Total grants	<u>164,950</u>	<u>145,475</u>	<u>(19,475)</u>
Intergovernmental:			
State revenue sharing	-	12,096	12,096
Beer tax	24,000	22,758	(1,242)
Video poker	450,000	405,627	(44,373)
Motor vehicle tax	48,000	55,327	7,327
On behalf payments	<u>83,000</u>	<u>85,721</u>	<u>2,721</u>
Total intergovernmental	<u>605,000</u>	<u>581,529</u>	<u>(23,471)</u>
Charges for services - garbage	<u>692,000</u>	<u>692,307</u>	<u>307</u>
Fines - City Court	<u>98,000</u>	<u>108,186</u>	<u>10,186</u>
Miscellaneous:			
Interest	-	2	2
Crawfish festival	15,000	32,040	17,040
Sesquicentennial donation	25,000	11,549	(13,451)
Other	<u>243,230</u>	<u>83,319</u>	<u>(159,911)</u>
Total miscellaneous	<u>283,230</u>	<u>126,910</u>	<u>(156,320)</u>
Total revenues	<u>\$2,690,980</u>	<u>\$2,644,973</u>	<u>\$ (46,007)</u>

CITY OF BREAUX BRIDGE
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2010

	Budget	Actual	Variance Positive (Negative)
Current:			
General government -			
Salaries and wages	\$ 377,629	\$ 380,400	\$ (2,771)
Payroll taxes	36,200	47,090	(10,890)
Retirement	7,000	4,749	2,251
City Court	188,500	179,263	9,237
Legal and professional	51,000	62,441	(11,441)
National Guard unit	1,200	1,200	-
St. Martin Parish veteran's officer	1,200	1,188	12
Telephone	12,600	12,178	422
Publishing minutes and advertising	4,000	5,963	(1,963)
Office supplies and expense	34,500	28,798	5,702
Electricity	17,000	12,771	4,229
Louisiana Municipal Association dues	1,300	1,225	75
Other dues	700	490	210
Preparation of tax roll	6,000	3,635	2,365
General insurance	90,000	54,842	35,158
Group insurance	300,000	290,124	9,876
Schools and conventions	7,000	8,307	(1,307)
Building maintenance	48,000	25,720	22,280
Crawfish festival expense	4,500	22,182	(17,682)
Sesquicentennial expense	37,000	36,547	453
Miscellaneous	146,500	168,845	(22,345)
Economic development	73,350	81,265	(7,915)
Demolition/condemnation	37,000	37,897	(897)
Planning and zoning	8,000	5,430	2,570
Total general government	<u>1,490,179</u>	<u>1,472,550</u>	<u>17,629</u>
Streets and bridges -			
Salaries and wages	137,000	138,506	(1,506)
Payroll taxes	10,800	10,781	19
Retirement	650	364	286
Shells, gravel and other material	15,000	7,514	7,486
Supplies	23,000	20,180	2,820
Motor equipment repairs and maintenance	42,000	47,877	(5,877)
Fuel	22,000	21,115	885
Electricity (street lights)	90,000	86,412	3,588
General insurance	74,000	46,571	27,429
Grass spraying and cutting	2,500	30	2,470
Engineering	16,000	15,247	753
Catch basin and sidewalks	8,000	15,422	(7,422)
Miscellaneous	67,200	35,767	31,433
Total streets and bridges	<u>508,150</u>	<u>445,786</u>	<u>62,364</u>

(continued)

CITY OF BREAUX BRIDGE
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Sanitation:			
Garbage contract	\$ 707,000	\$ 708,017	\$ (1,017)
Total sanitation	<u>707,000</u>	<u>708,017</u>	<u>(1,017)</u>
Public safety - police:			
Salaries and wages	794,803	801,157	(6,354)
Retirement	31,800	31,229	571
Payroll taxes	68,852	71,594	(2,742)
Automobile repairs and expense	57,000	62,129	(5,129)
Office supplies and expense	63,000	50,340	12,660
Jail supplies and expense	14,000	13,141	859
Electricity	12,000	9,794	2,206
Telephone	20,000	19,688	312
On behalf payments	83,000	85,721	(2,721)
General insurance	100,000	106,345	(6,345)
Gasoline	60,000	61,027	(1,027)
Uninsured liability claims	60,000	8,503	51,497
Crime lab	1,415	-	1,415
Fire protection expense	25,000	24,323	677
Miscellaneous	40,400	43,649	(3,249)
Total public safety - police	<u>1,431,270</u>	<u>1,388,640</u>	<u>42,630</u>
Capital outlay -			
Autos and equipment	288,000	266,730	21,270
Total capital outlay	<u>288,000</u>	<u>266,730</u>	<u>21,270</u>
Total expenditures	<u>\$ 4,424,599</u>	<u>\$ 4,281,723</u>	<u>\$ 142,876</u>

CITY OF BREAUX BRIDGE
Parks & Recreation Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Miscellaneous -			
Other	\$ 2,000	\$ 4,900	\$ 2,900
Total revenues	<u>2,000</u>	<u>4,900</u>	<u>2,900</u>
Expenditures:			
Current:			
Culture and recreation -			
Salaries and wages	87,300	83,970	3,330
Payroll taxes	6,875	6,774	101
Pension	1,100	765	335
Repairs and supplies	61,500	62,500	(1,000)
Electricity	11,500	10,416	1,084
Insurance	46,000	30,621	15,379
Group insurance	10,300	10,292	8
Miscellaneous	31,421	28,408	3,013
Capital outlay	<u>75,000</u>	<u>75,382</u>	<u>(382)</u>
Total expenditures	<u>330,996</u>	<u>309,128</u>	<u>21,868</u>
Deficiency of revenues over expenditures	<u>(328,996)</u>	<u>(304,228)</u>	<u>24,768</u>
Other financing sources:			
Operating transfers in	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Total other financing sources	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Net change in fund balances	21,004	45,772	24,768
Fund balance, beginning	<u>21,625</u>	<u>21,625</u>	<u>-</u>
Fund balance, ending	<u>\$ 42,629</u>	<u>\$ 67,397</u>	<u>\$ 24,768</u>

**NON MAJOR
FUND DESCRIPTIONS**

SPECIAL REVENUE FUND

Recreation and Parks Operating Fund -

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

CAPITAL PROJECTS FUNDS

Belle Terre Capital Projects Fund -

To account for the Belle Terre subdivision street improvement project. Financing is provided by the Sales Tax Fund.

Capital Projects Fund -

To account for the Parc Hardy building and Tourism building projects. Financing is provided by state and local funds.

2010 Street Construction Fund -

To account for a street improvements project. Financing is provided by the issuance of \$1,000,000 of street improvement bonds, series 2010.

DEBT SERVICE FUNDS

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, 2010

	Recreation and Parks Special Revenue	Belle Terre Capital Projects Fund	Debt Service Fund	Capital Projects Fund	2010 Street Construction Fund	Series 2008 Debt Service	Series 2010 Debt Service	Total
ASSETS								
Cash	\$ 78,367	\$ 15	\$ 1,237	\$ 854	\$ 93	\$ 173	\$ 93	\$ 80,832
Due from other funds	-	-	-	-	62,184	-	-	62,184
Prepaid items	<u>8,712</u>	-	-	-	-	-	-	<u>8,712</u>
Total assets	<u>\$ 87,079</u>	<u>\$ 15</u>	<u>\$ 1,237</u>	<u>\$ 854</u>	<u>\$ 62,277</u>	<u>\$ 173</u>	<u>\$ 93</u>	<u>\$ 151,728</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenditures	\$ 19,682	\$ -	\$ -	\$ -	\$ 62,184	\$ -	\$ -	\$ 81,866
Total liabilities	<u>19,682</u>	-	-	-	<u>62,184</u>	-	-	<u>81,866</u>
Fund balances:								
Reserved for prepaid items	8,712	-	-	-	-	-	-	8,712
Reserved for debt service	-	-	1,237	-	-	173	93	1,503
Unreserved, undesignated	<u>58,685</u>	<u>15</u>	<u>-</u>	<u>854</u>	<u>93</u>	<u>-</u>	<u>-</u>	<u>59,647</u>
Total fund balances	<u>67,397</u>	<u>15</u>	<u>1,237</u>	<u>854</u>	<u>93</u>	<u>173</u>	<u>93</u>	<u>69,862</u>
Total liabilities and fund balances	<u>\$ 87,079</u>	<u>\$ 15</u>	<u>\$ 1,237</u>	<u>\$ 854</u>	<u>\$ 62,277</u>	<u>\$ 173</u>	<u>\$ 93</u>	<u>\$ 151,728</u>

CITY OF BREAUX BRIDGE

Statement of Revenues, Expenditures, and Changes in Fund Balances-
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Recreation and Parks Special Revenue	Belle Terre Capital Projects Fund	Debt Service Fund	Capital Projects Fund	2010 Street Construction Fund	Series 2008 Debt Service	Series 2010 Debt Service	Total
Revenues:								
Miscellaneous	\$ 4,900	\$ -	\$ 150	\$ -	\$ 200	\$ -	\$ 200	\$ 5,450
Grant	-	-	-	282,945	-	-	-	282,945
Total revenues	<u>4,900</u>	<u>-</u>	<u>150</u>	<u>282,945</u>	<u>200</u>	<u>-</u>	<u>200</u>	<u>288,395</u>
Expenditures:								
Current -								
Culture and recreation	233,746	-	-	-	-	-	-	233,746
Debt service	-	-	-	-	-	254,976	107	255,083
Capital outlay	75,382	-	-	279,579	62,291	-	-	417,252
Total expenditures	<u>309,128</u>	<u>-</u>	<u>-</u>	<u>279,579</u>	<u>62,291</u>	<u>254,976</u>	<u>107</u>	<u>906,081</u>
Excess (deficiency) of revenues over expenditures	(304,228)	-	150	3,366	(62,091)	(254,976)	93	(617,686)
Other financing sources:								
Transfers in	350,000	-	-	-	62,184	254,976	-	667,160
Total other financing sources	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,184</u>	<u>254,976</u>	<u>-</u>	<u>667,160</u>
Net changes in fund balances	45,772	-	150	3,366	93	-	93	49,474
Fund balances (deficit), beginning	21,625	15	1,087	(2,512)	-	173	-	20,388
Fund balances, ending	<u>\$ 67,397</u>	<u>\$ 15</u>	<u>\$ 1,237</u>	<u>\$ 854</u>	<u>\$ 93</u>	<u>\$ 173</u>	<u>\$ 93</u>	<u>\$ 69,862</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, 2010

	Budget	Actual	Variance Positive (Negative)
Operating revenues:			
Charges for services -			
Utility sales	\$ 2,130,000	\$ 2,077,937	\$ (52,063)
Installation and reconnection charges	37,000	35,013	(1,987)
Miscellaneous	83,085	89,491	6,406
Total operating revenues	2,250,085	2,202,441	(47,644)
Operating expenses:			
Direct expenses	1,841,484	1,782,081	59,403
Allocated expenses	683,302	642,248	41,054
Total operating expenses	2,524,786	2,424,329	100,457
Operating loss	(274,701)	(221,888)	52,813
Nonoperating revenues (expenses):			
Grant Funds	438,000	421,242	(16,758)
Other revenue	3,600	3,789	189
Interest on investments	60	164	104
Interest on bonds	(52,200)	(50,231)	1,969
Loss on disposed assets	-	(1,413)	(1,413)
Total nonoperating income	389,460	373,551	(15,909)
Income before transfers	114,759	151,663	36,904
Operating transfers in	600,000	100,000	(500,000)
Operating transfers out	(600,000)	(406,927)	193,073
Total operating transfers	-	(306,927)	(306,927)
Net loss	114,759	(155,264)	(270,023)
Retained earnings, beginning of year	8,146,892	8,146,892	-
Retained earnings, end of year	\$ 8,261,651	\$ 7,991,628	\$ (270,023)

<u>Gas</u>	<u>Water System</u>	<u>Sewerage System</u>
\$ 593,449	\$ 991,580	\$ 492,908
10,000	16,708	8,305
<u>25,558</u>	<u>42,705</u>	<u>21,228</u>
<u>629,007</u>	<u>1,050,993</u>	<u>522,441</u>
508,937	813,405	459,739
<u>132,555</u>	<u>349,820</u>	<u>159,873</u>
<u>641,492</u>	<u>1,163,225</u>	<u>619,612</u>
<u>\$ (12,485)</u>	<u>\$ (112,232)</u>	<u>\$ (97,171)</u>

CITY OF BREAUX BRIDGE, LOUISIANA
Utility Fund

Statement of Operating Expenses - Budget (GAAP Basis) and Actual
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Direct expenses:			
Gas purchased	\$ 387,000	\$ 359,605	\$ 27,395
System repairs and maintenance	284,000	277,712	6,288
Electricity	113,600	85,791	27,809
Plant supplies	177,000	179,534	(2,534)
General insurance	70,000	82,449	(12,449)
Depreciation	372,000	365,523	6,477
Sewer feasibility study	40,600	40,600	-
Testing - solid waste	8,200	7,492	708
Engineering	27,000	28,673	(1,673)
Salaries	272,916	274,692	(1,776)
Gas leak survey	5,000	2,506	2,494
Meter reading	51,500	51,857	(357)
Miscellaneous	<u>32,668</u>	<u>25,647</u>	<u>7,021</u>
Total direct expenses	<u>1,841,484</u>	<u>1,782,081</u>	<u>59,403</u>
Allocated expenses:			
Salaries	227,084	228,562	(1,478)
Group insurance	112,000	107,768	4,232
Pension	3,300	2,045	1,255
Bad debt expense	20,000	32,972	(12,972)
Payroll taxes	39,250	39,268	(18)
Office supplies and expense	89,700	88,904	796
Legal and accounting fees	21,000	21,654	(654)
General insurance	78,000	30,447	47,553
Maintenance and supplies	25,000	32,927	(7,927)
Computer billing expense	12,000	7,389	4,611
Depreciation	21,000	24,559	(3,559)
Miscellaneous	<u>34,968</u>	<u>25,753</u>	<u>9,215</u>
Total allocated expenses	<u>683,302</u>	<u>642,248</u>	<u>41,054</u>
Total operating expenses	<u>\$ 2,524,786</u>	<u>\$2,424,329</u>	<u>\$ 100,457</u>

<u>Gas</u>	<u>Water System</u>	<u>Sewerage System</u>
\$ 359,605	\$ -	\$ -
44,434	138,856	94,422
13,727	42,896	29,168
-	179,534	-
13,192	41,225	28,032
58,484	182,762	124,277
-	-	40,600
-	-	7,492
4,588	14,337	9,748
-	175,042	99,650
2,506	-	-
8,297	25,929	17,631
4,104	12,824	8,719
<u>508,937</u>	<u>813,405</u>	<u>459,739</u>
66,696	128,818	33,048
14,010	64,661	29,097
266	1,227	552
9,417	15,734	7,821
5,105	23,561	10,602
14,225	44,452	30,227
3,465	10,827	7,362
4,872	15,224	10,351
5,268	16,464	11,195
1,182	3,695	2,512
3,929	12,280	8,350
4,120	12,877	8,756
<u>132,555</u>	<u>349,820</u>	<u>159,873</u>
<u>\$ 641,492</u>	<u>\$ 1,163,225</u>	<u>\$ 619,612</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, 2010

	Bond and Interest Redemption	Reserve	Contingency	Total
Cash and savings, July 1, 2009	\$ 74,953	\$ 208,505	\$ 183,870	\$ 467,328
Increases:				
Transfer from operating account	<u>157,314</u>	<u>30,000</u>	<u>-</u>	<u>187,314</u>
	<u>157,314</u>	<u>30,000</u>	<u>-</u>	<u>187,314</u>
Decreases:				
Principal payments	(105,000)	-	-	(105,000)
Interest payments	<u>(52,200)</u>	<u>-</u>	<u>-</u>	<u>(52,200)</u>
	<u>(157,200)</u>	<u>-</u>	<u>-</u>	<u>(157,200)</u>
Cash and savings, June 30, 2010	<u>\$ 75,067</u>	<u>\$ 238,505</u>	<u>\$ 183,870</u>	<u>\$ 497,442</u>

**COMPLIANCE
INTERNAL CONTROL
AND
OTHER INFORMATION**

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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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

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

We have audited the primary government financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Breaux Bridge, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the City of Breaux Bridge, Louisiana's basic primary government financial statements and have issued our report thereon dated October 26, 2010. 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 Breaux Bridge, Louisiana'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 of Breaux Bridge, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Breaux Bridge, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of prior and current year audit findings and management's corrective action plan, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of

deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected on a timely basis. We consider the deficiency described in the accompanying schedule of prior and current year audit findings and management's corrective action plan 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*.

We noted a certain matter that we reported to management of the City of Breaux Bridge, Louisiana in a separate letter dated October 26, 2010.

The City of Breaux Bridge, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of prior and current year audit findings and management's corrective action plan. We did not audit the City of Breaux Bridge, Louisiana's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, 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
October 26, 2010

CITY OF BREAUX BRIDGE, LOUISIANA

Schedule of Prior and Current Year Audit Findings and
Management's Corrective Action Plan
Year Ended June 30, 2010

I. Prior Year Findings:

Internal Control Over Financial Reporting

09-1 – 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 10-1.

Compliance

There were no findings that were required to be reported at June 30, 2009.

Management Letter Items

09-2 – Bond Fee Fund

Finding: The Bond Fee Fund monies collected by the Breaux Bridge Police Department are not being handled properly:

- This fund began in the fiscal year ended June 30, 2005.
- The 2% fee collected should be disbursed to the proper entities 60 days after collection.
- The \$15 fee collected should be disbursed quarterly on all guilty cases.
- The \$12 fee collected has no particular time frame for disbursement.
- Amounts received for these fees are not deposited timely (only nine times this year).
- Disbursements are not being made timely.

The City and Police Department need to begin making timely deposits. In addition, the disbursement of these funds needs to be done in a timely fashion.

Status: Partially resolved. See item 10-2.

(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, 2010

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

Internal Control Over Financial Reporting

10-1 – 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, 2010.

Management Letter Items

10-2 – Bond Fee Fund

Finding: The Bond Fee Fund monies collected by the BreauX Bridge Police Department are not being handled properly:

- This fund began in the fiscal year ended June 30, 2005.
- The 2% fee collected should be disbursed to the proper entities 60 days after collection.
- The \$15 fee collected should be disbursed quarterly on all guilty cases.
- The \$12 fee collected has no particular time frame for disbursement.
- Amounts received for these fees are not deposited timely (only five times this year).
- Disbursements are not being made timely.

The City and Police Department need to begin making timely deposits. In addition, the disbursement of these funds needs to be done in a timely fashion.

Managements Corrective Action Plan: The accounting of the mentioned fees was turned over to the BreauX Bridge City Court (a component unit of the City of BreauX Bridge, Louisiana). This action took place January 1, 2010. By the end of the fiscal year, deposits were being made timely and disbursements as well. The City plans to continue doing so for fiscal year ended June 30, 2011 and beyond.

KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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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, 2010 and submitted our report to you dated October 26, 2010. We noted a certain matter of concern as follows:

The Bond Fee Fund monies collected by the Breux Bridge Police Department are not being handled properly:

- This fund began in the fiscal year ended June 30, 2005.
- The 2% fee collected should be disbursed to the proper entities 60 days after collection.
- The \$15 fee collected should be disbursed quarterly on all guilty cases.
- The \$12 fee collected has no particular time frame for disbursement.
- Amounts received for these fees are not deposited timely (only five times this year).
- Disbursements are not being made timely.

The City and Police Department need to begin making timely deposits. In addition, the disbursement of these fees needs to be done in a timely fashion.

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
October 26, 2010

Member of:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Member of:
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS