

TOWN OF DUSON, LOUISIANA

Financial Report

Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

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The Honorable Johnny Thibodeaux, Mayor
and Members of the Board of Aldermen
Town of Duson, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Duson, Louisiana (the Town), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town'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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 Town'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 Town's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Duson, Louisiana, as of December 31, 2018, 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 budgetary comparison information, schedule of net pension liability, and schedule of employer contributions on pages 44 through 49 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Duson, Louisiana's basic financial statements. The other supplementary information on pages 52 through 68 is presented for purposes of additional analysis and is not a required part of the financial statements.

The comparative statements 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The prior year comparative amounts on this information were derived from the Town of Duson's 2017 financial statements, which were subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, were fairly presented in all material respects in relation to the basic financial statements from which they were derived.

The budgetary comparison schedules, schedule of number of utility customers and schedule of insurance in force have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated June 14, 2019, on our consideration of the Town of Duson, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 14, 2019

BASIC FINANCIAL STATEMENTS

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

TOWN OF DUSON, LOUISIANA

Statement of Net Position
December 31, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 2,371,127	\$ 151,984	\$2,523,111
Investments	195,138	1,138	196,276
Receivables, net	102,550	69,972	172,522
Internal balances	(37,706)	37,706	-
Due from other governmental units	131,639	41,711	173,350
Prepaid items	29,089	21,974	51,063
Total current assets	<u>2,791,837</u>	<u>324,485</u>	<u>3,116,322</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	259,502	259,502
Investments	-	27,031	27,031
Capital assets:			
Land and construction in progress	1,000,450	63,130	1,063,580
Capital assets, net	<u>2,368,098</u>	<u>4,674,663</u>	<u>7,042,761</u>
Total noncurrent assets	<u>3,368,548</u>	<u>5,024,326</u>	<u>8,392,874</u>
Total assets	<u>6,160,385</u>	<u>5,348,811</u>	<u>11,509,196</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>133,797</u>	<u>58,748</u>	<u>192,545</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	383,028	46,219	429,247
Unearned revenue	6,260	-	6,260
Capital lease payable	36,883	12,197	49,080
Customer deposits payable	-	64,070	64,070
Bonds payable	140,000	25,040	165,040
Accrued interest	30,750	2,615	33,365
Total current liabilities	<u>596,921</u>	<u>150,141</u>	<u>747,062</u>
Noncurrent liabilities:			
Compensated absences payable	18,919	9,350	28,269
Net pension liability	450,733	201,726	652,459
Capital lease payable	37,728	201,425	239,153
Bonds payable	<u>2,360,000</u>	<u>1,112,715</u>	<u>3,472,715</u>
Total noncurrent liabilities	<u>2,867,380</u>	<u>1,525,216</u>	<u>4,392,596</u>
Total liabilities	<u>3,464,301</u>	<u>1,675,357</u>	<u>5,139,658</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>22,668</u>	<u>9,093</u>	<u>31,761</u>
NET POSITION			
Net investment in capital assets	1,964,364	3,427,256	5,391,620
Restricted for debt service	-	194,808	194,808
Restricted for sales tax dedications	514,267	-	514,267
Unrestricted	<u>328,582</u>	<u>101,045</u>	<u>429,627</u>
Total net position	<u>\$ 2,807,213</u>	<u>\$ 3,723,109</u>	<u>\$ 6,530,322</u>

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

TOWN OF DUSON, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2018

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 547,152	\$ 144,486	\$ -	\$ 1,539	\$ (401,127)	\$ -	\$ (401,127)
Public safety:							
Police	748,075	184,709	38,600	-	(524,766)	-	(524,766)
Fire	73,202	-	-	-	(73,202)	-	(73,202)
Streets	353,235	-	5,400	-	(347,835)	-	(347,835)
Parks and recreation	801	-	-	-	(801)	-	(801)
Community Center	46,205	-	-	-	(46,205)	-	(46,205)
Interest	33,036	-	-	-	(33,036)	-	(33,036)
Total governmental activities	<u>1,801,706</u>	<u>329,195</u>	<u>44,000</u>	<u>1,539</u>	<u>(1,426,972)</u>	<u>-</u>	<u>(1,426,972)</u>
Business-type activities:							
Water	432,921	269,601	-	493,000	-	329,680	329,680
Sewer	467,397	183,094	-	-	-	(284,303)	(284,303)
Sanitation	111,175	125,205	-	-	-	14,030	14,030
Total business-type activities	<u>1,011,493</u>	<u>577,900</u>	<u>-</u>	<u>493,000</u>	<u>-</u>	<u>59,407</u>	<u>59,407</u>
Total	<u>\$ 2,813,199</u>	<u>\$ 907,095</u>	<u>\$ 44,000</u>	<u>\$ 494,539</u>	<u>(1,426,972)</u>	<u>59,407</u>	<u>(1,367,565)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					57,410	-	57,410
Sales and use taxes, levied for general purposes					882,068	-	882,068
Franchise taxes					78,271	-	78,271
Grants and contributions not restricted to specific programs -							
State sources					605,303	-	605,303
Non-employer contributions					12,522	5,988	18,510
Interest and investment earnings					4,499	1,080	5,579
Miscellaneous					68,113	-	68,113
Transfers					16,231	(16,231)	-
Total general revenues and transfers					<u>1,724,417</u>	<u>(9,163)</u>	<u>1,715,254</u>
Change in net position					297,445	50,244	347,689
Net position - January 1, 2018					<u>2,509,768</u>	<u>3,672,865</u>	<u>6,182,633</u>
Net position - December 31, 2018					<u>\$ 2,807,213</u>	<u>\$ 3,723,109</u>	<u>\$ 6,530,322</u>

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

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

General Fund

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

Special Revenue Funds

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

1969 Sales Tax Fund -

To account for the receipt and use of proceeds of the Town's 1% sales and use tax. These taxes are dedicated for the purpose of constructing, acquiring, extending, improving and maintaining sewers, sewerage disposal works, waterworks facilities, drainage facilities, public streets and roads and bridges, including the purchase of equipment.

1983 Sales Tax Fund -

To account for the receipt and use of proceeds of the Town's 1% sales and use tax. These taxes are dedicated for the purpose of constructing and acquiring extensions and improvements to the waterworks plant and distribution system of the Town and providing for the maintenance thereof; constructing, improving and maintaining public streets and drainage facilities for the Town; constructing, acquiring, extending, improving and maintaining the sewerage collection and disposal facilities of the Town; and maintaining and operating any other works of public improvement for the Town, and purchasing and acquiring the necessary land and equipment thereof; and the Town shall be further authorized to fund the proceeds of the tax into bonds for the purpose of constructing, acquiring, extending, and/or improving capital improvements of the Town to the extent and in the manner permitted by the laws of Louisiana.

2018 Sales Tax Fund -

To account for the receipt and use of the proceeds of a 1% sales and use tax. These taxes are dedicated and used to fund the infrastructure and repairs of roads in the the Town of Duson.

Hotel/Motel Sales Tax Fund -

To account for the receipt and use of the proceeds of a 4% tax upon the rent or fee charged for the occupancy of hotel rooms within the Town. These taxes are dedicated and used to fund economic development, the promotion of tourism, and related infrastructure within the Town.

Capital Projects Fund

Capital Projects Fund-

To account for the receipt and subsequent disbursement of bond proceeds, grants and Town's matching funds to be utilized for various projects.

Enterprise Fund

Utility Fund -

To account for the provision of water, sewerage and sanitation (garbage) services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

TOWN OF DUSON, LOUISIANA

Balance Sheet - Governmental Funds
December 31, 2018

	General	1969 Sales Tax Special Revenue	1983 Sales Tax Special Revenue	2018 Sales Tax Special Revenue	Hotel/Motel Sales Tax Special Revenue	Capital Projects	Total
ASSETS							
Cash and interest-bearing deposits	\$ 136,930	\$ 87,529	\$ 229,898	\$ 1,851,585	\$ 65,075	\$ 110	\$2,371,127
Investments	184,884	10,254	-	-	-	-	195,138
Receivables:							
Taxes	24,262	24,479	24,479	27,537	1,383	-	102,140
Other	410	-	-	-	-	-	410
Due from other governmental units	131,639	-	-	-	-	-	131,639
Due from other funds	21,633	42,168	66,093	-	-	1,861,419	1,991,313
Prepaid items	29,089	-	-	-	-	-	29,089
Total assets	<u>\$ 528,847</u>	<u>\$ 164,430</u>	<u>\$ 320,470</u>	<u>\$ 1,879,122</u>	<u>\$ 66,458</u>	<u>\$ 1,861,529</u>	<u>\$4,820,856</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 27,690	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,690
Contracts payable	-	-	-	-	-	326,066	326,066
Retainage payable	-	-	-	-	-	19,485	19,485
Accrued liabilities	9,787	-	-	-	-	-	9,787
Unearned revenue	6,260	-	-	-	-	-	6,260
Due to other funds	112,806	29,741	60,500	1,825,972	-	-	2,029,019
Total liabilities	<u>156,543</u>	<u>29,741</u>	<u>60,500</u>	<u>1,825,972</u>	<u>-</u>	<u>345,551</u>	<u>2,418,307</u>
Fund balances -							
Nonspendable - prepaid items	29,089	-	-	-	-	-	29,089
Restricted - sales tax dedications	-	134,689	259,970	53,150	66,458	-	514,267
Restricted - capital projects	-	-	-	-	-	1,515,978	1,515,978
Unassigned	343,215	-	-	-	-	-	343,215
Total fund balances	<u>372,304</u>	<u>134,689</u>	<u>259,970</u>	<u>53,150</u>	<u>66,458</u>	<u>1,515,978</u>	<u>2,402,549</u>
Total liabilities and fund balances	<u>\$ 528,847</u>	<u>\$ 164,430</u>	<u>\$ 320,470</u>	<u>\$ 1,879,122</u>	<u>\$ 66,458</u>	<u>\$ 1,861,529</u>	<u>\$4,820,856</u>

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

TOWN OF DUSON, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2018

Total fund balances for governmental funds at December 31, 2018		\$2,402,549
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 62,827	
Construction in progress	937,623	
Buildings and improvements, net of \$400,596 accumulated depreciation	978,292	
Infrastructure, net of \$788,423 accumulated depreciation	1,139,836	
Equipment and vehicles net of \$673,378 accumulated depreciation	<u>249,970</u>	3,368,548
The deferred outflows of expenditures for the various pensions are not a use of current resources and, therefore, are not reported in the funds.		133,797
Interest expense is accrued at year-end in the government-wide financial statements, but is recorded only if due and payable on the governmental fund financial statements.		(30,750)
Some liabilities are not due and payable in the current period and, therefore, not reported in the governmental funds.		
Capital lease payable	(74,611)	
Compensated absences payable	(18,919)	
Bond payable	(2,500,000)	
Net pension liability	<u>(450,733)</u>	(3,044,263)
The deferred inflows of contributions for the various pensions are not available resources and, therefore, are not reported in the funds.		<u>(22,668)</u>
Total net position of governmental activities at December 31, 2018		<u>\$2,807,213</u>

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

TOWN OF DUSON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2018

	1969 Sales Tax Special Revenue	1983 Sales Tax Special Revenue	2018 Sales Tax Special Revenue	Hotel/Motel Sales Tax Special Revenue	Capital Projects	Total
Revenues:						
Taxes	\$ 135,681	\$ 402,393	\$ 402,393	\$ 53,523	\$ 23,759	\$ 1,017,749
Licenses and permits	144,486	-	-	-	-	144,486
Intergovernmental	650,842	-	-	-	-	650,842
Fines and forfeits	184,709	-	-	-	-	184,709
Miscellaneous	97,515	546	351	63	22	98,497
Total revenues	<u>1,213,233</u>	<u>402,939</u>	<u>402,744</u>	<u>53,586</u>	<u>23,781</u>	<u>2,096,283</u>
Expenditures:						
Current -						
General government	431,252	13,588	13,588	436	133	505,397
Public safety:						
Police	701,006	-	-	-	-	701,006
Fire	64,586	-	-	-	-	64,586
Streets	293,404	-	-	-	-	293,404
Parks and recreation	442	-	-	-	-	442
Community Center	19,349	-	-	-	-	19,349
Capital outlay	101,841	-	-	-	1,342,933	1,444,774
Debt service -						
Principal retirement	45,375	-	-	-	-	45,375
Interest	2,286	-	-	-	-	2,286
Total expenditures	<u>1,659,541</u>	<u>13,588</u>	<u>13,588</u>	<u>436</u>	<u>1,389,333</u>	<u>3,076,619</u>
Excess (deficiency) of revenues over expenditures	<u>(446,308)</u>	<u>389,351</u>	<u>389,156</u>	<u>53,150</u>	<u>23,648</u>	<u>(1,389,333)</u>
Other financing sources (uses):						
Bond proceeds	-	-	-	-	2,500,000	2,500,000
Capital lease proceeds	81,572	-	-	-	-	81,572
Transfers in	460,000	-	-	-	405,311	865,311
Transfers out	(98,826)	(395,254)	(355,000)	-	-	(849,080)
Total other financing sources (uses)	<u>442,746</u>	<u>(395,254)</u>	<u>(355,000)</u>	<u>-</u>	<u>2,905,311</u>	<u>2,597,803</u>
Net changes in fund balances	<u>(3,562)</u>	<u>(5,903)</u>	<u>34,156</u>	<u>53,150</u>	<u>23,648</u>	<u>1,617,467</u>
Fund balances, beginning	<u>375,866</u>	<u>140,592</u>	<u>225,814</u>	<u>-</u>	<u>42,810</u>	<u>785,082</u>
Fund balances, ending	<u>\$ 372,304</u>	<u>\$ 134,689</u>	<u>\$ 259,970</u>	<u>\$ 53,150</u>	<u>\$ 66,458</u>	<u>\$ 2,402,549</u>

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

TOWN OF DUSON, 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 December 31, 2018

Total net changes in fund balances at December 31, 2018 per
statement of revenues, expenditures and changes in fund balances \$ 1,617,467

The change in net position reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on statement of revenues, expenditures and changes in fund balances	\$1,444,774	
Proceeds from sale of capital assets	(25,885)	
Loss on sale of capital assets	(2,225)	
Depreciation expense for the year ended December 31, 2018	<u>(140,717)</u>	1,275,947

Because some revenues are not considered measurable at year end,
they are not considered "available" revenues in the governmental funds.

Non-employer contributions	12,522
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Proceeds from bonds and capital leases are reporting as financing sources
in governmental funds and thus contribute to the change in fund balance.
In the statement of net position, however, issuing debt increases long-
term liabilities and does not affect the statement of activities. Similarly,
repayment of principal of bonds and capital leases are recorded as
expenditures in the governmental funds but reduce the liability in the
the statement of net position.

Bond proceeds	(2,500,000)	
Proceeds from capital lease	(81,572)	
Principal payments on capital leases	<u>45,375</u>	(2,536,197)

Expenses reported in the statement of activities are recognized when liabilities
are incurred; while expenditures are recognized at the fund level when cash
payments are made. The amounts below represent the difference between
the expenses incurred at the government-wide level and the current
financial resources expended at the fund level.

Compensated absences	1,837	
Interest expense	(30,750)	
Pension expense	<u>(43,381)</u>	(72,294)

Total net changes in net position at December 31, 2018 per
statement of activities \$ 297,445

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

TOWN OF DUSON, LOUISIANA

Statement of Net Position
 Proprietary Fund
 December 31, 2018

	Utility Enterprise Fund
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 151,984
Investments	1,138
Receivables:	
Accounts receivable, net	32,079
Unbilled utility receivables	37,893
Due from other funds	104,970
Due from other governmental units	41,711
Prepaid items	21,974
Total current assets	<u>391,749</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	259,502
Investments	27,031
Capital assets:	
Land	63,130
Other capital assets, net of accumulated depreciation	<u>4,674,663</u>
Total noncurrent assets	<u>5,024,326</u>
Total assets	<u>5,416,075</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>58,748</u>
LIABILITIES	
Current liabilities:	
Accounts and other payables	20,308
Contracts payable	12,371
Retainage payable	13,540
Capital lease payable	12,197
Due to other funds	67,264
Payable from restricted assets -	
Customer deposits payable	64,070
Revenue bonds payable	25,040
Interest payable	2,615
Total current liabilities	<u>217,405</u>
Noncurrent liabilities:	
Compensated absences payable	9,350
Net pension liability	201,726
Capital lease payable	201,425
Revenue bonds payable	<u>1,112,715</u>
Total noncurrent liabilities	<u>1,525,216</u>
Total liabilities	<u>1,742,621</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>9,093</u>
NET POSITION	
Net investment in capital assets	3,427,256
Restricted for debt service	194,808
Unrestricted	<u>101,045</u>
Total net position	<u>\$ 3,723,109</u>

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

TOWN OF DUSON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -
 Proprietary Fund
 For the Year Ended December 31, 2018

	<u>Utility Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Water charges	\$ 269,601
Sewer service charges	183,094
Sanitation charges	<u>125,205</u>
Total operating revenues	<u>577,900</u>
 Operating expenses:	
Salaries	193,131
Payroll taxes	15,283
Retirement	32,532
General insurance	35,729
Auto and truck expense	7,479
Utilities and telephone	42,505
Maintenance and repairs	46,801
Supplies and parts	37,901
Office expense	3,727
Garbage collection fees	87,196
Bad debt expense	6,803
Depreciation expense	259,184
Dues and fees	14,123
Professional fees	62,157
Contract services	32,929
Group health insurance	49,313
Miscellaneous	<u>22,022</u>
Total operating expenses	<u>948,815</u>
 Operating loss	 <u>(370,915)</u>

(continued)

TOWN OF DUSON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued) -
 Proprietary Fund
 For the Year Ended December 31, 2018

	<u>Utility Enterprise Fund</u>
Nonoperating revenues (expenses):	
Interest income	1,080
Interest expense	(62,678)
Non-employer contributions	<u>5,988</u>
Total nonoperating revenues (expenses)	<u>(55,610)</u>
Loss before contributions and transfers	<u>(426,525)</u>
Capital contributions	<u>493,000</u>
Transfers:	
Transfers in	290,255
Transfers out	<u>(306,486)</u>
Total transfers	<u>(16,231)</u>
Change in net position	50,244
Net position, beginning	<u>3,672,865</u>
Net position, ending	<u>\$3,723,109</u>

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

TOWN OF DUSON, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended December 31, 2018

	Utility Enterprise Fund
Cash flows from operating activities:	
Receipts from customers	\$ 577,676
Payments to suppliers	(519,627)
Payments to employees	(208,414)
Net cash used by operating activities	<u>(150,365)</u>
Cash flows from noncapital financing activities:	
Increase in customer deposits payable	4,925
Cash paid to other funds	(287,891)
Transfers from other funds	290,255
Net cash provided by noncapital financing activities	<u>7,289</u>
Cash flows from capital and related financing activities:	
Principal paid on notes payable	(23,941)
Interest paid on notes payable	(51,786)
Principal paid on capital lease	(11,737)
Interest paid on capital lease	(8,504)
Acquisition of property, plant and equipment	(284,589)
Proceeds from grants	466,246
Net cash provided by capital and related financing activities	<u>85,689</u>
Cash flows from investing activities:	
Purchase of investments	(533)
Interest earned	1,080
Net cash provided by investing activities	<u>547</u>
Net decrease in cash and cash equivalents	(56,840)
Cash and cash equivalents, beginning of period	<u>468,326</u>
Cash and cash equivalents, end of period	<u>\$ 411,486</u>

(continued)

TOWN OF DUSON, LOUISIANA

Statement of Cash Flows
 Proprietary Fund - (Continued)
 For the Year Ended December 31, 2018

	<u>Utility Enterprise Fund</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$(370,915)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	259,184
Pension expense	8,874
Changes in current assets and liabilities:	
Increase in accounts receivable	6,876
Increase in unbilled utility receivable	(7,100)
Increase in prepaid items	(11,189)
Increase in accounts payable	(33,586)
Increase in compensated absences	<u>(2,509)</u>
Total adjustments	<u>220,550</u>
Net cash used by operating activities	<u>\$(150,365)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 211,628
Interest-bearing deposits - unrestricted	17,402
Cash - restricted	32,881
Interest-bearing deposits - restricted	<u>206,415</u>
Total cash and cash equivalents	<u>468,326</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	134,556
Interest-bearing deposits - unrestricted	17,428
Cash - restricted	37,806
Interest-bearing deposits - restricted	<u>221,696</u>
Total cash and cash equivalents	<u>411,486</u>
Net decrease	<u>\$ (56,840)</u>

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Duson (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Town of Duson was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

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

Based on the foregoing criteria, one governmental organization is not part of the Town and is thus excluded from the accompanying financial statements. This organization is the Duson Volunteer Fire Department. Although the Town does provide facilities and some of their financing, no control is exercised over their operations.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

Fund Financial Statements (FFS)

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

The Town reports the following major governmental funds:

General Fund -

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

Special Revenue Funds:

1969 Sales Tax Fund -

The 1969 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

1983 Sales Tax Fund -

The 1983 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

2018 Sales Tax Fund -

The 2018 Sales Tax Fund is used to account for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

Hotel/Motel Sales Tax Fund -

The Hotel/Motel Sales Tax Fund is used to account for the proceeds of a four percent hotel occupancy tax that is legally restricted to expenditures for specific purposes.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Capital Projects Fund -

The Capital Projects Fund is used to account for the receipt and subsequent disbursement of bond proceeds, grants, and the Town's matching funds to be utilized for various projects.

The Town reports the following major enterprise fund:

Utility Fund -

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

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Basis of Accounting

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

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

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

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash, interest-bearing deposits, and investments

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

At December 31, 2018, all of the Town's investments are in the Louisiana Asset Management Pool (LAMP), which are stated at fair value.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes, sales and use taxes, franchise taxes, and oil royalties. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables is recorded due to immateriality at December 31, 2018. Through the establishment of an allowance account, uncollectible amounts due from customers' utility receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible for customers utility receivables at December 31, 2018 was \$72,220. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month were \$37,893 at December 31, 2018.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	3-10 years
Utility system and improvements	10-50 years
Infrastructure	40 years

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

Restricted Assets

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt

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

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

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

Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation is normally taken in the year accrued, but a maximum of 40 hours can be carried over. All full-time employees are allowed 48 hours of annual sick leave. All unused sick leave may be carried over, with 30 percent of the accumulated balance payable at termination of employment. All unused vacation leave is payable upon termination of employment. At December 31, 2018, employees of the Town have accumulated and vested \$28,269 of compensated absence benefits. The estimated liabilities include required salary-related payments.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires an entity to delay recognition of decreases in net position as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At December 31, 2018, the Town's deferred outflows of resources and deferred inflows of resources are attributable to pension plans.

Equity Classifications

Net position represents the difference between assets and deferred outflows of revenues less liabilities and deferred inflows of resources. In the government-wide statements, the Town reports three components as follows:

- a. Net investment in capital assets – This component consists of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased balances of deferred outflows of resources related to those assets.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. **Restricted net position** – This component is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Town's debt. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. **Unrestricted net position** – This component consists of all other net position that does not meet the definition of the above two components and is available for general use by the Town.

In the fund financial statements, governmental fund equity is classified as fund balance. As such, fund balances of the governmental funds are classified as follows.

- a. **Nonspendable** – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. **Restricted** – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. **Committed** – amounts that can be used only for specific purposes determined by a formal decision of the Town's Mayor and Board of Aldermen, which is the highest level of decision-making authority for the Town.
- d. **Assigned** – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town's adopted policy, only the Mayor and Board of Aldermen may assign amounts for specified purposes.
- e. **Unassigned** – all other spendable amounts.

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Town has provided otherwise in his commitment or assignment actions.

Proprietary (Utility) fund equity is classified the same as in the government-wide statements.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

In the fund financial statements, governmental funds expenditures are classified by character and proprietary fund expenses are classified by operating and nonoperating.

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

Interfund Transfers

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

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The Town uses unrestricted resources only when restricted resources are fully depleted. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 3
Utility Fund revenues	See Note 12

G. Capitalization of Interest Expense

It is the policy of the Town of Duson to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At December 31, 2018, there was no borrowing for assets under construction and no capitalized interest expense was recorded on the books.

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to taxpayers in November or December. Billed taxes become delinquent on January 1 of the following year. The taxes are based on assessed values determined by the Tax Assessors of Lafayette Parish and Acadia Parish. The Town bills and collects the taxes for Acadia Parish while taxes for Lafayette Parish are billed and collected by the Lafayette Parish Sheriff. Town property tax revenues are budgeted in the year billed.

For the year ended December 31, 2018, taxes of 7.63 mills were levied on property with assessed valuations totaling \$7,272,755 and were dedicated for general corporate purposes.

Total taxes levied were \$55,491. Taxes receivable at December 31, 2018, consisted of the following:

Taxes receivable - current roll	\$ 35,238
Taxes receivable - prior roll	<u>(19,086)</u>
	<u>\$ 16,152</u>

(3) Sales and Use Tax

Proceeds of the 1969 1% sales and use tax levied by the Town of Duson were \$402,393 during the year ended December 31, 2018 and are dedicated to the following purposes:

Constructing, acquiring, extending, improving and maintaining sewers, sewerage disposal works, waterworks facilities, drainage facilities, public streets and roads and bridges, including the purchase of equipment.

Proceeds of the 1983 1% sales and use tax levied by the Town of Duson were \$402,393 during the year ended December 31, 2018 and are dedicated to the following purposes:

Constructing and acquiring extensions and improvements to the waterworks plant and distribution system of the Town and providing for the maintenance thereof; constructing, improving and maintaining public streets and drainage facilities for the Town; constructing, acquiring, extending, improving and maintaining the sewerage collection and disposal facilities of the Town; and maintaining and operating any other works of public improvement for the Town, and purchasing and acquiring the necessary land and equipment therefore; and shall the Town be further authorized to fund the proceeds of the tax into bonds for the purpose of constructing, acquiring, extending, and/or improving capital improvements of the Town to the extent and in the manner permitted by the laws of Louisiana.

Proceeds of the 2018 1% sales and use tax levied by the Town of Duson were \$53,523 during the year ended December 31, 2018 and are dedicated to the following purposes:

Infrastructure and repairs of roads in the Town of Duson.

Proceeds of the 4% hotel/motel occupancy tax levied by the Town of Duson were \$23,759 during the year ended December 31, 2018 and are dedicated to the following purposes:

Fund economic development, the promotion of tourism, and related infrastructure within the Town.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(4) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2018, the Town had cash and interest-bearing deposits (book balances) totaling \$2,782,613 as follows:

Demand deposits	\$2,770,528
Savings and money market accounts	<u>12,085</u>
Total	<u>\$2,782,613</u>

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

Deposit balances (bank balances) at December 31, 2018, are secured as follows:

Bank balances	<u>\$2,792,396</u>
Federal deposit insurance	\$ 262,085
Pledged securities	<u>2,530,311</u>
Total	<u>\$2,792,396</u>

Deposits in the amount of \$2,530,311 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. The Town does not have a policy for custodial credit risk.

(5) Investments

The Town participates in the Louisiana Asset Management Pool (LAMP). The LAMP is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. As of December 31, 2018, investments in LAMP amounted to \$223,307. The LAMP is not registered with the Securities and Exchange Commission (SEC) as an investment company. LAMP is intended to improve administrative efficiency and increase yield of participating public entities. The portfolio securities are valued at market value even though amortized cost method is permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs registered money market funds. Because LAMP is not a money market fund, it has no obligation to conform to this rule.

The investment in LAMP is not exposed to custodial credit risk, and is not categorized in the three categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. Credit risk is the risk that an issuer or other counterparty to an investment will be unable to meet its obligations. LAMP has a fund rating of AAAM issued by Standard & Poors. Interest rate risk is the risk that changes in interest rates will adversely affect the estimated fair value of an investment. The investments in LAMP are stated at fair value based on quoted market rates. The fair value of investments is determined on a weekly basis by LAMP and the fair value of the Town's investment in LAMP is the same as the value of the pool shares. The financial report for LAMP may be accessed on its website (www.lamppool.com).

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Receivables

Receivables at December 31, 2018 of \$172,522 consist of the following:

	General	1969 Sales Tax	1983 Sales Tax	2018 Sales Tax	Hotel/Motel Sales Tax	Utility	Total
Accounts	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,079	\$ 32,079
Unbilled accounts	-	-	-	-	-	37,893	37,893
Taxes:							
Ad valorem	16,152	-	-	-	-	-	16,152
Sales tax	-	24,479	24,479	27,537	1,383	-	77,878
Franchise tax	8,110	-	-	-	-	-	8,110
Other	410	-	-	-	-	-	410
Totals	<u>\$ 24,672</u>	<u>\$ 24,479</u>	<u>\$ 24,479</u>	<u>\$ 27,537</u>	<u>\$ 1,383</u>	<u>\$ 69,972</u>	<u>\$ 172,522</u>

(7) Due from Other Governmental Units

Amounts due from other governmental units of \$173,350 at December 31, 2018 consisted of the following:

Governmental activities:

General Fund -

Amount due from the State of Louisiana for video poker receipts for the months of November and December 31, 2018	\$ 111,668
Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending December 31, 2018	737
Amount due from the Lafayette Parish Sheriff for ad valorem taxes for the month of December 31, 2018	19,234
Total General Fund	<u>131,639</u>

Business-type activities:

Utility Fund -

Amount due from the State of Louisiana for reimbursement of expenditures incurred and paid for various water and sewer projects at December 31, 2017	41,711
Total	<u>\$ 173,350</u>

(8) Restricted Assets - Proprietary Fund Type

Restricted assets of \$285,766 consisted of the following at December 31, 2018:

Bond sinking fund	\$ 106,844
Bond reserve fund	43,626
Bond contingency fund	71,993
Customers' deposits	64,070
Total	<u>\$ 286,533</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance 01/01/18	Additions	Deletions	Balance 12/31/18
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 62,827	\$ -	\$ -	\$ 62,827
Construction in progress	18,214	937,623	18,214	937,623
Other capital assets:				
Buildings and improvements	1,378,888	-	-	1,378,888
Infrastructure	1,504,734	423,524	-	1,928,258
Equipment and vehicles	928,450	101,841	106,942	923,349
Totals	<u>3,893,113</u>	<u>1,462,988</u>	<u>125,156</u>	<u>5,230,945</u>
Less accumulated depreciation:				
Buildings and improvements	367,590	33,006	-	400,596
Infrastructure	747,550	40,873	-	788,423
Equipment and vehicles	685,372	66,838	78,832	673,378
Total accumulated depreciation	<u>1,800,512</u>	<u>140,717</u>	<u>78,832</u>	<u>1,862,397</u>
Governmental activities, capital assets, net	<u>\$ 2,092,601</u>	<u>\$ 1,322,271</u>	<u>\$ 46,324</u>	<u>\$ 3,368,548</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 63,130	\$ -	\$ -	\$ 63,130
Construction in progress	282,855	-	282,855	-
Other capital assets:				
Plant and equipment - water system	3,359,850	328,457	15,789	3,672,518
Plant and equipment - sewer system	5,880,818	269,730	27,716	6,122,832
Office equipment	30,046	-	-	30,046
Totals	<u>9,616,699</u>	<u>598,187</u>	<u>326,360</u>	<u>9,888,526</u>
Less accumulated depreciation:				
Plant and equipment - water system	2,175,532	99,960	15,788	2,259,704
Plant and equipment - sewer system	2,724,644	159,224	22,885	2,860,983
Office equipment	30,046	-	-	30,046
Total accumulated depreciation	<u>4,930,222</u>	<u>259,184</u>	<u>38,673</u>	<u>5,150,733</u>
Business-type activities, capital assets, net	<u>\$ 4,686,477</u>	<u>\$ 339,003</u>	<u>\$ 287,687</u>	<u>\$ 4,737,793</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 16,216
Police	38,040
Fire	8,616
Streets	50,630
Community Center	26,856
Park and recreation	<u>359</u>
Total depreciation expense	<u>\$ 140,717</u>

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

Water	\$ 99,960
Sewerage	<u>159,224</u>
Total depreciation expense	<u>\$ 259,184</u>

(10) Accounts and Other Payables

The accounts and other payables of \$429,247 at December 31, 2018 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts	\$ 27,688	\$15,541	\$ 43,229
Contracts	326,066	12,371	338,437
Retainage	19,485	13,540	33,025
Payroll liabilities	<u>9,789</u>	<u>4,767</u>	<u>14,556</u>
Totals	<u>\$383,028</u>	<u>\$46,219</u>	<u>\$429,247</u>

(11) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended December 31, 2018:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Long-term debt payable, January 1, 2018	\$ 38,414	\$1,387,055
Additions	2,581,572	-
Retirements	<u>(45,375)</u>	<u>(35,678)</u>
Long-term debt payable, December 31, 2018	<u>\$2,574,611</u>	<u>\$1,351,377</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt payable at December 31, 2018 is comprised of the following:

	<u>Total</u>	<u>Current Portion</u>
Governmental Activities:		
Capital Leases:		
\$53,562 equipment lease dated July 18, 2018, due in annual installments of \$13,038, including interest at 6.45%, through July 18, 2021, secured by General Fund revenues and assets with a carrying value of \$49,099 at December 31, 2018	\$ 34,562	\$ 12,951
\$28,010 equipment lease dated October 12, 2018, due in annual installments of \$7,723, including interest at 6.95%, through October 12, 2021, secured by General Fund revenues and assets with a carrying value of \$26,609 at December 31, 2018	20,287	17,121
\$50,437 equipment lease dated April 15, 2016 due in annual installments of \$13,723, including interest at 5.95%, through April 15, 2019, secured by General Fund revenues and assets with a carrying value of \$31,251 at December 31, 2018	12,951	-
\$26,519 equipment lease dated December 9, 2016 due in annual installments of \$7,215, including interest at 5.95%, through December 9, 2019, secured by General Fund revenues and asset with a carrying value of \$18,327 at December 31, 2018	<u>6,811</u>	<u>6,811</u>
	74,611	36,883
Sales Tax Bonds:		
\$2,500,000 Sales Tax Bonds dated July 23, 2018, due in annual installments ranging from \$135,000 to \$215,000 including interest ranging from 2.00% to 4.750% from August 1, 2019 through August 1, 2033 ; payable from 2018 Sales Tax Special Revenue Fund	<u>2,500,000</u>	<u>140,000</u>
	<u>\$ 2,574,611</u>	<u>\$ 176,883</u>
Business-Type Activities:		
Revenue Bonds:		
\$1,390,000 Sewer Revenue Bonds dated February 12, 2004, due in monthly installments of \$6,311 including interest at 4.50% from March 12, 2005 through January 12, 2044; payable from Utility Fund revenues	\$1,137,755	\$25,040
Capital Lease:		
\$230,511 equipment lease dated July 6, 2017 due in monthly installments of \$1,687, including interest at 3.685% through July 15, 2032, secured by Utility Fund revenues and asset with a carrying value of \$234,533 at December 31, 2018	<u>213,622</u>	<u>12,197</u>
	<u>\$ 1,351,377</u>	<u>\$ 37,237</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

The debt is due as follows:

Year ending December 31,	Governmental Activities		Business-Type Activities	
	Principal payments	Interest payments	Principal payments	Interest payments
2019	\$ 176,884	\$ 109,532	\$ 37,238	\$ 58,729
2020	153,258	90,740	38,867	57,099
2021	159,469	86,492	40,570	55,398
2022	140,000	81,700	42,346	53,619
2023-2027	785,000	328,750	241,248	238,586
2028-2032	945,000	172,763	290,507	180,894
2033-2037	215,000	10,213	257,394	121,243
2038-2042	-	-	322,203	56,433
2042-2044	-	-	81,004	2,168
Total	<u>\$2,574,611</u>	<u>\$ 880,190</u>	<u>\$ 1,351,377</u>	<u>\$ 824,169</u>

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

Sewer Revenue Bonds

Under the terms of the Sewer Revenue bond indenture dated February 12, 2004, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the Sewer utility system, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Each month, there will be set aside into a fund called the "Bond and Interest Sinking Fund" the amount of \$6,311 through January, 2044. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may be used only for such payments.

There shall also be set aside into a "Sewer Utility Bond Reserve Fund" the amount of \$316 each month until there shall have been accumulated in the reserve account an amount equal to \$75,727. Such amount may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Sewer Utility Depreciation and Contingency Fund" at the rate of \$316 each month until there is accumulated a balance of \$75,727, at which time the monthly deposit will increase to \$632. Money in this fund may be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition and for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal or interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

The Town was in compliance with all covenants of the bond indenture at December 31, 2018.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(13) On-behalf Payments for Salaries

The Town of Duson receives on-behalf payments from the State of Louisiana for police salaries. On-behalf payments to the Town totaled \$38,600 for the fiscal year ending December 31, 2018. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(14) Federal Social Security System

All employees of the Town of Duson are members of the Federal Social Security System. The Town and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the Town; 7.65% contributed by the employee). The Town's contribution during the years ended December 31, 2018, 2017, and 2016 amounted to \$65,197 \$61,617, and \$58,410, respectively.

(15) Employee Retirement Systems

The Town participates in three cost-sharing defined benefit plans, each administered by separate public employee retirement systems. Article X, Section 29(F) of the Louisiana Constitution of 1974 assigns the authority to establish and amend benefit provisions of all plans administered by these public employee retirement systems to the State Legislature. These plans are not closed to new entrants. Substantially all Town employees participate in one of the following retirement systems:

Plan Descriptions:

Municipal Employees' Retirement Systems (MERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:1731 and 11:1781. The Government participates in Plan B.

State of Louisiana - Municipal Police Employees' Retirement System (MPERS) provides retirement, disability, and survivor benefits to eligible employees and their beneficiaries as defined in LRS 11:2211 and 11:2220.

The systems' financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Interest income is recognized when earned.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

A brief summary of eligibility and benefits of the plans are provided in the following table:

	<u>MERS</u>	<u>MPERS</u>
Final average salary	Highest 60 months	Highest 36 months or 60 months ¹
Years of service required and/or age eligible for benefits	30 years of any age 10 years age 60	25 years of any age 20 years age 55 12 years age 55 20 years any age ² 30 years any age ³ 25 years age 55 ³ 10 years age 60 ³
Benefit percent per years of service	3.00%	2.50 - 3.33% ⁴

¹ Membership commencing January 1, 2013

² With actuarial reduced benefits

³ Under non hazardous duty sub plan commencing January 1, 2013

⁴ Membership commencing January 1, 2013 non hazardous duty plan 2.5%, hazardous duty plan 3.0%, membership prior to January 1, 2013 3.33%.

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. Contributions of employees, employers, and non-employer contributing entities effective for the year ended December 31, 2018 for the defined benefit pension plans in which the Town is a participating employer were as follows:

<u>Plan</u>	<u>Active Member Contribution Percentage</u>	<u>Employer Contribution Percentage</u>	<u>Amount from Nonemployer Contributing Entities</u>	<u>Amount of Town Contributions</u>
MERS	5.00%	14.00%	\$ 15,354	\$ 60,115
MPERS	10.00%	32.25%	3,156	21,086

Net Pension Liability

The Town's net pension liability at December 31, 2018 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the Town is a participating employer. The Town's net pension liability for each plan was measured as of the plan's measurement date (June 30, 2018 for both plans) and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportionate share of the net pension liability for each of the plans in which it participates was based on the Town's required contributions in proportion to total required contributions for all employers.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

As of the most recent measurement date, the Town's proportion for each plan and the change in proportion from the prior measurement date were as follows:

<u>Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Proportionate Share (%) of Net Pension Liability</u>	<u>Increase/(Decrease) from Prior Measurement Date</u>
MERS	\$ 517,245	0.611522%	0.025654%
MPERS	135,214	0.015994%	0.000434%
Total	<u>\$ 652,459</u>		

Since the measurement date of the net pension liability was June 30, 2018, the net pension liability is based upon fiduciary net position for each of the plans as of those dates. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Town's net pension liability is available in the separately issued plan financial reports for those fiscal years. The financial report for each plan may be accessed on their website as follows:

MERS - <http://www.mersla.com/>

MPERS - <http://lampers.org/>

Actuarial Assumptions

The following table provides information concerning actuarial assumptions used in the determination of the total pension liability for each of the defined benefit plans in which the primary government is a participating employer:

	<u>MERS</u>	<u>MPERS</u>
Date of experience study on which significant assumptions are based	7/1/2009 - 6/30/2014	7/1/2010 - 6/30/2014
Expected remaining service lives	3	4
Inflation Rate	2.600%	2.7%
Projected salary increases	5.0%	4.25% - 9.75%
Projected benefit changes including COLAs	None	None
Source of mortality assumptions	(1), (2), (3)	(3), (4), (5)

(1) RP-2000 Healthy Annuitant Sex Distinct Table set forward 2 years for males and set forward 1 year for females projected to 2028 using Scale AA

(2) RP-2000 Employee Sex Distinct Table set back 2 years for both males and females

(3) RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females

(4) RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table projected to 2029 using Scale AA set back 1 year for females

(5) RP-2000 Sex Distinct Employee Table set back 4 years for males and set back 3 years for females

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Cost of Living Adjustments

The pension plans in which the Town participates have the authority to grant cost-of-living adjustments (COLAs) on an ad hoc basis.

Pursuant to LRS 11:242(B), the power of the Board of Trustees of the statewide systems (MERS, MPERS, FRS) to grant a COLA is effective in calendar years that the legislature fails to grant a COLA, unless in the legislation granting a COLA, the legislature authorizes the Board of Trustees to provide an additional COLA. The authority to grant a COLA by the Board is subject to the funded status and interest earnings. The effects of the benefit changes made as a result of the COLAs is included in the measurement of the total pension liability as of the measurement date at which the ad hoc COLA was granted and the amount is known and reasonably estimable.

Discount Rate

The discount rates used to measure the Town's total pension liability for each plan and the significant assumptions used in the determination of the discount rate for each plan are as follows:

	<u>MERS</u>	<u>MPERS</u>
Discount rate	7.275%	7.200%
Change in discount rate from prior valuation	-0.125%	-0.125%
Plan cash flow assumptions	(1)	(1)
Rates incorporated in the Discount Rate:		
Long-term Rate of Return	7.275%	7.200%
Periods applied	All	All
Municipal Bond Rate	N/A	N/A

***Plan Cash Flow Assumptions:**

- 1) Plan member contributions will be made at the current contributions rates and sponsor contributions will be made at the actuarially determined rates.

The discount rates used to measure the Town's total pension liability for each plan is equal to the long-term expected rate of return on pension plan investments that are expected to be used to finance the payment of benefits. For MERS, MPERS, and FRS, the long-term expected rate of return for each plan was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

The target allocation and best estimates of arithmetic/geometric real rates of return for each major asset class are summarized for each plan in the following tables:

Asset Class	MERS*		MPERS*	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Equities	50%	2.2%	52%	3.58%
Fixed Income	35%	1.5%	22%	0.46%
Alternative Investments	15%	0.6%	20%	1.07%
Other	-	-	6%	0.17%
Total	<u>100%</u>	<u>4.3%</u>	<u>100%</u>	<u>5.28%</u>
Inflation		<u>2.7%</u>		<u>2.75%</u>
Expected arithmetic nominal return		<u>7.0%</u>		<u>8.03%</u>

*Arithmetic real rates of return

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended December 31, 2018, the Town recognized \$133,456 in pension expense related to all defined benefit plans in which it participates.

At December 31, 2018, the Town reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		
	MERS	MPERS	Total
Differences between expected and actual experience	\$ 1,385	\$ 610	\$ 1,995
Changes of assumptions	19,355	8,836	28,191
Net difference between projected and actual earnings on pension plan investments	84,070	6,482	90,552
Change in proportion and differences between employer contributions and proportionate share of contributions	16,522	11,458	27,980
Employer contributions subsequent to the measurement date	30,243	13,584	43,827
Total	<u>\$ 151,575</u>	<u>\$ 40,970</u>	<u>\$ 192,545</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

At December 31, 2018, the Town reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources		
	MERS	MPERS	Total
Differences between expected and actual experience	\$ 23,296	\$ 6,910	\$ 30,206
Change in proportion and differences between employer contributions and proportionate share of contributions	19	1,536	1,555
Total	<u>\$ 23,315</u>	<u>\$ 8,446</u>	<u>\$ 31,761</u>

Deferred outflows of resources of \$43,827 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending December 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Year Ended December 31	MERS	MPERS	Total
2019	\$ 54,961	\$ 11,658	\$ 66,619
2020	32,826	9,890	42,716
2021	7,623	(2,841)	4,782
2022	2,607	233	2,840
	<u>\$ 98,017</u>	<u>\$ 18,940</u>	<u>\$ 116,957</u>

Payables to the Pension Plans

At December 31, 2018, the Town's payables were \$4,660 and \$1,993 to MERS and MPERS, respectively for the month of December 2018, which were the contractually required contributions.

Sensitivity of the Government's Proportional Share of the Net Pension Liabilities to Changes in the Discount Rate:

The following presents the Government's proportionate shares of the net pension liabilities of the plans, calculated using their respective discount rates, as well as what the Government's proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Plan	Current Discount Rate	Net Pension Liability		
		1% Decrease	Current Discount Rate	1% Increase
MERS	7.275%	\$ 678,820	\$ 517,245	\$ 379,891
MPERS	7.200%	190,013	135,214	89,240
Total		<u>\$ 868,833</u>	<u>\$ 652,459</u>	<u>\$ 469,131</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(16) Departmental Information for the Enterprise Fund

The Town of Duson maintains one enterprise fund with three departments which provide water, sewerage and sanitation services. Departmental information for the year ended December 31, 2018 was as follows:

	Water Department	Sewerage Department	Sanitation Department	Total Enterprise Fund
Operating revenues	\$ 269,601	\$ 183,094	\$ 125,205	\$ 577,900
Operating expenses:				
Depreciation	99,960	159,224	-	259,184
Other	332,961	245,495	111,175	689,631
Total operating expenses	432,921	404,719	111,175	948,815
Operating income (loss)	\$(163,320)	\$(221,625)	\$ 14,030	\$ (370,915)

(17) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2018 follows:

Johnny Thibodeaux	\$ 47,018
Aldermen:	
Carroll Pepper	8,759
Coby Duhon	7,963
Stephen Hanks	7,963
Carolyn Richard	7,963
Wade Robin	7,963
Total	\$ 87,629

(18) Pending Litigation

At December 31, 2018, the Town is not involved in any litigation.

(19) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year, nor have settlements exceeded coverage for the past three years.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(20) Interfund Transactions

A. Interfund receivables and payables consisted of the following at December 31, 2018:

	<u>Receivable</u>	<u>Payable</u>
Major governmental funds:		
General Fund	\$ 21,633	\$ 112,806
1969 Sales Tax Special Revenue Fund	42,168	29,741
1983 Sales Tax Special Revenue Fund	66,093	60,500
2018 Sales Tax Special Revenue Fund	-	1,825,972
Capital Projects Fund	1,861,419	-
Enterprise fund - Utility Fund	<u>104,970</u>	<u>67,264</u>
Total	<u>\$2,096,283</u>	<u>\$2,096,283</u>

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

B. Transfers consisted of the following at December 31, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 460,000	\$ 98,826
1969 Sales Tax Special Revenue Fund	-	395,254
1983 Sales Tax Special Revenue Fund	-	355,000
Capital Projects Fund	405,311	-
Enterprise fund - Utility Fund	<u>290,255</u>	<u>306,486</u>
Total	<u>\$1,155,566</u>	<u>\$1,155,566</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) to use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(21) Compensation, Benefits, and Other Payments to Agency Head

The schedule of compensation, benefits, and other payments to Johnny Thibodeaux, Mayor, for the year ended December 31, 2018 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 47,018
Benefits - insurance	3,137
Benefits - retirement	6,406
Reimbursement	56
Registration fees	100
	<u>\$ 56,717</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 133,800	\$ 152,100	\$ 135,681	\$ (16,419)
Licenses and permits	160,000	163,819	144,486	(19,333)
Intergovernmental	631,500	649,959	650,842	883
Fines and forfeits	170,000	181,829	184,709	2,880
Miscellaneous	59,290	80,400	97,515	17,115
Total revenues	1,154,590	1,228,107	1,213,233	(14,874)
Expenditures:				
Current -				
General government	412,700	437,504	431,252	6,252
Public safety:				
Police	560,200	726,974	701,006	25,968
Fire	65,400	70,309	64,586	5,723
Streets	260,200	296,411	293,404	3,007
Parks and recreation	800	1,018	442	576
Community Center	16,700	23,650	19,349	4,301
Capital outlay	60,000	176,168	101,841	74,327
Debt service	-	47,661	47,661	-
Total expenditures	1,376,000	1,779,695	1,659,541	120,154
Deficiency of revenues over expenditures	(221,410)	(551,588)	(446,308)	105,280
Other financing sources (uses):				
Proceeds from capital lease	-	81,572	81,572	-
Transfer from 1969 Sales Tax Fund	158,000	210,000	210,000	-
Transfer from 1983 Sales Tax Fund	170,000	250,000	250,000	-
Transfer to LCDBG Fund	-	-	(98,826)	(98,826)
Total other financing sources (uses)	328,000	541,572	442,746	(98,826)
Net change in fund balance	106,590	(10,016)	(3,562)	6,454
Fund balance, beginning	375,866	375,866	375,866	-
Fund balance, ending	\$ 482,456	\$ 365,850	\$ 372,304	\$ 6,454

TOWN OF DUSON, LOUISIANA
1969 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Sales taxes	\$325,000	\$404,922	\$402,393	\$ (2,529)
Interest	250	461	546	85
Total revenues	<u>325,250</u>	<u>405,383</u>	<u>402,939</u>	<u>(2,444)</u>
Expenditures:				
General government -				
Collection fees	3,600	3,993	3,948	45
Professional fees	8,000	9,640	9,640	-
Total general government	<u>11,600</u>	<u>13,633</u>	<u>13,588</u>	<u>45</u>
Excess of revenues over expenditures	<u>313,650</u>	<u>391,750</u>	<u>389,351</u>	<u>(2,399)</u>
Other financing uses:				
Transfer to General Fund	(158,000)	(210,000)	(210,000)	-
Transfer to Utility Fund	(150,000)	(191,369)	(185,254)	6,115
Total other financing uses	<u>(308,000)</u>	<u>(401,369)</u>	<u>(395,254)</u>	<u>6,115</u>
Net change in fund balance	5,650	(9,619)	(5,903)	3,716
Fund balance, beginning	<u>140,592</u>	<u>140,592</u>	<u>140,592</u>	<u>-</u>
Fund balance, ending	<u>\$146,242</u>	<u>\$130,973</u>	<u>\$134,689</u>	<u>\$ 3,716</u>

TOWN OF DUSON, LOUISIANA
1983 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$325,000	\$404,922	\$402,393	\$ (2,529)
Interest	<u>120</u>	<u>320</u>	<u>351</u>	<u>31</u>
Total revenues	<u>325,120</u>	<u>405,242</u>	<u>402,744</u>	<u>(2,498)</u>
Expenditures:				
General government -				
Collection fees	3,600	3,993	3,948	45
Professional fees	<u>8,000</u>	<u>9,640</u>	<u>9,640</u>	<u>-</u>
Total general government	<u>11,600</u>	<u>13,633</u>	<u>13,588</u>	<u>45</u>
Excess of revenues over expenditures	<u>313,520</u>	<u>391,609</u>	<u>389,156</u>	<u>(2,453)</u>
Other financing uses:				
Transfer to General Fund	(170,000)	(250,000)	(250,000)	-
Transfer to Utility Fund	<u>(100,000)</u>	<u>(105,000)</u>	<u>(105,000)</u>	<u>-</u>
Total other financing uses	<u>(270,000)</u>	<u>(355,000)</u>	<u>(355,000)</u>	<u>-</u>
Net change in fund balance	43,520	36,609	34,156	(2,453)
Fund balance, beginning	<u>225,814</u>	<u>225,814</u>	<u>225,814</u>	<u>-</u>
Fund balance, ending	<u>\$269,334</u>	<u>\$262,423</u>	<u>\$259,970</u>	<u>\$ (2,453)</u>

TOWN OF DUSON, LOUISIANA
2018 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ -	\$ 45,450	\$ 53,523	\$ 8,073
Interest	-	2	63	61
Total revenues	<u>-</u>	<u>45,452</u>	<u>53,586</u>	<u>8,134</u>
Expenditures:				
General government -				
Collection fees	-	300	265	35
Professional fees	-	150	171	(21)
Total general government	<u>-</u>	<u>450</u>	<u>436</u>	<u>14</u>
Excess of revenues over expenditures	-	45,002	53,150	8,148
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 45,002</u>	<u>\$ 53,150</u>	<u>\$ 8,148</u>

TOWN OF DUSON, LOUISIANA
Hotel/Motel Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2018

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ 24,000	\$ 24,000	\$ 23,759	\$ (241)
Interest	-	-	22	22
Total revenues	24,000	24,000	23,781	(219)
Expenditures:				
General government - Collection fees	200	200	133	67
Excess of revenues over expenditures	23,800	23,800	23,648	(152)
Fund balance, beginning	42,810	42,810	42,810	-
Fund balance, ending	<u>\$ 66,610</u>	<u>\$ 66,610</u>	<u>\$ 66,458</u>	<u>\$ (152)</u>

TOWN OF DUSON, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended December 31, 2018

Plan	Plan Year Ended June 30,	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
MERS	2018	0.611522%	\$ 517,245	\$ 453,184	114.1%	65.60%
	2017	0.585868%	506,912	434,864	116.6%	63.49%
	2016	0.568060%	470,870	417,358	112.8%	63.34%
	2015	0.568198%	386,174	394,253	98.0%	68.71%
MPERS	2018	0.015994%	135,214	47,200	286.5%	71.89%
	2017	0.015560%	135,845	47,597	285.4%	70.08%
	2016	0.013215%	123,862	37,017	334.6%	66.04%
	2015	0.014040%	109,989	37,556	292.9%	70.73%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF DUSON, LOUISIANA

Schedule of Employer Contributions
For the Year Ended December 31, 2018

Plan	Plan Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
MERS	2018	\$60,115	\$60,115	\$ -	\$ 441,211	13.63%
	2017	54,365	54,365	-	448,371	12.13%
	2016	43,746	43,746	-	426,790	10.25%
	2015	38,643	38,643	-	406,768	9.50%
MPERS	2018	21,086	21,086	-	66,940	31.50%
	2017	14,943	14,943	-	47,818	31.25%
	2016	12,929	12,929	-	42,210	30.63%
	2015	10,090	10,090	-	33,082	30.50%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF DUSON
Duson, Louisiana

Notes to the Required Supplementary Information

(1) Budget and Budgetary Accounting

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

- a. Prior to December 15, the Town Clerk submits to the Mayor and Board of Aldermen a proposed operating budget for the period commencing the following January 1.
- b. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
- c. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
- d. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
- e. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
- f. All budgetary appropriations lapse at the end of each fiscal year.
- g. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as amended by the Board of Aldermen.

(2) Pension Plans

Changes of assumptions about future economic or demographic factors or of other outputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that were provided with pensions through the pension plans. These assumptions include the rate of investment return, mortality of plan members, rate of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plans.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF DUSON, LOUISIANA

Statement of Net Position

December 31, 2018

With Comparative Totals for December 31, 2017

	2018			2017 Total
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 2,371,127	\$ 151,984	\$ 2,523,111	\$ 675,853
Investments	195,138	1,138	196,276	192,562
Receivables, net	102,550	69,972	172,522	183,253
Internal balances	(37,706)	37,706	-	-
Due from other governmental units	131,639	41,711	173,350	119,441
Prepaid items	29,089	21,974	51,063	19,094
Total current assets	<u>2,791,837</u>	<u>324,485</u>	<u>3,116,322</u>	<u>1,190,203</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	-	259,502	259,502	239,296
Investments	-	27,031	27,031	26,519
Capital assets:				
Land and construction in progress	1,000,450	63,130	1,063,580	427,026
Capital assets, net	<u>2,368,098</u>	<u>4,674,663</u>	<u>7,042,761</u>	<u>6,352,052</u>
Total noncurrent assets	<u>3,368,548</u>	<u>5,024,326</u>	<u>8,392,874</u>	<u>7,044,893</u>
Total assets	<u>6,160,385</u>	<u>5,348,811</u>	<u>11,509,196</u>	<u>8,235,096</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>133,797</u>	<u>58,748</u>	<u>192,545</u>	<u>206,751</u>
LIABILITIES				
Current liabilities:				
Accounts and other payables	37,477	20,308	57,785	75,558
Unearned revenue	6,260	-	6,260	1,519
Contracts payable	326,066	12,371	338,437	-
Retainage payable	19,485	13,540	33,025	-
Capital lease payable	36,883	12,197	49,080	30,388
Payable from restricted assets:				
Customer deposits payable	-	64,070	64,070	59,145
Revenue bonds payable	140,000	25,040	165,040	23,941
Accrued interest	30,750	2,615	33,365	227
Total current liabilities	<u>596,921</u>	<u>150,141</u>	<u>747,062</u>	<u>190,778</u>
Noncurrent liabilities:				
Compensated absences payable	18,919	9,350	28,269	32,615
Net pension liability	450,733	201,726	652,459	642,757
Capital lease payable	37,728	201,425	239,153	233,385
Revenue bonds payable	2,360,000	1,112,715	3,472,715	1,137,755
Total noncurrent liabilities	<u>2,867,380</u>	<u>1,525,216</u>	<u>4,392,596</u>	<u>2,046,512</u>
Total liabilities	<u>3,464,301</u>	<u>1,675,357</u>	<u>5,139,658</u>	<u>2,237,290</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>22,668</u>	<u>9,093</u>	<u>31,761</u>	<u>21,924</u>
NET POSITION				
Net investment in capital assets	1,964,364	3,427,256	5,391,620	5,377,550
Restricted for debt service	-	194,808	194,808	182,502
Restricted for sales tax dedication	514,267	-	514,267	409,216
Unrestricted	<u>328,582</u>	<u>101,045</u>	<u>429,627</u>	<u>213,365</u>
Total net position	<u>\$ 2,807,213</u>	<u>\$ 3,723,109</u>	<u>\$ 6,530,322</u>	<u>\$ 6,182,633</u>

TOWN OF DUSON

Comparative Balance Sheet
General and Special Revenue Funds
December 31, 2018 and 2017

	General		1969 Sales Tax Special Revenue		1983 Sales Tax Special Revenue		2018 Sales Tax Special Revenue		Hotel Motel Sales Tax Special Revenue	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
ASSETS										
Cash and interest-bearing deposits	\$ 136,930	\$ 120,224	\$ 87,529	\$ 90,604	\$ 229,898	\$ 193,774	\$ 1,851,585	\$ -	\$ 65,075	\$ 42,111
Investments	184,884	181,385	10,254	10,060	-	-	-	-	-	-
Receivables:										
Taxes	24,262	58,448	24,479	26,974	24,479	26,974	27,537	-	1,383	699
Other	410	410	-	-	-	-	-	-	-	-
Due from other governmental units	131,639	104,484	-	-	-	-	-	-	-	-
Due from other funds	21,633	23,590	42,168	50,808	66,093	74,206	-	-	-	-
Prepaid items	29,089	8,309	-	-	-	-	-	-	-	-
Total assets	<u>\$ 528,847</u>	<u>\$ 496,850</u>	<u>\$ 164,430</u>	<u>\$ 178,446</u>	<u>\$ 320,470</u>	<u>\$ 294,954</u>	<u>\$ 1,879,122</u>	<u>\$ -</u>	<u>\$ 66,458</u>	<u>\$ 42,810</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 27,690	\$ 14,600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts payable	-	-	-	-	-	-	-	-	-	-
Accrued liabilities	9,787	7,064	-	-	-	-	-	-	-	-
Unearned revenue	6,260	1,519	-	-	-	-	-	-	-	-
Due to other funds	112,806	97,801	29,741	37,854	60,500	69,140	1,825,972	-	-	-
Total liabilities	<u>156,543</u>	<u>120,984</u>	<u>29,741</u>	<u>37,854</u>	<u>60,500</u>	<u>69,140</u>	<u>1,825,972</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances -										
Nonspendable - prepaid items	29,089	8,309	-	-	-	-	-	-	-	-
Restricted - sales tax dedications	-	-	134,689	140,592	259,970	225,814	53,150	-	66,458	42,810
Unassigned	343,215	367,557	-	-	-	-	-	-	-	-
Total fund balances	<u>372,304</u>	<u>375,866</u>	<u>134,689</u>	<u>140,592</u>	<u>259,970</u>	<u>225,814</u>	<u>53,150</u>	<u>-</u>	<u>66,458</u>	<u>42,810</u>
Total liabilities and fund balances	<u>\$ 528,847</u>	<u>\$ 496,850</u>	<u>\$ 164,430</u>	<u>\$ 178,446</u>	<u>\$ 320,470</u>	<u>\$ 294,954</u>	<u>\$ 1,879,122</u>	<u>\$ -</u>	<u>\$ 66,458</u>	<u>\$ 42,810</u>

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2018
With Actual Amounts for the Year Ended 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 40,000	\$ 58,000	\$ 57,410	\$ (590)	\$ 54,211
Franchise - electric	80,000	80,000	64,447	(15,553)	63,690
Franchise - gas	5,500	5,500	5,078	(422)	4,435
Franchise - cable TV	8,300	8,600	8,746	146	8,472
Total taxes	<u>133,800</u>	<u>152,100</u>	<u>135,681</u>	<u>(16,419)</u>	<u>130,808</u>
Occupational licenses	<u>160,000</u>	<u>163,819</u>	<u>144,486</u>	<u>(19,333)</u>	<u>137,607</u>
Intergovernmental:					
Federal -					
FEMA	-	1,539	1,539	-	48,817
State of Louisiana -					
State grants	-	5,320	-	(5,320)	11,000
Municipal police supplemental pay	36,000	38,600	38,600	-	38,600
Beer taxes	5,000	5,000	3,150	(1,850)	3,533
Grass cutting	5,500	5,500	5,400	(100)	5,450
Video poker revenue	585,000	594,000	602,153	8,153	608,695
Total intergovernmental	<u>631,500</u>	<u>649,959</u>	<u>650,842</u>	<u>883</u>	<u>716,095</u>
Fines and forfeits	<u>170,000</u>	<u>181,829</u>	<u>184,709</u>	<u>2,880</u>	<u>215,815</u>
Miscellaneous:					
Oil royalties	500	-	-	-	5
Interest income	1,200	3,500	3,602	102	1,841
Rent income	8,340	9,000	10,340	1,340	8,740
Sale of capital assets	2,500	8,800	25,885	17,085	14,975
Other sources	46,750	59,100	57,688	(1,412)	48,084
Total miscellaneous	<u>59,290</u>	<u>80,400</u>	<u>97,515</u>	<u>17,115</u>	<u>73,645</u>
Total revenues	<u>\$1,154,590</u>	<u>\$1,228,107</u>	<u>\$1,213,233</u>	<u>\$(14,874)</u>	<u>\$1,273,970</u>

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2018
With Actual Amounts for the Year Ended 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budget		Actual		
	Original	Final			
Current:					
General government -					
Salaries	\$ 206,000	\$ 192,000	\$ 184,717	\$ 7,283	\$ 186,629
Payroll taxes	15,750	15,250	14,417	833	15,349
Retirement	15,900	20,000	19,613	387	16,767
General insurance	35,000	35,000	23,319	11,681	19,783
Group health insurance	12,000	10,700	10,657	43	11,764
Utilities	11,000	12,604	13,047	(443)	13,296
Telephone	7,500	10,800	12,257	(1,457)	7,537
Meetings and conventions	900	300	716	(416)	1,448
Meals, lodging and travel	200	200	134	66	109
Advertising	4,500	12,000	12,987	(987)	5,437
Building permits	14,000	10,000	6,226	3,774	12,311
Computer services	2,500	1,800	5,793	(3,993)	6,600
Repairs and maintenance	3,000	10,000	10,444	(444)	1,643
Auto expenditures	1,500	1,500	10,358	(8,858)	7,829
Professional fees	69,500	71,300	73,689	(2,389)	69,731
Office expenditures	3,500	10,700	11,294	(594)	2,445
Uniforms	1,000	700	515	185	-
Training and education	50	-	-	-	-
Miscellaneous	8,900	22,650	21,069	1,581	21,270
Total general government	<u>412,700</u>	<u>437,504</u>	<u>431,252</u>	<u>6,252</u>	<u>399,948</u>
Public safety -					
Police:					
Salaries	332,800	420,483	410,190	10,293	369,960
Payroll taxes	30,000	33,500	33,439	61	28,702
Retirement	20,000	30,000	29,605	395	21,977
General insurance	35,000	52,000	44,645	7,355	43,189
Group health insurance	30,000	30,000	30,386	(386)	26,296
Advertising	100	-	-	-	1,397
Computer services	2,000	6,500	6,646	(146)	6,681
Repairs and maintenance	1,500	9,300	19,416	(10,116)	16,970
Professional fees	15,000	15,000	14,130	870	14,100
Supplies	10,000	15,550	21,248	(5,698)	25,085
Utilities	6,500	6,500	5,217	1,283	6,854
Telephone	10,000	17,500	17,854	(354)	13,438
Auto expenditures	45,000	48,100	32,173	15,927	27,415
Office supplies	4,100	1,500	3,480	(1,980)	73
Uniforms	4,500	7,500	6,372	1,128	3,489
Training and education	3,000	800	694	106	1,882
Miscellaneous	10,700	32,741	25,511	7,230	14,867
Total police	<u>560,200</u>	<u>726,974</u>	<u>701,006</u>	<u>25,968</u>	<u>622,375</u>

(continued)

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended December 31, 2018
With Actual Amounts for the Year Ended 2017

	2018				
	Budget		Actual	Variance with Final Budget	2017
	Original	Final		Positive (Negative)	
Fire:					
General insurance	25,000	26,659	23,672	2,987	21,555
Utilities	8,800	8,800	8,218	582	9,670
Telephone	4,100	6,750	6,386	364	3,881
Supplies and materials	500	100	-	100	-
Volunteer fire department	<u>27,000</u>	<u>28,000</u>	<u>26,310</u>	<u>1,690</u>	<u>24,763</u>
Total fire	<u>65,400</u>	<u>70,309</u>	<u>64,586</u>	<u>5,723</u>	<u>59,869</u>
Total public safety	<u>625,600</u>	<u>797,283</u>	<u>765,592</u>	<u>31,691</u>	<u>682,244</u>
Streets -					
Salaries	85,000	65,000	63,661	1,339	96,763
Payroll taxes	8,000	6,000	5,174	826	7,408
Retirement	8,500	8,500	8,325	175	9,413
General insurance	24,000	25,000	25,809	(809)	26,641
Group health insurance	9,500	7,500	6,719	781	9,002
Professional services	1,000	20,000	3,595	16,405	1,763
Supplies, materials and repairs	8,700	42,000	42,493	(493)	66,413
Auto and truck expenditures	30,000	13,000	10,726	2,274	8,479
Utilities	41,000	29,000	27,407	1,593	34,820
Telephone	2,500	5,000	4,197	803	2,669
Office expenditures	1,500	250	676	(426)	316
Rentals	4,000	36,911	41,936	(5,025)	40,784
Miscellaneous	1,500	3,250	2,039	1,211	1,290
Contract labor	<u>35,000</u>	<u>35,000</u>	<u>50,647</u>	<u>(15,647)</u>	<u>44,222</u>
Total streets	<u>260,200</u>	<u>296,411</u>	<u>293,404</u>	<u>3,007</u>	<u>349,983</u>
Parks and recreation -					
General insurance	350	768	225	543	309
Utilities	250	250	217	33	232
Repairs and maintenance	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total parks and recreation	<u>800</u>	<u>1,018</u>	<u>442</u>	<u>576</u>	<u>541</u>

(continued)

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended December 31, 2018
With Actual Amounts for the Year Ended 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Original Budget	Final Budget	Actual		
Community Center -					
General insurance	9,500	9,600	7,662	1,938	9,633
Professional fees	-	-	-	-	-
Contract labor	500	1,750	-	1,750	-
Supplies and materials	1,000	2,800	1,722	1,078	3,057
Repairs and maintenance	500	-	-	-	1,074
Utilities	5,200	9,500	9,965	(465)	11,996
Total Community Center	<u>16,700</u>	<u>23,650</u>	<u>19,349</u>	<u>4,301</u>	<u>25,760</u>
Capital outlay:					
General government	-	-	-	-	6,009
Public safety -					
Police	20,000	40,338	20,269	20,069	65,747
Streets	40,000	135,830	81,572	54,258	49,413
Community Center	-	-	-	-	10,804
Total capital outlay	<u>60,000</u>	<u>176,168</u>	<u>101,841</u>	<u>74,327</u>	<u>131,973</u>
Debt service:					
Principal retirement	-	45,375	45,375	-	17,604
Interest	-	2,286	2,286	-	3,333
Total debt service	<u>-</u>	<u>47,661</u>	<u>47,661</u>	<u>-</u>	<u>20,937</u>
Total expenditures	<u>\$1,376,000</u>	<u>\$ 1,779,695</u>	<u>\$1,659,541</u>	<u>\$120,154</u>	<u>\$1,611,386</u>

TOWN OF DUSON, LOUISIANA
1969 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2018
With Actual Amounts for the Year Ended 2017

	2018		Actual	Variance with Final Budget Positive (Negative)	2017
	Budget				
	Original	Final			
Revenues:					
Sales taxes	\$325,000	\$ 404,922	\$402,393	\$ (2,529)	\$316,496
Interest	250	461	546	85	238
Total revenues	<u>325,250</u>	<u>405,383</u>	<u>402,939</u>	<u>(2,444)</u>	<u>316,734</u>
Expenditures:					
General government -					
Collection fees	3,600	3,993	3,948	45	3,449
Professional fees	8,000	9,640	9,640	-	8,640
Total general government	<u>11,600</u>	<u>13,633</u>	<u>13,588</u>	<u>45</u>	<u>12,089</u>
Excess of revenues over expenditures	<u>313,650</u>	<u>391,750</u>	<u>389,351</u>	<u>(2,399)</u>	<u>304,645</u>
Other financing uses:					
Transfer to General Fund	(158,000)	(210,000)	(210,000)	-	(158,000)
Transfer to Utility Fund	(150,000)	(191,369)	(185,254)	6,115	(116,369)
Total other financing uses	<u>(308,000)</u>	<u>(401,369)</u>	<u>(395,254)</u>	<u>6,115</u>	<u>(274,369)</u>
Net change in fund balance	5,650	(9,619)	(5,903)	3,716	30,276
Fund balance, beginning	<u>140,592</u>	<u>140,592</u>	<u>140,592</u>	-	<u>110,316</u>
Fund balance, ending	<u>\$146,242</u>	<u>\$ 130,973</u>	<u>\$134,689</u>	<u>\$ 3,716</u>	<u>\$140,592</u>

TOWN OF DUSON, LOUISIANA
1983 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2018
With Actual Amounts for the Year Ended 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budget		Actual		
	Original	Final			
Revenues:					
Sales taxes	\$ 325,000	\$ 404,922	\$ 402,393	\$ (2,529)	\$ 316,496
Interest	120	320	351	31	141
Total revenues	<u>325,120</u>	<u>405,242</u>	<u>402,744</u>	<u>(2,498)</u>	<u>316,637</u>
Expenditures:					
General government -					
Collection fees	3,600	3,993	3,948	45	3,449
Professional fees	<u>8,000</u>	<u>9,640</u>	<u>9,640</u>	-	<u>8,640</u>
Total general government	<u>11,600</u>	<u>13,633</u>	<u>13,588</u>	<u>45</u>	<u>12,089</u>
Excess of revenues over expenditures	<u>313,520</u>	<u>391,609</u>	<u>389,156</u>	<u>(2,453)</u>	<u>304,548</u>
Other financing uses:					
Transfer to General Fund	(170,000)	(250,000)	(250,000)	-	(170,000)
Transfer to Utility Fund	<u>(100,000)</u>	<u>(105,000)</u>	<u>(105,000)</u>	-	<u>(85,000)</u>
Total other financing uses	<u>(270,000)</u>	<u>(355,000)</u>	<u>(355,000)</u>	-	<u>(255,000)</u>
Net change in fund balance	43,520	36,609	34,156	(2,453)	49,548
Fund balance, beginning	<u>225,814</u>	<u>225,814</u>	<u>225,814</u>	-	<u>176,266</u>
Fund balance, ending	<u>\$ 269,334</u>	<u>\$ 262,423</u>	<u>\$ 259,970</u>	<u>\$ (2,453)</u>	<u>\$ 225,814</u>

TOWN OF DUSON, LOUISIANA
2018 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2018
With Actual Amounts for the Year Ended 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budget		Actual		
	Original	Final			
Revenues:					
Sales taxes	\$ -	\$ 45,450	\$ 53,523	\$ 8,073	\$ -
Interest	-	2	63	61	-
Total revenues	-	45,452	53,586	8,134	-
Expenditures:					
General government -					
Collection fees	-	300	265	35	-
Miscellaneous	-	150	171	(21)	-
Total general government	-	450	436	14	-
Excess of revenues over expenditures	-	45,002	53,150	8,148	-
Fund balance, beginning	-	-	-	-	-
Fund balance, ending	\$ -	\$ 45,002	\$ 53,150	\$ 8,148	\$ -

TOWN OF DUSON, LOUISIANA
Hotel/Motel Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2018
With Actual Amounts for the Year Ended 2017

	2018			Variance with Final Budget Positive (Negative)	2017
	Budget		Actual		
	Original	Final			
Revenues:					
Sales taxes	\$ 24,000	\$ 24,000	\$ 23,759	\$ (241)	\$ 18,822
Interest	-	-	22	22	8
Total revenues	<u>24,000</u>	<u>24,000</u>	<u>23,781</u>	<u>(219)</u>	<u>18,830</u>
Expenditures:					
General government - Collection fees	<u>200</u>	<u>200</u>	<u>133</u>	<u>67</u>	<u>104</u>
Excess of revenues over expenditures	23,800	23,800	23,648	(152)	18,726
Fund balance, beginning	<u>42,810</u>	<u>42,810</u>	<u>42,810</u>	<u>-</u>	<u>24,084</u>
Fund balance, ending	<u>\$ 66,610</u>	<u>\$ 66,610</u>	<u>\$ 66,458</u>	<u>\$ (152)</u>	<u>\$ 42,810</u>

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2018 and 2017

Records maintained by the Town indicated the following number of customers were being serviced during the months of December 31, 2018 and 2017:

<u>Department</u>	<u>2018</u>	<u>2017</u>
Water (metered)	630	639
Sewer	565	579
Sanitation	506	516

TOWN OF DUSON, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
December 31, 2018

Description of Coverage	Coverage Amounts
Workmen's Compensation - Employer's liability	\$ 100,000
Buildings and contents - Basic property coverage:	
Buildings	3,214,163
Equipment	338,313
Automobile coverage -	
General liability, aggregate	500,000
Auto liability, aggregate	500,000
Physical damage coverage	326,846
Property coverage -	
Fire and light, extended coverage, vandalism and malicious mischief	50,000
Law enforcement and public officials liability (all coverage)	1,000,000
Surety bonds -	
Town Clerk	80,000
Public employees' dishonesty bonds	200,000
Police notary bonds - \$10,000 per officer	10,000

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Net Position
December 31, 2018 and 2017

	2018	2017
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 151,984	\$ 229,030
Investments	1,138	1,117
Receivables:		
Accounts receivable, net	32,079	38,955
Unbilled utility receivables	37,893	30,793
Due from other funds	104,970	100,316
Due from other governmental units	41,711	14,957
Prepaid items	21,974	10,785
Total current assets	391,749	425,953
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	259,502	239,296
Investments	27,031	26,519
Capital assets:		
Land and construction in progress	63,130	345,985
Other capital assets, net of accumulated depreciation	4,674,663	4,340,492
Total noncurrent assets	5,024,326	4,952,292
Total assets	5,416,075	5,378,245
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	58,748	70,447
LIABILITIES		
Current liabilities:		
Accounts and other payables	20,308	53,894
Contracts payable	12,371	-
Retainage payable	13,540	-
Capital lease payable	12,197	11,736
Due to other funds	67,264	44,015
Payable from restricted assets -		
Customers' deposits	64,070	59,145
Revenue bonds payable	25,040	23,941
Interest payable	2,615	227
Total current liabilities	217,405	192,958
Compensated absences payable	9,350	11,859
Net pension liability	201,726	212,295
Capital lease payable	201,425	213,623
Revenue bonds payable	1,112,715	1,137,755
Total noncurrent liabilities	1,525,216	1,575,532
Total liabilities	1,742,621	1,768,490
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	9,093	7,337
NET POSITION		
Net investment in capital assets	3,427,256	3,323,363
Restricted for debt service	194,808	182,502
Unrestricted	101,045	167,000
Total net position	\$ 3,723,109	\$ 3,672,865

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Revenues, Expenses, and Changes in Net Position -
Years Ended December 31, 2018 and 2017

	Total	
	2018	2017
Operating revenues:		
Customer service charges	\$ 577,900	\$ 535,108
Operating expenses:		
Salaries	193,131	165,509
Payroll taxes	15,283	12,221
Retirement	32,532	37,432
Maintenance and repairs	46,801	97,960
Professional fees	62,157	35,650
Utilities and telephone	42,505	43,387
General insurance	35,729	39,715
Group health insurance	49,313	48,174
Office expense	3,727	3,864
Supplies and parts	37,901	48,880
Garbage collection fees	87,196	88,352
Auto and truck expense	7,479	5,126
Bad debts expense	6,803	5,692
Depreciation expense	259,184	216,414
Dues and fees	14,123	1,025
Contract services	32,929	7,262
Meals, lodging and travel	1,420	-
Miscellaneous	20,602	11,966
Allocation of general and administrative expenses	-	-
Total operating expenses	948,815	868,629
Operating income (loss)	(370,915)	(333,521)
Nonoperating revenues (expenses):		
Interest income	1,080	777
Interest expense	(62,678)	(56,114)
Non-employer contributions	5,988	5,689
Total nonoperating revenues (expenses)	(55,610)	(49,648)
Loss before contributions and transfers	(426,525)	(383,169)
Capital contributions	493,000	14,957
Transfers:		
Transfers in	290,255	219,583
Transfers out	(306,486)	(18,214)
Total transfers	(16,231)	201,369
Change in net position	50,244	(166,843)
Net position, beginning	3,672,865	3,839,708
Net position, ending	\$3,723,109	\$ 3,672,865

Water		Sewerage		Sanitation		General Administration	
2018	2017	2018	2017	2018	2017	2018	2017
<u>\$ 269,601</u>	<u>\$ 237,392</u>	<u>\$ 183,094</u>	<u>\$ 169,983</u>	<u>\$ 125,205</u>	<u>\$ 127,733</u>	<u>\$ -</u>	<u>\$ -</u>
93,395	60,066	40,476	42,199	-	-	59,260	63,244
7,590	4,821	3,082	3,267	-	-	4,611	4,133
16,383	11,881	6,967	12,410	-	-	9,182	13,141
11,121	51,485	35,680	46,475	-	-	-	-
4,703	2,189	43,359	20,866	-	-	14,095	12,595
13,860	13,838	28,645	29,549	-	-	-	-
23,783	27,839	11,054	10,614	-	-	892	1,262
25,918	16,469	8,716	13,378	-	-	14,679	18,327
3,510	3,614	217	250	-	-	-	-
29,338	35,017	8,563	13,863	-	-	-	-
-	-	-	-	87,196	88,352	-	-
3,053	2,110	4,426	3,016	-	-	-	-
2,803	2,248	2,276	1,960	1,724	1,484	-	-
99,960	72,847	159,224	143,567	-	-	-	-
14,123	1,025	-	-	-	-	-	-
20,816	7,262	12,113	-	-	-	-	-
1,420	-	-	-	-	-	-	-
13,225	5,924	7,377	6,042	-	-	-	-
<u>47,920</u>	<u>49,998</u>	<u>32,544</u>	<u>35,801</u>	<u>22,255</u>	<u>26,903</u>	<u>(102,719)</u>	<u>(112,702)</u>
<u>432,921</u>	<u>368,633</u>	<u>404,719</u>	<u>383,257</u>	<u>111,175</u>	<u>116,739</u>	<u>-</u>	<u>-</u>
<u>\$ (163,320)</u>	<u>\$ (131,241)</u>	<u>\$ (221,625)</u>	<u>\$ (213,274)</u>	<u>\$ 14,030</u>	<u>\$ 10,994</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Receipts from customers	\$ 577,676	\$ 532,765
Payments to suppliers	(519,627)	(416,504)
Payments to employees	<u>(208,414)</u>	<u>(177,730)</u>
Net cash used by operating activities	<u>(150,365)</u>	<u>(61,469)</u>
 Cash flows from noncapital financing activities:		
Increase in customer deposits payable	4,925	3,985
Cash paid to other funds	(287,891)	(41,838)
Transfers from other funds	<u>290,255</u>	<u>219,583</u>
Net cash provided by noncapital financing activities	<u>7,289</u>	<u>181,730</u>
 Cash flows from capital and related financing activities:		
Principal paid on notes payable	(23,941)	(22,889)
Interest paid on notes payable	(51,786)	(56,118)
Proceeds from capital lease	-	230,511
Principal paid on capital lease	(11,737)	(5,152)
Interest paid on capital lease	(8,504)	-
Acquisition of property, plant and equipment	(284,589)	(394,435)
Proceeds from grants	<u>466,246</u>	<u>89,281</u>
Net cash provided (used) by capital and related financing activities	<u>85,689</u>	<u>(158,802)</u>
 Cash flows from investing activities:		
Purchase of investments	(533)	(265)
Interest earned	<u>1,080</u>	<u>777</u>
Net cash provided by investing activities	<u>547</u>	<u>512</u>
 Net decrease in cash and cash equivalents	(56,840)	(38,029)
 Cash and cash equivalents, beginning of period	<u>468,326</u>	<u>506,355</u>
 Cash and cash equivalents, end of period	<u>\$ 411,486</u>	<u>\$ 468,326</u>

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows (Continued)
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	\$(370,915)	\$ (333,521)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	259,184	216,414
Pension expense	8,874	16,658
Changes in current assets and liabilities:		
Increase in accounts receivable	6,876	(287)
Increase in unbilled utility receivable	(7,100)	(2,056)
(Increase) decrease in prepaid items	(11,189)	(154)
Increase in accounts payable	(33,586)	36,132
Increase in compensated absences	<u>(2,509)</u>	<u>5,345</u>
Total adjustments	<u>220,550</u>	<u>272,052</u>
Net cash used by operating activities	<u>\$(150,365)</u>	<u>\$ (61,469)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 211,628	\$ 258,749
Interest-bearing deposits - unrestricted	17,402	13,158
Cash - restricted	32,881	28,896
Interest-bearing deposits - restricted	<u>206,415</u>	<u>205,552</u>
Total cash and cash equivalents	<u>468,326</u>	<u>506,355</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	134,556	211,628
Interest-bearing deposits - unrestricted	17,428	17,402
Cash - restricted	37,806	32,881
Interest-bearing deposits - restricted	<u>221,696</u>	<u>206,415</u>
Total cash and cash equivalents	<u>411,486</u>	<u>468,326</u>
Net increase (decrease)	<u>\$ (56,840)</u>	<u>\$ (38,029)</u>

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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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*

* A Professional Accounting Corporation

The Honorable Johnny Thibodeaux, Mayor
and members of the Board of Aldermen
Town of Duson, Louisiana

We 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, and each major fund of the Town of Duson, Louisiana (the Town) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 14, 2019.

Internal Control Over Financial Reporting

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

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified item 2018-001 (IC) as a deficiency in internal control that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2018-002(C).

Town of Duson, Louisiana's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 14, 2019

TOWN OF DUSON, LOUISIANA

Summary Schedule of Current and Prior Year Findings
And Management's Corrective Action Plan

Part I. Current Year Findings and Management's Corrective Action Plan

A. Internal Control Findings -

2018-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2007

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

CRITERIA: The Town should have a control policy according to which no person should be given responsibility for more than one related function.

CAUSE: Due to the size of the Town, there are a small number of available employees.

EFFECT: The Town has employees that are performing more than one related function.

RECOMMENDATION: The Town should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

B. Compliance Findings -

2018-002 Notice of Public Hearing to Adopt Budget was not published

Fiscal year finding initially occurred: 2017

CONDITION: The Town did not publish a notice of a public hearing or advertise that a proposed budget was available for public inspection at least ten days prior to the public hearing as required by Louisiana R.S. 39:1307(B).

CRITERIA: The Town is required to publish a notice of a public hearing or advertise that a proposed budget was available for public inspection at least ten days prior to the public hearing as required by Louisiana R.S. 39:1307(B).

CAUSE: The Town inadvertently published the minutes of the meeting that introduced the ordinance of the budget and amended budget and the date of the public hearing rather than the notice of a public hearing.

EFFECT: The Town is not in compliance with Louisiana R.S. 39:1307(B).

RECOMMENDATION: The Town should publish a notice of public hearing or advertise that a proposed budget was available for public inspection at least ten days prior to the public hearing.

MANAGEMENT'S CORRECTION ACTION PLAN: The Town will properly advertise budget announcements and related public hearings as required by state law in the future.

TOWN OF DUSON, LOUISIANA

Summary Schedule of Current and Prior Year Findings
And Management's Corrective Action Plan (Continued)

Part II. Prior Year Findings

A. Internal Control Findings -

2017-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: Unknown

CONDITION: The Town did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: The Town should establish and monitor mitigating controls over functions that are not completely segregated.

CURRENT STATUS: Unresolved. See finding 2018-001.

2017-002 Qualified Staff Person to Apply GAAP

Fiscal year finding initially occurred: 2007

CONDITION: The Town did not have a staff person with the necessary qualifications and training to apply GAAP in recording their financial transactions or to prepare their financial statements and related notes.

RECOMMENDATION: The Town should evaluate the cost-benefit of establishing internal controls over the preparation of the financial statements and related notes in accordance with GAAP.

CURRENT STATUS: Resolved.

B. Compliance Findings -

2017-003 Notice of Public Hearing to Adopt Budget was not published

Fiscal year finding initially occurred: 2017

CONDITION: The Town did not publish a notice of a public hearing or advertise that a proposed budget was available for public inspection at least ten days prior to the public hearing as required by Louisiana R.S. 39:1307(B).

RECOMMENDATION: The Town should publish a notice of public hearing or advertise that a proposed budget was available for public inspection at least ten days prior to the public hearing.

CURRENT STATUS: Unresolved. See finding 2018-002.

TOWN OF DUSON, LOUISIANA

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

Year Ended December 31, 2018

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Johnny Thibodeaux, Mayor
Board of Alderman, and the
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Duson (the Town) 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 January 1, 2018 through December 31, 2018. The Town'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, we 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. We obtained and inspected the Town's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the Town's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - 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.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - 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).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- 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.
- 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).
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- 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 Town's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee

(The following procedures were not performed since there were no exceptions in the prior year.)

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.
 - b) 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.
 - c) 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.

Bank Reconciliations

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. We asked management to identify the Town's main operating account. We selected the Town's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected accounts, and observed that:
 - a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations included 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
 - 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.

Collections

4. We obtained 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. We randomly selected 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquired of employees about their job duties) at each collection location, and observed 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.
 - 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.
 - 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.
 - 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.
6. We inquired of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. We randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected 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.* We obtained supporting documentation for each of the 10 deposits and:
 - a) We observed that receipts are sequentially pre-numbered.
 - b) We traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) We traced the deposit slip total to the actual deposit per the bank statement.
 - d) We observed 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).
 - e) We traced the actual deposit per the bank statement to the general ledger.

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

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

9. For each location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained 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 observed 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.
 - b) At least two employees are 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.
 - 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.
10. For each location selected under #8 above, we obtained the Town's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
 - a) We observed that the disbursement matched the related original invoice/billing statement.
 - b) We observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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

11. We obtained 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. We obtained management's representation that the listing is complete.
12. Using the listing prepared by management, we randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. We randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
 - a) We observed 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.
 - b) We observed that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, we randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, we observed 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).

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

(The following procedures were not performed since there were no exceptions in the prior year.)

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).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - 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).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

(The following procedures were not performed since there were no exceptions in the prior year.)

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.* We obtained 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.
 - 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).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - 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 agree to the terms and conditions of the contract.

Payroll and Personnel

16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees/officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
 - a) We randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, we obtained attendance records and leave documentation for the pay period, and:

- b) We observed 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.)
 - c) We observed that supervisors approved the attendance and leave of the selected employees/officials.
 - d) We observed that any leave accrued or taken during the pay period is reflected in the Town's cumulative leave records.
17. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two employees/officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulative leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
18. We obtained 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.

Ethics

19. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics documentation from management, and:
- a) We observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) We observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the Town's ethics policy during the fiscal period.

Debt Service

(The following procedures were not performed since there were no exceptions in the prior year.)

20. 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.
21. 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.

Other

22. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtained supporting documentation, and observed that the Town reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Town is domiciled.
23. We observed that the Town 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.

Exceptions:

No exceptions were found as a result of applying the procedures listed above except:

Written Policies and Procedures:

1. The Town does not have written policies and procedures for the following: receipts, contracting, ethics and debt service.

Management's response: The Town will update their policies and procedures to address the categories specified above.

2. The Town's written policies and procedures for purchasing do not address how vendors are added to the vendor list.

Management's response: The Town will update the written policies and procedures to include how vendors are added to the vendor list.

3. The Town's written policies and procedures for payroll do not address payroll processing.

Management's response: The Town will update the written policies and procedures to include payroll processing.

Bank Reconciliations:

4. Monthly bank reconciliations had no evidence of management reviews for all of the five bank accounts tested.

Management's response: The Town will implement a policy to document that management has reviewed monthly bank reconciliations.

5. Two of the five bank reconciliations tested had reconciling items that had been outstanding for more than 12 months from the statement closing date and there was no evidence that management had researched those items.

Management's response: The Town will implement a policy requiring management to research reconciling items that have been outstanding for more than 12 months from the statement closing date.

Disbursements:

6. One of the five disbursements selected for testing lacked a requisition or purchase order required by the Town's policy.

Management's response: The Town will verify that all disbursements have the required purchase order or the equivalent of a purchase.

7. Three of the five disbursements lacked the proper approval of two individuals on purchase orders.

Management's response: The Town will verify that all purchase orders are properly signed by the appropriate individuals on purchase orders.

8. The employee responsible for processing payments is not prohibited from adding/modifying vendor files.

Management's response: The Town will implement a policy that ascertains that the employee responsible for payment processing is prohibited from adding/modifying vendor files.

9. The Town does not have written documentation that prohibits the person with signatory authority of the person that makes the final authorization for disbursements from initiating or recording purchases.

Management's response: The Town will update their policies and procedures to address the item above.

Ethics:

10. Four of the five employees did not have the appropriate ethics training during the fiscal year.

Management's response: The Town will ascertain that all employees receive ethics training on an annual basis.

11. The Town does not have a written ethics policy. Therefore, five of the five employees could not sign they have read the Town's ethics policy during the fiscal year.

Management's response: The Town will update their written policies and procedures to include ethics and will have employees read the policy and then sign that they have read it.

We were not engaged to and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Duson and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 14, 2019