

**TOWN OF DUBACH
LOUISIANA**

**FINANCIAL STATEMENTS
JUNE 30, 2019**

TOWN OF DUBACH, LOUISIANA
FINANCIAL STATEMENTS
JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mary Claire Smith, Mayor
and Town Council
Town of Dubach
P.O. Box 252
Dubach, Louisiana 71235

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dubach, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Dubach's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dubach, Louisiana, as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and on pages 29 through 30 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dubach, Louisiana's basic financial statements. The supplemental schedule of per diem payments and schedule of compensation, benefits and other payments are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedule of per diem payments and schedule of compensation, benefits and other payments are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental schedule of per diem payments and schedule of compensation, benefits and other payments are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 17, 2020, on my consideration of the Town of Dubach's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Dubach's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Dubach, Louisiana's internal control over financial reporting and compliance.



Don M. McGehee
Certified Public Accountant
January 17, 2020

**REQUIRED SUPPLEMENTAL INFORMATION
(PART I)**

TOWN OF DUBACH
P.O. BOX 252
DUBACH, LOUISIANA 71235

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

The discussion and analysis of the Town of Dubach's performance provides an overview of the financial activities for the year ended June 30, 2019. It is based upon currently known facts, decisions, and conditions. Please read it in conjunction with the financial statements which begin on page 10.

Basic Financial Statements

The basic financial statements include government-wide and fund financial statements. The government-wide statements consist of a Statement of Net Position and a Statement of Activities and provide information about the financial activities of the Town as a whole. The government-wide statements present a long-term view of our finances. Fund financial statements consist of the respective fund's balance sheet and the fund's statement of revenues, expenditures and changes in fund balance, if applicable. The fund statements tell how the Town's services were financed in the short-term and what remains for future spending. The primary difference between the fund and government-wide statement presentation methods is that expenditures for capital assets are expensed in the fund financial statements but capitalized and depreciated in the government-wide statements.

Statement of Net Position and Statement of Activities

One of the most important questions asked about the Town's finances is, "As a result of the year's financial activities, is the Town of Dubach as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about our activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is a method similar to accounting used by most private-sector companies. All revenues and expenses of the current year are reported under this method regardless of when cash is received or disbursed.

These two statements report the Town's net position and the changes in the net position. You can think of the net position - the difference between assets and liabilities - as one way to measure the financial health, or financial position, of the Town. Increases/(decreases) in the Town's net position is one indicator of whether its financial health is improving/(deteriorating). You will need to consider other nonfinancial factors, however, such as changes in the Town's tax base and the condition of the Town's roads, to assess the overall health of the Town.

In the Statement of Net Position and Statement of Activities, we divide the finances of the Town into two kinds of activities:

Governmental Activities - Most of the Town's basic services are reported here, including the police, sanitation, highways and streets, cemetery, and general administration. Sales tax, occupational licenses, property taxes, franchise fees, charges for services, and grants finance most of these activities. Expenses primarily include salaries, depreciation, and utilities.

Business-Type Activities - The Town charges a fee to customers to help cover all or most of the cost of certain services it provides. The Town's water and sewer system is reported here. Charges for water and sewer services and grants finance most of these activities. Expenses primarily include salaries, repairs and maintenance, depreciation, and utilities.

Government-Wide Financial Analysis

As noted above, the net position may serve as a useful indicator of the Town's financial position. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities.

Table 1
Total Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 689,688	\$ 690,958	\$ 569,626	\$ 576,164	\$ 1,259,314	\$ 1,267,122
Capital Assets	<u>326,579</u>	<u>330,815</u>	<u>1,644,400</u>	<u>1,720,747</u>	<u>1,970,979</u>	<u>2,051,562</u>
Total Assets	<u>1,016,267</u>	<u>1,021,773</u>	<u>2,214,026</u>	<u>2,296,911</u>	<u>3,230,293</u>	<u>3,318,684</u>
Liabilities	<u>14,279</u>	<u>37,388</u>	<u>55,610</u>	<u>63,364</u>	<u>69,889</u>	<u>100,752</u>
Net Position:						
Investment in Capital Assets						
Assets	326,579	330,815	1,644,400	1,720,747	1,970,979	2,051,562
Restricted	13,574	12,896	0	0	13,574	12,896
Unrestricted	<u>661,835</u>	<u>640,674</u>	<u>514,016</u>	<u>512,800</u>	<u>1,175,851</u>	<u>1,153,474</u>
Total Net Position	<u>\$ 1,001,988</u>	<u>\$ 984,385</u>	<u>\$ 2,158,416</u>	<u>\$ 2,233,547</u>	<u>\$ 3,160,404</u>	<u>\$ 3,217,932</u>

The largest portion of the Town's net position (62% for 2019 and 64% for 2018) is invested in capital assets. The net position invested in capital assets consist of land, buildings, water and sewer system, and equipment. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

Unrestricted net position for 2019 and 2018 was 37% and 36%, respectively, of total net position. Nearly all unrestricted net position is composed of cash and investments. Unrestricted net position can be used to finance the day-to-day operations of the Town without constraints.

The remaining restricted net position (less than 1% for both years) represents resources that are restricted to the perpetual care of a cemetery.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for Services	\$ 141,327	\$ 130,529	\$ 198,846	\$ 209,817	\$ 340,173	\$ 340,346
Operating Grants and Contributions	79,488	83,899	32,745	12,464	112,233	96,363
Capital Grants and Contributions	0	0	0	501,281	0	501,281
General Revenues:						
Taxes	178,767	183,305	0	0	178,767	183,305
Licenses	49,955	46,757	0	0	49,955	46,757
Other	15,340	4,148	2,448	1,414	17,788	5,562
Total Revenues	<u>464,877</u>	<u>448,638</u>	<u>234,039</u>	<u>724,976</u>	<u>698,916</u>	<u>1,173,614</u>
Program Expenses						
General Government	174,868	170,664	0	0	174,868	170,664
Police	155,708	157,034	0	0	155,708	157,034
Highways and Streets	19,728	21,679	0	0	19,728	21,679
Sanitation	96,970	93,121	0	0	96,970	93,121
Cemetery	0	10	0	0	0	10
Water and Sewer	0	0	309,170	244,812	309,170	244,812
Total Expenses	<u>447,274</u>	<u>442,508</u>	<u>309,170</u>	<u>244,812</u>	<u>756,444</u>	<u>687,320</u>
Excess Before Transfers	17,603	6,130	(75,131)	480,164	(57,528)	486,294
Transfers	0	(46,731)	0	46,731	0	0
Increase (Decrease) in Net Position	17,603	(40,601)	(75,131)	526,895	(57,528)	486,294
Net Position-Beginning	<u>984,385</u>	<u>1,024,986</u>	<u>2,233,547</u>	<u>1,706,652</u>	<u>3,217,932</u>	<u>2,731,638</u>
Net Position-Ending	<u>\$ 1,001,988</u>	<u>\$ 984,385</u>	<u>\$ 2,158,416</u>	<u>\$ 2,233,547</u>	<u>\$ 3,160,404</u>	<u>\$ 3,217,932</u>

Governmental financial activities changed the Town's net position for the years ending June 20, 2019 and 2018, by a 2% increase and a 4% decrease (\$17,603 and \$40,601, respectively). Governmental activities 2019 revenues increased 4% (\$16,239) from the prior year. Expenses increased 1% (\$4,766) from the prior year with an increase of \$4,204 in the general government expenses, a decrease of \$1,326 in the police department, a decrease of \$1,951 in the street department, an increase of \$3,849 in the garbage department, and a decrease of \$10 in the cemetery.

Business-type activities decreased net position by 3% (\$75,131) for the year ended June 30, 2019, compared to a 31% (\$526,895) increase in the prior year. Charges for services revenue decreased 5% (\$10,971) in 2019 compared to the prior year. Expenses increased 26% (\$64,358) in 2019 compared to the prior year.

Fund Financial Statements

As of June 30, 2019, the governmental funds reported a fund balance of \$673,732, which is an increase of 3% (\$21,562) in the total fund balance from the previous year. Included in this year's total change in fund balance is a revenue surplus of \$36,317 in the Town's general fund and a revenue deficit of \$15,376 in the Town's garbage fund compared to a \$6,504 revenue deficit in the prior year general fund and a \$4,567 revenue surplus in the prior year garbage fund. Thirty-four percent (34%) of the total fund balance is restricted due to external limitations on its use. These uses include garbage fund restrictions for \$192,951 and the cemetery fund for \$9,678. Four percent (4%) is considered unspendable because it has been used for prepaid items (\$15,381) and perpetual care of the cemetery (\$12,896). Less than 1% (\$678) is restricted to the flag fund by donors. The remaining sixty-six percent (66%) or \$442,148 is unassigned.

The general fund is the main operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$442,148, while total fund balance was \$452,436. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance exceeds total general fund expenditures by \$85,647 and total fund balance exceeds it by \$95,935.

The key elements for the change in 2019 compared to the prior year are as follows:

- (1) Fines increased \$11,788 from the prior year.
- (2) Transfers out decreased \$46,731 compared to the prior year.
- (3) Capital outlay increased \$32,929 compared to the prior year.
- (4) The Town received a payment of \$22,121 from General Motors for the disposal of the police car.

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

General Fund Budgetary Highlights

The budget is amended when it is determined that there are unexpected differences between actual and anticipated revenues and/or expenditures. The amended budget for 2019 was adopted just prior to year end. The differences between the original and final amended budget were a 8% (\$18,000) increase in revenues and a 10% (\$33,788) increase in expenditures. The change in budgeted revenues included a \$20,000 increase in fines and a \$2,000 decrease in franchise taxes. The increase in budgeted expenditures included a \$14,380 increase in general government expenditures, an \$8,700 increase in police expenditures, and a \$10,708 increase in capital outlay. There were no other significant general fund budget adjustments.

The significant variances between actual results compared to the general fund budget, as reported on page 29, were that sales tax revenues were \$52,295 more than budgeted, licenses were \$22,955 more than budgeted, fines were \$27,828 more than budgeted, hotel tax was \$6,002 more than budgeted, and franchise tax revenue was \$8,375 more than budgeted. Capital outlay was \$21,471 more than budgeted.

Capital Assets

The Town invested \$32,929 in capital assets during the fiscal year ending June 30, 2019. This investment was funded by the proceeds from disposal of police car of \$22,121 and the balance financed by the Town's general fund. For the upcoming year, the Town plans to continue to make improvements and purchase equipment as needed. There are no plans to issue debt to finance any projects. More detailed information about the Town's capital assets is presented in the notes to the financial statements.

Currently Known Facts, Decisions, or Conditions

We are not aware of any facts, decisions, or conditions that are expected to have a significant impact on the financial position or results of operations after the reporting date, except as described under Capital Assets above.

Requests for Additional Information

This financial report is designed to provide citizens and taxpayers with a general overview of the finances of the Town of Dubach and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town of Dubach at 7833 Annie Lee Street, Dubach, LA 71235. The phone number for the Town is (318) 777-3321.

GOVERNMENT WIDE FINANCIAL STATEMENTS

TOWN OF DUBACH, LOUISIANA

STATEMENT OF NET POSITION

JUNE 30, 2019

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash	\$ 253,991	\$ 426,772	\$ 680,763
Investments	281,087	164,755	445,842
Receivables--Net	31,485	14,627	46,112
Due from Other Governments	10,618	0	10,618
Internal Balances	96,063	(96,063)	0
Accrued Interest	385	823	1,208
Prepaid Insurance	15,381	8,866	24,247
Restricted Assets			
Cash-Flag Fund	678	0	678
Cash-Customers' Deposits	0	24,479	24,479
Investments-Customers' Deposits	0	25,367	25,367
Capital Assets--Net	<u>326,579</u>	<u>1,644,400</u>	<u>1,970,979</u>
TOTAL ASSETS	<u>1,016,267</u>	<u>2,214,026</u>	<u>3,230,293</u>
LIABILITIES			
Accounts Payable	6,384	2,879	9,263
Accrued Expenses	7,895	2,885	10,780
Customers' Deposits	<u>0</u>	<u>49,846</u>	<u>49,846</u>
TOTAL LIABILITIES	<u>14,279</u>	<u>55,610</u>	<u>69,889</u>
NET POSITION			
Invested in Capital Assets	326,579	1,644,400	1,970,979
Restricted for--			
Perpetual Care of Cemetery	12,896	0	12,896
Flag Fund	678	0	678
Unrestricted	<u>661,835</u>	<u>514,016</u>	<u>1,175,851</u>
TOTAL NET POSITION	<u>\$ 1,001,988</u>	<u>\$ 2,158,416</u>	<u>\$ 3,160,404</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES:							
General Government	\$ 174,868	\$ 9,159	\$ 9,317	\$ 0	\$ (156,392)	\$ 0	\$ (156,392)
Police	155,708	102,828	15,000	0	(37,880)	0	(37,880)
Highways and Streets	19,728	3,050	0	0	(16,678)	0	(16,678)
Sanitation	96,970	25,890	54,950	0	(16,130)	0	(16,130)
Cemetery	<u>0</u>	<u>400</u>	<u>221</u>	<u>0</u>	<u>621</u>	<u>0</u>	<u>621</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>447,274</u>	<u>141,327</u>	<u>79,488</u>	<u>0</u>	<u>(226,459)</u>	<u>0</u>	<u>(226,459)</u>
BUSINESS-TYPE ACTIVITIES:							
Water and Sewer	<u>309,170</u>	<u>198,846</u>	<u>32,745</u>	<u>0</u>	<u>0</u>	<u>(77,579)</u>	<u>(77,579)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 756,444</u>	<u>\$ 340,173</u>	<u>\$ 112,233</u>	<u>\$ 0</u>	<u>(226,459)</u>	<u>(77,579)</u>	<u>(304,038)</u>
GENERAL REVENUES:							
Taxes							
Ad Valorem					23,097	0	23,097
Sales and Use					122,295	0	122,295
Franchise					33,375	0	33,375
Licenses					49,955	0	49,955
Investment Earnings					1,633	2,448	4,081
Other Revenue					1,890	0	1,890
Gain on Disposal of Capital Assets					<u>11,817</u>	<u>0</u>	<u>11,817</u>
TOTAL GENERAL REVENUES AND TRANSFERS					<u>244,062</u>	<u>2,448</u>	<u>246,510</u>
CHANGE IN NET POSITION					17,603	(75,131)	(57,528)
NET POSITION-BEGINNING					<u>984,385</u>	<u>2,233,547</u>	<u>3,217,932</u>
NET POSITION-ENDING					<u>\$ 1,001,988</u>	<u>\$ 2,158,416</u>	<u>\$ 3,160,404</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

TOWN OF DUBACH, LOUISIANA
BALANCE SHEETS
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Garbage Fund	Other Governmental Fund Permanent Fund	Total Governmental Funds
ASSETS				
Cash	\$ 124,317	\$ 123,355	\$ 6,319	\$ 253,991
Investments	208,671	56,260	16,156	281,087
Receivables--Net	31,485	0	0	31,485
Receivable from Other Governments	1,319	9,299	0	10,618
Due from Other Funds	88,132	7,931	0	96,063
Accrued Interest	40	246	99	385
Prepaid Insurance	9,610	5,771	0	15,381
Restricted Cash-Flag Fund	678	0	0	678
TOTAL ASSETS	<u>\$ 464,252</u>	<u>\$ 202,862</u>	<u>\$ 22,574</u>	<u>\$ 689,688</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts Payable	\$ 5,868	\$ 516	\$ 0	\$ 6,384
Accrued Expenses	4,271	3,624	0	7,895
Deferred Revenue	1,677	0	0	1,677
TOTAL LIABILITIES	<u>11,816</u>	<u>4,140</u>	<u>0</u>	<u>15,956</u>
FUND BALANCES:				
Nonspendable--				
Prepaid Insurance	9,610	5,771	0	15,381
Perpetual Care of Cemetery	0	0	12,896	12,896
Restricted--Flag Fund	678	0	0	678
Committed for--				
Garbage	0	192,951	0	192,951
Cemetery	0	0	9,678	9,678
Unassigned	442,148	0	0	442,148
TOTAL FUND BALANCE	<u>452,436</u>	<u>198,722</u>	<u>22,574</u>	<u>673,732</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 464,252</u>	<u>\$ 202,862</u>	<u>\$ 22,574</u>	<u>\$ 689,688</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Total Fund Balances-Governmental Funds \$ 673,732

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

 Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 326,579

 Certain ad valorem taxes receivable are not available to pay current period expenditures and therefore are recognized as deferred revenues in the governmental funds. 1,677

Net Position of Governmental Activities **\$ 1,001,988**

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General Fund</u>	<u>Garbage Fund</u>	<u>Other Governmental Fund Permanent Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes				
Ad Valorem	\$ 22,820	\$ 0	\$ 0	\$ 22,820
Franchise	33,375	0	0	33,375
Sales and Use	122,295	0	0	122,295
Licenses	49,955	0	0	49,955
Intergovernmental				
Hotel Tax	7,902	0	0	7,902
Supplemental Pay - Police	15,000	0	0	15,000
Right-of-Way Maintenance	3,050	0	0	3,050
Town's Portion of 1/2% Tax	0	54,950	0	54,950
Charges for Services	3,225	25,890	0	29,115
Fines	102,828	0	0	102,828
Investment Earnings	1,008	625	221	1,854
Contributions and Donations	1,415	0	0	1,415
Other Revenues				
Rent	4,925	0	0	4,925
Royalties and Gas Lease	1,890	0	0	1,890
Miscellaneous	1,009	0	400	1,409
TOTAL REVENUES	<u>370,697</u>	<u>81,465</u>	<u>621</u>	<u>452,783</u>
EXPENDITURES				
General Government	153,499	0	0	153,499
Police	151,977	0	0	151,977
Highways and Streets	18,096	0	0	18,096
Sanitation	0	96,841	0	96,841
Capital Outlay	32,929	0	0	32,929
TOTAL EXPENDITURES	<u>356,501</u>	<u>96,841</u>	<u>0</u>	<u>453,342</u>
EXCESS OF REVENUES OVER EXPENDITURES	14,196	(15,376)	621	(559)
OTHER FINANCING SOURCES				
Proceeds from Disposal of Capital Asset	22,121	0	0	22,121
TOTAL OTHER FINANCING SOURCES	<u>22,121</u>	<u>0</u>	<u>0</u>	<u>22,121</u>
NET CHANGES IN FUND BALANCES	36,317	(15,376)	621	21,562
FUND BALANCES-BEGINNING	<u>416,119</u>	<u>214,098</u>	<u>21,953</u>	<u>652,170</u>
FUND BALANCES-ENDING	<u>\$ 452,436</u>	<u>\$ 198,722</u>	<u>\$ 22,574</u>	<u>\$ 673,732</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS \$ 21,562

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. An adjustment is required for the amount by which capital outlay exceeded depreciation expense in the current period. 6,067

Governmental Fund statements do not report a gain or loss on sale of assets. However, the Statement of Activities recognizes gain or loss on sale of assets. An adjustment is needed for the net effect of the sale of assets recognized in the Statement of Activities. (10,303)

Governmental Funds report ad valorem taxes as revenue when collected or available to fund current period expenses. Revenue in the statement of activities is recognized when the taxes become due. An adjustment is required for ad valorem taxes that do not provide current resources:

Accrued revenue for ad valorem taxes that were not received within sixty days of year end, net of amounts received for the previous year not recognized as revenue in that year due to non-collection within sixty days of year end. 277

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 17,603**

TOWN OF DUBACH, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019

	<u>Water and Sewer Enterprise Fund</u>
ASSETS	
CURRENT ASSETS:	
Cash	\$ 426,772
Investments	164,755
Accounts Receivable--Net of Allowance of \$1,100	14,627
Accrued Interest	823
Prepaid Insurance	<u>8,866</u>
TOTAL CURRENT ASSETS	<u>615,843</u>
NON-CURRENT ASSETS:	
Restricted Assets	
Cash-Customers' Deposits	24,479
Investments-Customers' Deposits	<u>25,367</u>
Total Restricted Assets	<u>49,846</u>
Capital Assets--Net of Accumulated Depreciation	<u>1,644,400</u>
TOTAL NON-CURRENT ASSETS	<u>1,694,246</u>
TOTAL ASSETS	<u>2,310,089</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,879
Accrued Expenses	
Accrued Payroll	440
Accrued Vacation	2,367
Sales Tax Payable	78
Due to Garbage Fund	33,265
Due to General Fund	<u>62,798</u>
TOTAL CURRENT LIABILITIES	<u>101,827</u>
NON-CURRENT LIABILITIES	
Customers' Deposits Payable	<u>49,846</u>
TOTAL NON-CURRENT LIABILITIES	<u>49,846</u>
TOTAL LIABILITIES	<u>151,673</u>
NET POSITION	
Invested in Capital Assets	1,644,400
Unrestricted	<u>514,016</u>
TOTAL NET POSITION	<u>\$ 2,158,416</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Water and Sewer Enterprise Fund</u>
OPERATING REVENUES	
Water Sales	\$ 140,891
Sewer Fees	49,841
Delinquent Fees	5,561
Connecting and Re-connecting Fees	2,325
Grant Revenue	32,745
Miscellaneous	<u>228</u>
TOTAL OPERATING REVENUES	<u>231,591</u>
OPERATING EXPENSES	
Depreciation	76,347
Insurance-Utility Fund	16,563
Legal and Accounting Fees	4,900
Miscellaneous	218
Operations and Maintenance of System	70,265
Office Supplies, Postage, and Printing	3,784
Outside Services	25,350
Safe Drinking Water Fee	3,588
Salaries	57,891
Sewer Pond Inspection	2,322
Taxes-Payroll	4,253
Travel	14,066
Truck Maintenance and Operations	4,378
Utilities	<u>25,245</u>
TOTAL OPERATING EXPENSES	<u>309,170</u>
OPERATING LOSS	<u>(77,579)</u>
NON-OPERATING REVENUES	
Interest Income	<u>2,448</u>
TOTAL NON-OPERATING REVENUES	<u>2,448</u>
CHANGE IN NET POSITION	(75,131)
TOTAL NET POSITION-BEGINNING	<u>2,233,547</u>
TOTAL NET POSITION-ENDING	<u>\$ 2,158,416</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Water and Sewer Enterprise Fund</u>
Cash Flows From Operating Activities	
Cash Received from Customers and Users	\$ 203,419
Proceeds from Operating Grant	32,745
Cash Payments for Goods and Services	(184,562)
Cash Payments to Employees	<u>(57,613)</u>
Net Cash Used By Operating Activities	<u>(6,011)</u>
Cash Flows From Noncapital Financing Activities	
Reimbursements from Other Funds	<u>10,829</u>
Net Cash Provided By Noncapital Financing Activities	<u>10,829</u>
Cash Flows From Capital Financing Activities	
Proceeds from Capital Grant	<u>12,465</u>
Net Cash Provided By Capital Financing Activities	<u>12,465</u>
Cash Flows From Investing Activities	
Maturity of Certificates of Deposit Investments	187,591
Purchase of Certificate of Deposit Investments	(190,122)
Interest Received	<u>2,612</u>
Net Cash Provided By Investing Activities	<u>81</u>
Net Increase In Cash	17,364
Cash At Beginning Of Year	<u>433,887</u>
Cash At End Of Year	<u>\$ 451,251</u>
Reconciliation Of Operating Loss To Net Cash Used By Operating Activities:	
Operating Loss	\$ (77,579)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities--	
Depreciation	76,347
(Increase) Decrease in Net Accounts Receivable	3,475
(Increase) Decrease in Prepaid Insurance	(500)
Increase (Decrease) in Accounts Payable	(9,053)
Increase (Decrease) in Accrued Expenses	201
Increase (Decrease) in Customers' Deposits	<u>1,098</u>
Total Adjustments	<u>71,568</u>
Net Cash Used By Operating Activities	<u>\$ (6,011)</u>
Cash Per Statement of Net Position:	
Current Cash	\$ 426,772
Restricted Cash	<u>24,479</u>
Total Cash at End of Year	<u>\$ 451,251</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

The Town of Dubach, Louisiana, was incorporated in 1898 under the provisions of the Lawrason Act. The Town operates under a Mayor-Council form of government with five council members. Services provided by the Town include police protection, sanitation, and street maintenance. The Town also operates a water distribution system and sewer system for about 400 customers.

The accompanying basic financial statements of the Town of Dubach, Louisiana, are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles for state and local governments through its pronouncements (Statements of Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

These financial statements present the Town of Dubach as the primary government. GASBS No. 14 establishes the criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Town of Dubach is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. As used in GASBS No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Component units can be identified by financial accountability and whether exclusion would create misleading or incomplete financial statements. No component units were identified for the Town of Dubach.

B. Basic Financial Statements--Government-Wide Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's police protection, highways and streets, sanitation, cemetery, and general administrative services are classified as governmental activities. The Town's water and sewer services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are presented on a consolidated basis by column. They are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts--invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net costs of each of the Town's functions and business-type activities. The functions are also supported by general government revenues (property taxes, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants. Program revenues must be directly associated with the function (police, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (taxes, intergovernmental revenues, interest income, etc.). The Town does not allocate indirect costs. The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basic Financial Statements--Fund Financial Statements

The financial transactions of the Town of Dubach are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria for the determination of major funds. All funds were considered by the Town to be major funds.

The following funds are used by the Town of Dubach:

Governmental Funds--The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds reported by the Town of Dubach:

General Fund

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

Special Revenue Funds

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

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for the purposes that support the reporting government's programs.

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

Proprietary Funds--The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:

Enterprise Funds

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. The Water and Sewer Enterprise fund of the Town meets this criteria and operates the Town's water distribution system and its sewer system, which primarily serve Town residents.

The activities reported in this fund are reported as business-type activities in the government-wide financial statements.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Property taxes are reported in the period for which levied. Sales tax collected and held by the sales tax collection agency at year end on behalf of the government are reported in the period for which they were collected. Other nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met. Fees and charges and other charges and other exchange revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Property tax revenues are recognized in the period for which levied provided they are also available. Sales tax collected and held by the sales tax collection agency at year end on behalf of the government are reported in the period for which they were collected provided they are also available. Intergovernmental revenues and grants are recognized when all eligibility requirements are met and the revenues are available. Expenditures are recognized when the related liability is incurred. Exceptions to this general rule include principal and interest on general obligation long-term debt and employee vacation and sick leave, which are recognized when due and payable.

The Town reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

E. Cash Deposits and Investments

Cash and cash equivalents consist of cash on hand, demand deposits, interest-bearing demand deposits, and short-term time deposits with original maturities of three months or less from date of acquisition.

Under state law, the Town of Dubach may invest funds in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. Investments are reported at fair value.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. The "customers' deposits" account is used to report proceeds from customers' meter deposits. A corresponding liability is presented to record these funds held by the enterprise fund. The "flag fund" account is used for donations dedicated to the purchase and repair of flags for the flag pole.

G. Compensated Absences

Employees earn either one or two weeks of vacation time each year, depending upon years of service. Employees earn 12 days of sick leave each year. Vacation can be accumulated. The Town accrues accumulated unpaid vacation when earned by the employee. There were \$8,654 in accrued vacation benefits at year end. There were no accumulated and vested sick leave benefits at year end.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

H. 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 expenses during the reporting period. Actual results could differ from those estimates.

I. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements. At the end of the fiscal year, outstanding funds are referred as "due to/from other funds" on the fund financial statements balance sheets. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

J. Receivables

Ad valorem tax and proprietary fund receivables are shown net of an allowance for uncollectible amounts. Estimated uncollectible amounts are recognized as a reduction in revenue in the general fund and as bad debt expense in the proprietary fund through an allowance established based upon collection experience and other factors which indicate possible uncollectibility.

K. Deferred Outflows of Resources and Deferred Inflows of Resources

The Town reports decreases in net assets that relate to future periods as deferred outflows of resources and increases in net assets that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary fund statements of net position. There were no deferred outflows or deferred inflows of resources reported in this year's financial statements.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Property Tax and Sales Tax Revenues

Ad Valorem taxes are levied by the Town on a calendar year basis and become delinquent on December 31. The Town bills and collects its own Ad Valorem taxes. For the 2018 Ad Valorem Taxes, one rate of tax was levied on property within the corporate limits, as follows:

6.92 mills for the general maintenance of the Town. This millage was approved by the Town Council June 18, 2018. This millage is the maximum millage that can be assessed without the approval of voters.

For the year ended June 30, 2019, taxes of \$23,814 were levied on property. Taxes receivable at June 30, 2019 consisted of the following:

Taxes Receivable	\$ 2,619
Allowance for Uncollectible Taxes	<u>(894)</u>
Net Ad Valorem Taxes Receivable	<u>\$ 1,725</u>

The following are the principal taxpayers and their related ad valorem tax revenue for the Town:

First Guaranty	\$ 1,684
Dubach Apartments	653
Centerpoint Energy Arkla	513
Rosenfeld	450
Bell South Telecommunications	<u>245</u>
Total	<u>\$ 3,545</u>

The qualified electors of the Town of Dubach authorized a one cent sales and use tax levy to be dedicated and used for the purpose of providing funds for any lawful corporate purpose of the Town.

The qualified electors of Lincoln Parish authorized a half cent sales and use tax levy to be dedicated and used for the purpose of solid waste disposal. The proceeds of the sales tax, after paying reasonable and necessary cost and expenses of collecting and administering the tax and cost of operating and maintaining parish-wide solid waste disposal facilities and necessary equipment in connection therewith, is allocated and divided between the Lincoln Parish Police Jury and the incorporated municipalities of the parish according to a formula based upon the ratio that the population of each municipality or entity bears to the total population of the parish as shown by the most recent federal decennial census. The proceeds are restricted for use in the operation and maintenance of solid waste collection facilities, including equipment, furnishings, and other property in connection therewith.

M. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost, except that general infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Capital Assets (continued)

All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Building Improvements	30 years
Water and Sewer Systems	10-50 years
Machinery and Equipment	3-20 years
Improvements other than Buildings	30 years

N. Defining Operating Revenues and Expenses

The Town's proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Town's water and sewer fund consist of charges for services and costs of providing those services, including depreciation and excluding interest cost. All other revenues and expenses are reported as nonoperating.

O. Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position are divided into three components:

Invested in capital assets, net of related debt--consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net position--consist of a net position that is restricted by the Town's creditors, by grantors, and by other contributors.

Unrestricted--all other net position is reported in this category.

P. Governmental Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable Fund Balance - amounts that are not in spendable form (such as prepaids) or are required to be maintained intact.

Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned Fund Balance - amounts the government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned Fund Balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Governmental Fund Balance (continued)

The Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Town Council through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expenditure toward restricted resources and then toward unrestricted resources. In governmental funds, the Town's policy is to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications--committed and then assigned fund balances before using unassigned fund balances.

Q. Prepaid Insurance

Payments made to insurance companies for insurance coverage that will benefit periods beyond June 30, 2019, are recorded as prepaid items in the asset section of the fund financial statements balance sheet.

R. Budget Information

The Town of Dubach prepared operating budgets on its General Fund and Special Revenue Fund for the year ended June 30, 2019. The proposed budgets were published in the official journal and made available for public inspection. A public hearing for the proposed budgets was held on June 18, 2018, and the budgets were adopted by the mayor and council members. There were legally adopted budget amendments prior to year end. The budgets presented anticipated revenues and expenditures on a basis consistent with generally accepted accounting principles. Budgetary amounts were monitored by management and amended as deemed necessary. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

NOTE 2 - CASH AND INVESTMENTS

At June 30, 2019, the Town had cash and restricted cash (book balances) totaling \$705,920 and investments and restricted investments (book balances) totaling \$471,209, as follows:

	<u>Cash</u>	<u>Investments</u>
Cash on Hand	\$ 50	\$ 0
Demand Deposits	703,336	0
Time Deposits	<u>2,534</u>	<u>471,209</u>
Total	<u>\$ 705,920</u>	<u>\$ 471,209</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. Ordinarily, these securities are held in the name of the pledging agent bank in a holding or custodial bank that is mutually acceptable to both parties.

The Town maintains its cash accounts in various banks. Each bank provides Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000 for all demand deposits and \$250,000 for all time deposits. At June 30, 2019, the Town had \$1,183,925 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance of \$724,422 and \$459,503 of pledged securities held by custodial banks in the name of the fiscal agent banks.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 - RECEIVABLES

The receivables of \$46,112 at June 30, 2019, are as follows:

	<u>General Fund</u>	<u>Garbage Fund</u>	<u>Permanent Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Taxes					
Ad Valorem, net of allowance of \$894	\$ 1,725	\$ 0	\$ 0	\$ 0	\$ 1,725
Sales and Use	21,037	0	0	0	21,037
Franchise	7,676	0	0	0	7,676
Accounts Receivable	0	0	0	14,627	14,627
Due from Collection Agency	755	0	0	0	755
Other	<u>292</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>292</u>
Total	<u>\$ 31,485</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,627</u>	<u>\$ 46,112</u>

NOTE 4 - DUE FROM OTHER GOVERNMENTS

The amounts due from other governments of \$10,618 at June 30, 2019, are as follows:

	<u>General Fund</u>	<u>Garbage Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Hotel Tax	1,319	0	0	1,319
Town's Portion of 1/2% Tax	<u>\$ 0</u>	<u>\$ 9,299</u>	<u>\$ 0</u>	<u>\$ 9,299</u>
Total	<u>\$ 1,319</u>	<u>\$ 9,299</u>	<u>\$ 0</u>	<u>\$ 10,618</u>

NOTE 5 - INTERFUND RECEIVABLE/PAYABLE

Interfund receivable/payable balances resulting from interfund transactions are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 88,132	\$ 0
Special Revenue Fund-Garbage Fund	7,931	0
Utility Fund	<u>0</u>	<u>96,063</u>
Totals	<u>\$ 96,063</u>	<u>\$ 96,063</u>

The funds periodically submit reimbursements to the other funds, however, no significant reductions in the interfund balances are expected within the next year.

NOTE 6 - RESTRICTED ASSETS

Restricted assets were applicable to the following at June 30, 2019:

Proprietary Fund - Customers' Deposits	<u>\$ 49,846</u>
General Fund - Flag Fund	<u>\$ 678</u>

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2019, for the Town of Dubach are as follows:

	Beginning Balance <u>07/01/18</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>06/30/19</u>
Governmental Activities:				
Capital Assets				
Land	\$ 70,947	\$ 0	\$ 0	\$ 70,947
Buildings and Building Improvements	252,833	0	0	252,833
Improvements Other than Buildings	94,946	0	0	94,946
Streets	251,245	0	0	251,245
Machinery and Equipment	<u>356,000</u>	<u>32,928</u>	<u>21,317</u>	<u>367,611</u>
Total Capital Assets	<u>1,025,971</u>	<u>32,928</u>	<u>21,317</u>	<u>1,037,582</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	169,573	5,487	0	175,060
Improvements Other than Buildings	45,278	3,099	0	48,377
Streets	148,652	12,562	0	161,214
Machinery and Equipment	<u>331,653</u>	<u>5,713</u>	<u>11,014</u>	<u>326,352</u>
Total Accumulated Depreciation	<u>695,156</u>	<u>26,861</u>	<u>11,014</u>	<u>711,003</u>
Governmental Capital Assets, Net	<u>\$ 330,815</u>	<u>\$ 6,067</u>	<u>\$ 10,303</u>	<u>\$ 326,579</u>
Business-Type Activities:				
Capital Assets				
Land	\$ 17,482	\$ 0	\$ 0	\$ 17,482
Water and Sewer Systems	3,768,559	0	0	3,768,559
Machinery and Equipment	<u>28,635</u>	<u>0</u>	<u>0</u>	<u>28,635</u>
Total	<u>3,814,676</u>	<u>0</u>	<u>0</u>	<u>3,814,676</u>
Less Accumulated Depreciation for:				
Water and Sewer Systems	2,073,134	73,872	0	2,147,006
Machinery and Equipment	<u>20,795</u>	<u>2,475</u>	<u>0</u>	<u>23,270</u>
Total Accumulated Depreciation	<u>2,093,929</u>	<u>76,347</u>	<u>0</u>	<u>2,170,276</u>
Business-Type Capital Assets, Net	<u>\$ 1,720,747</u>	<u>\$ (76,347)</u>	<u>\$ 0</u>	<u>\$ 1,644,400</u>

Depreciation expense of \$26,861 for the year ended June 30, 2019, was charged to the following governmental functions:

General Government	\$ 21,369
Police	3,731
Highways and Streets	1,632
Sanitation	<u>129</u>
Total Governmental Depreciation Expense	<u>\$ 26,861</u>

NOTE 8 - ON-BEHALF PAYMENTS

Employees of the Town of Dubach's Police Department received salary supplements of \$15,000 from the State of Louisiana for the year ended June 30, 2019. There were no fringe benefits paid on this supplemental salary.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART II)**

TOWN OF DUBACH, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
--BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
REVENUES				
Taxes				
Ad Valorem	\$ 21,000	\$ 21,000	\$ 22,820	\$ 1,820
Franchise	27,000	25,000	33,375	8,375
Sales and Use	70,000	70,000	122,295	52,295
Licenses	27,000	27,000	49,955	22,955
Intergovernmental				
Hotel Tax	1,900	1,900	7,902	6,002
Supplemental Pay-Police	18,000	18,000	15,000	(3,000)
Grants	0	0	0	0
Right-of-Way Maintenance	3,050	3,050	3,050	0
Charges for Services	1,000	1,000	3,225	2,225
Fines	55,000	75,000	102,828	27,828
Investment Earnings	100	100	1,008	908
Contributions and Donations	0	0	1,415	1,415
Other Revenues				
Rent	1,000	1,000	4,925	3,925
Royalties and Gas Lease	1,700	1,700	1,890	190
Miscellaneous	400	400	1,009	609
TOTAL REVENUES	<u>227,150</u>	<u>245,150</u>	<u>370,697</u>	<u>125,547</u>
EXPENDITURES				
General Government	156,120	170,500	153,499	17,001
Police	162,455	171,155	151,977	19,178
Highways and Streets	24,300	24,300	18,096	6,204
Capital Outlay	750	11,458	32,929	(21,471)
TOTAL EXPENDITURES	<u>343,625</u>	<u>377,413</u>	<u>356,501</u>	<u>20,912</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(116,475)	(132,263)	14,196	146,459
OTHER FINANCING SOURCES				
Proceeds from Sale of Assets	0	0	22,121	22,121
TOTAL OTHER FINANCING SOURCES	<u>0</u>	<u>0</u>	<u>22,121</u>	<u>22,121</u>
NET CHANGE IN FUND BALANCE	(116,475)	(132,263)	36,317	168,580
FUND BALANCE-BEGINNING	<u>0</u>	<u>0</u>	<u>416,119</u>	<u>416,119</u>
FUND BALANCE-ENDING	<u>\$ (116,475)</u>	<u>\$ (132,263)</u>	<u>\$ 452,436</u>	<u>\$ 584,699</u>

TOWN OF DUBACH, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
--BUDGET AND ACTUAL - GARBAGE FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual Amounts Budgetary Basis	Variance with Budget Favorable (Unfavorable)
REVENUES			
Charges for Services	\$ 24,000	\$ 25,890	\$ 1,890
Intergovernmental			
Town's Portion of 1/2% Tax	40,000	54,950	14,950
Investment Earnings	<u>300</u>	<u>625</u>	<u>325</u>
Other Revenues			
TOTAL REVENUES	<u>64,300</u>	<u>81,465</u>	<u>17,165</u>
EXPENDITURES			
Sanitation	130,550	96,841	33,709
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>130,550</u>	<u>96,841</u>	<u>33,709</u>
NET CHANGE IN FUND BALANCE	(66,250)	(15,376)	50,874
FUND BALANCE-BEGINNING	<u>0</u>	<u>214,098</u>	<u>214,098</u>
FUND BALANCE-ENDING	<u>\$ (66,250)</u>	<u>\$ 198,722</u>	<u>\$ 264,972</u>

OTHER REPORTS

DON M. McGEHEE
(A Professional Accounting Corporation)

P.O. Box 1344
205 E. Reynolds Dr., Suite A
Ruston, Louisiana 71273-1344

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

The Honorable Mary Claire Smith, Mayor
and Town Council
Town of Dubach
P.O. Box 252
Dubach, Louisiana 71235

I have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dubach, Louisiana, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Dubach's basic financial statements and have issued my report thereon dated January 17, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Dubach's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Dubach's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Dubach's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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 a 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 and corrected on a timely basis.

I consider the deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as #2019-1 to be a material weakness, as described above.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described as #2019-2 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Dubach's financial statements are free from material misstatement, I performed tests on 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed two instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as #2019-3 and #2019-4.

Town of Dubach's Response to Findings

The Town of Dubach's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. The Town of Dubach's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Don M. McGehee
Certified Public Accountant
January 17, 2020

TOWN OF DUBACH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

I have audited the financial statements of the Town of Dubach, Louisiana, as of and for the year ended June 30, 2019, and have issued my report thereon dated January 17, 2020. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2019 resulted in an unqualified opinion. The following is a summary of my audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards:

Section 1 Summary of Auditors' Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section 2 Financial Statement Findings

Finding 2019-1. Inadequate Segregation of Duties. The Town of Dubach's Office has too few personnel involved in the accounting system to have adequate segregation of duties for internal control.

Finding 2019-2. Inadequate Controls over Preparation of the Financial Statements. Personnel for the Town of Dubach do not have sufficient financial expertise to prepare the financial statements without some technical assistance in applying accounting principles that are in conformity with GAAP. However, they can understand the key issues identified, make any required management decisions, and fulfill the competency requirements, such that they can accept responsibility for the financial statements.

Finding 2019-3. Late Submission of Audit Report. The Town of Dubach's annual audit report was not submitted to the Legislative Auditor within six months of year end.

Finding 2019-4. Budgeted Expenditures in Excess of Estimated Funds Available. The Town of Dubach's budget for the year ended June 30, 2019 included total proposed expenditures in excess of total estimated funds available in the general fund and special revenue fund.

TOWN OF DUBACH, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2019, are discussed below with management's response for a corrective action plan.

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2019-1. Inadequate Segregation of Duties. The Town is required to design internal control with proper segregation of duties to prevent, or detect and correct, misstatements in the accounting system. There are too few personnel involved in the accounting system to have adequate segregation of duties for internal control. Recommend that the Town involve additional personnel in the accounting system to allow for adequate segregation of duties.

Response: The Town has an accounting workload that can be easily managed by two employees. The hiring of additional employees to provide enhanced internal control does not appear to be the best use of the Town's resources.

2019-2. Inadequate Controls over Preparation of the Financial Statements. The Town is required to have controls in place to prevent, or detect and correct, misstatements in the financial statements. Personnel do not have sufficient financial expertise to prepare the financial statements without some technical assistance in applying accounting principles that are in conformity with GAAP. Recommend controls be strengthened by providing personnel with additional training.

Response: The Town has employees with the ability to record cash receipts and disbursements, prepare adjusting entries, and prepare draft financial statements. However, there are times that they do not have the expertise to apply certain accounting principles. Providing employees with additional education does not appear to be the best use of the Town's resources, but the Town will encourage the employees to use technical assistance available.

2019-3. Late Submission of Audit. The Town of Dubach's annual audit was not submitted to the Legislative Auditor within six months of year end, as required by state law. Certain audit information was not available in a timely manner to perform and complete the audit until after the six month due date. I recommend providing the required information earlier such that the audit can be filed on a timely basis.

Response: The Town will provide the items needed by the auditor in a timely manner. The clerk, Pamela Spillers, plans to provide the information to the auditor before December, 2020 for the year ending June 30, 2020.

2019-4. Budgeted Expenditures in Excess of Estimated Funds Available. The Town of Dubach's budget for the year ended June 30, 2019 included total proposed expenditures in excess of total estimated funds available for the general fund and special revenue fund. State budget law does not allow the Town to budget proposed expenditures in excess of total estimated funds available for the year, including beginning fund balance and any anticipated revenues. The Town's budget did not include an amount for beginning fund balance, which would have provided sufficient estimated funds available to cover the proposed expenditures. I recommend ensuring that all proposed budgets include the beginning fund balance, and that the total of proposed expenditures do not exceed the total of estimated funds available.

Response: There was a clerical mistake made in preparing the budget that caused the last two lines of the budget to be left off. The missing lines were for beginning fund balance and ending fund balance. The Town had sufficient beginning balance to cover the excess proposed expenditures. The Town will include beginning fund balance in each budget prepared and ensure that the total of proposed expenditures do not exceed the total of estimated funds available for the ensuing fiscal year.

TOWN OF DUBACH, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

FINDINGS	MANAGEMENT'S RESPONSES
2018-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.	Unresolved. See Finding 2019-1.
2018-2. Preparation of Financial Statements. Personnel do not have sufficient financial expertise to prepare the financial statements without some technical assistance in applying accounting principles that are in conformity with GAAP.	Unresolved. See Finding 2019-2.
2018-3. Late submission of Audit Report. Town's annual audit report was not submitted to the Legislative Auditor within six months of year end.	Unresolved. See Finding 2019-3.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF DUBACH, LOUISIANA
SCHEDULE OF PER DIEM PAYMENTS TO COUNCIL MEMBERS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Council Members</u>	<u>Amount</u>
Robert Colvin	\$ 650
Evelyn Graham	1,450
Ruby Key Dawson	1,450
Donna Lewis	650
Pamela Freeman	750
Monique Roberts	<u>1,450</u>
Total	<u>\$ 6,400</u>

TOWN OF DUBACH, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO THE MAYOR
FOR THE YEAR ENDED JUNE 30, 2019

Mayor, Robert Jensen (2018):

<u>Purpose</u>	<u>Amount</u>
Salaries	\$ 6,650
Mileage Reimbursements	2,937
Reimbursements	119

Mayor, Mary Claire Smith (2019):

<u>Purpose</u>	<u>Amount</u>
Salaries	\$ 6,800
Mileage Reimbursements	873

**TOWN OF DUBACH
LOUISIANA**

**STATEWIDE AGREED-UPON PROCEDURES
JUNE 30, 2019**

DON M. McGEHEE
(A Professional Accounting Corporation)

P.O. Box 1344
205 E. Reynolds Dr., Suite A
Ruston, Louisiana 71273-1344

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Board of Directors of the Town of Dubach
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Town of Dubach and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Management does not have written policies and procedures for these functions.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Management does not have written policies and procedures for these functions.

c) **Disbursements**, including processing, reviewing, and approving

Management does not have written policies and procedures for these functions.

d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Management does not have written policies and procedures for these functions.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Management does not have written policies and procedures for these functions.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Management does not have written policies and procedures for these functions.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Management does not have written policies and procedures for these functions.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Management does not have written policies and procedures for these functions.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Management does not have written policies and procedures for these functions.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Management does not have written policies and procedures for these functions.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Management does not have written policies and procedures for these functions.

Management's Response: The Town of Dubach is a small entity with only two employees in the office. We use guidance provided by state law and have policies and procedures that address many of the categories and subcategories shown above, but we do not have formal written policies and procedures.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The managing board met at least monthly.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

The minutes for monthly meetings referenced monthly financial information being presented, but budget-to-actual comparisons are only presented periodically during the year.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exceptions.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

A member of management does not review each bank reconciliation.

Management's Response: The Town of Dubach is working toward increasing the involvement of the mayor in the accounting system.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable

Management did not have documentation reflecting that it has researched reconciling items that have been outstanding for 12 months or longer as of the end of the fiscal period.

Management's Response: The Town of Dubach is planning to research the outstanding items over 12 months old and take appropriate action by June, 2020.

Collections (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Management provided us with the required list and representation that it is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

There are two employees working in the office and they both collect cash and share the same cash drawer.

Management's Response: The Town of Dubach has one employee primarily responsible for cash collections and she has a cash drawer. There are times that the other office employee will be responsible for collecting cash, and she will share the cash drawer with the other employee.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

The person primarily responsible for collecting cash does prepare/make bank deposits, but the employees use pre-numbered receipts to reconcile to the deposits.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

There are only two employees that work in the office, both of which collect cash, and either may reconcile the cash collections to the general ledger and/or subsidiary ledgers.

Management's Response: The Town of Dubach has one employee primarily responsible for cash collections and posting to subsidiary ledgers. She does not post to the general ledger nor does she reconcile ledger posting to each other and the deposit.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

The employee responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, does collect cash at times.

Management's Response: The Town of Dubach has two office employees, one of which primarily reconciles to the general ledger and subsidiary ledgers.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Management indicated that each person responsible for collecting cash is bonded for theft.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially pre-numbered.

No exceptions.

b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions.

c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions.

d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions.

e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management provided us with the required list and represented that it is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

There are at least two employees involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

b) At least two employees are involved in processing and approving payments to vendors.

There are at least two employees involved in processing and approving payments to vendors.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files

Only one person processes payments, but she is not prohibited from adding vendors to the Town's disbursement system.

Management's Response: The Town of Dubach has one person that processes payments and adds vendors, but all payments still have to be approved by two people.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

All checks are signed by two people, but there are no controls on who mails the payment.

Management's Response: The Town of Dubach has two office employees, either of which may be involved in the mailing of checks.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

- 11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Excluded from testing during the current year, since a previous year had no exceptions.

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Excluded from testing during the current year, since a previous year had no exceptions.

- b) Observe that finance charges and late fees were not assessed on the selected statements

Excluded from testing during the current year, since a previous year had no exceptions.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Excluded from testing during the current year, since a previous year had no exceptions.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Excluded from testing during the current year, since a previous year had no exceptions.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Excluded from testing during the current year, since a previous year had no exceptions.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Excluded from testing during the current year, since a previous year had no exceptions.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Excluded from testing during the current year, since a previous year had no exceptions.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Excluded from testing during the current year, since a previous year had no exceptions.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Excluded from testing during the current year, since a previous year had no exceptions.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Excluded from testing during the current year, since a previous year had no exceptions.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Excluded from testing during the current year, since a previous year had no exceptions.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

The Town did not maintain a record of authorized salaries/pay rates in the personnel files.

Management's Response: The Town of Dubach has only a few employees/officials. Salaries for officials have not changed in many years. Employee rates are verbally communicated.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

All selected employees that earn leave documented their daily attendance and leave.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

There is no written documentation that the attendance and leave of selected employees was approved by a supervisor.

Management's Response: The Town of Dubach has a very limited number of employees, the mayor or chief of police approve all attendance and leave, but not in a written documentation.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions.

- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

No exceptions.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines

No exceptions.

Ethics (excluding nonprofits)

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Excluded from testing during the current year, since a previous year had no exceptions.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Excluded from testing during the current year, since a previous year had no exceptions.

Debt Service (excluding nonprofits)

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

The Town had no outstanding debt during the fiscal period.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

The Town had no outstanding debt during the fiscal period.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Excluded from testing during the current year, since a previous year had no exceptions.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Excluded from testing during the current year, since a previous year had no exceptions.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in black ink, appearing to read "Don M. McGehee". The signature is fluid and cursive, with a prominent initial "D" and a long, sweeping underline.

Don M. McGehee
Certified Public Accountant
January 17, 2020