

**TOWN OF DUBACH  
LOUISIANA**

**FINANCIAL STATEMENTS  
JUNE 30, 2018**

**TOWN OF DUBACH, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

CONTENTS

	<u>PAGE</u>
<b>INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS</b>	1 - 2
<b>REQUIRED SUPPLEMENTAL INFORMATION (PART I)</b>	
Management's Discussion and Analysis	4 - 8
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>Government Wide Financial Statements</b>	
Statement of Net Position	10
Statement of Activities	11
<b>Fund Financial Statements</b>	
Governmental Funds:	
Balance Sheets	13
Statements of Revenues, Expenditures and Changes in Fund Balance	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Proprietary Fund:	
Statement of Net Position	16
Statement of Revenues, Expenses and Changes in Net Position	17
Statement of Cash Flows	18
Notes to the Financial Statements	19 - 28
<b>REQUIRED SUPPLEMENTAL INFORMATION (PART II)</b>	
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	30
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (GAAP Basis) and Actual - Garbage Fund	31
<b>OTHER REPORTS</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	33 - 34
Schedule of Findings and Questioned Costs	35
Management's Corrective Action Plan	36
Status of Prior Year Findings	37
<b>OTHER SUPPLEMENTAL INFORMATION</b>	
Schedule of Per Diem Payments to Council Members	39
Schedule of Compensation, Benefits, and Other Payments	40

**DON M. McGEHEE**  
(A Professional Accounting Corporation)

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Robert Jensen, Mayor  
and Town Council  
Town of Dubach  
P.O. Box 252  
Dubach, Louisiana 71235

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dubach, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Dubach's basic financial statements, as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dubach, Louisiana, as of June 30, 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 management's discussion and analysis and budgetary comparison information on pages 4 through 8 and on pages 30 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, I have also issued my report dated January 3, 2019, on my consideration of the Town of Dubach's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Dubach's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Dubach, Louisiana's internal control over financial reporting and compliance.



Don M. McGehee  
Certified Public Accountant  
January 3, 2019

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART I)**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

The discussion and analysis of the Town of Dubach's performance provides an overview of the financial activities for the year ended June 30, 2018. It is based upon currently known facts, decisions, and conditions. Please read it in conjunction with the financial statements which begin on page 10.

**Basic Financial Statements**

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

**Statement of Net Position and Statement of Activities**

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

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

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

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

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

**Government-Wide Financial Analysis**

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

Table 1  
Total Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 690,958	\$ 667,045	\$ 576,164	\$ 519,290	\$ 1,267,122	\$ 1,186,335
Capital Assets	330,815	369,673	1,720,747	1,238,897	2,051,562	1,608,570
<b>Total Assets</b>	<b>1,021,773</b>	<b>1,036,718</b>	<b>2,296,911</b>	<b>1,758,187</b>	<b>3,318,684</b>	<b>2,794,905</b>
Liabilities	37,388	11,732	63,364	51,535	100,752	63,267
<b>Net Position:</b>						
Investment in Capital Assets	330,815	369,673	1,720,747	1,238,897	2,051,562	1,608,570
Restricted	12,896	12,896	0	0	12,896	12,896
Unrestricted	640,674	642,417	512,800	467,755	1,153,474	1,110,172
<b>Total Net Position</b>	<b>\$ 984,385</b>	<b>\$ 1,024,986</b>	<b>\$ 2,233,547</b>	<b>\$ 1,706,652</b>	<b>\$ 3,217,932</b>	<b>\$ 2,731,638</b>

The largest portion of the Town's net position (64% for 2018 and 59% for 2017) is invested in capital assets. The net position invested in capital assets consist of land, buildings, water and sewer system, and equipment. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

Unrestricted net position for 2018 and 2017 was 36% and 41%, respectively, of total net position. Nearly all unrestricted net position is composed of cash and investments. Unrestricted net position can be used to finance the day-to-day operations of the Town without constraints.

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

Table 2  
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Revenues					
Program Revenues:						
Charges for Services	\$ 130,529	\$ 102,968	\$ 209,817	\$ 199,704	\$ 340,346	\$ 302,672
Operating Grants and Contributions	83,899	96,900	12,464	5,326	96,363	102,226
Capital Grants and Contributions	0	0	501,281	0	501,281	0
General Revenues:						
Taxes	183,305	178,998	0	0	183,305	178,998
Licenses	46,757	47,204	0	0	46,757	47,204
Other	4,148	3,164	1,414	770	5,562	3,934
Total Revenues	<u>448,638</u>	<u>429,234</u>	<u>724,976</u>	<u>205,800</u>	<u>1,173,614</u>	<u>635,034</u>
Program Expenses						
General Government	170,664	165,674	0	0	170,664	165,674
Police	157,034	137,668	0	0	157,034	137,668
Highways and Streets	21,679	19,562	0	0	21,679	19,562
Sanitation	93,121	91,311	0	0	93,121	91,311
Cemetery	10	139	0	0	10	139
Water and Sewer	0	0	244,812	207,451	244,812	207,451
Total Expenses	<u>442,508</u>	<u>414,354</u>	<u>244,812</u>	<u>207,451</u>	<u>687,320</u>	<u>621,805</u>
Excess Before Transfers	6,130	14,880	480,164	(1,651)	486,294	13,229
Transfers	<u>(46,731)</u>	<u>(77,234)</u>	<u>46,731</u>	<u>77,234</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Position	(40,601)	(62,354)	526,895	75,583	486,294	13,229
Net Position-Beginning	<u>1,024,986</u>	<u>1,087,340</u>	<u>1,706,652</u>	<u>1,631,069</u>	<u>2,731,638</u>	<u>2,718,409</u>
Net Position-Ending	<u>\$ 984,385</u>	<u>\$ 1,024,986</u>	<u>\$ 2,233,547</u>	<u>\$ 1,706,652</u>	<u>\$ 3,217,932</u>	<u>\$ 2,731,638</u>

Governmental financial activities changed the Town's net position for the years ending June 20, 2018 and 2017, by a 4% decrease and a 6% decrease (\$40,601 and \$62,354, respectively). Governmental activities 2018 revenues increased 5% (\$19,404) from the prior year. Expenses increased about 7% (\$28,154) from the prior year with an increase of \$4,990 in the general government expenses, an increase of \$19,366 in the police department, an increase of \$2,117 in the street department, an increase of \$1,810 in the garbage department, and a decrease of \$129 in the cemetery.

Business-type activities increased net position by 31% (\$526,895) for the year ended June 30, 2018, compared to a 4.6% (\$75,583) increase in the prior year. Charges for services revenue increased 5% (\$10,113) in 2018 compared to the prior year. Expenses increased 18% (\$37,361) in 2018 compared to the prior year. Most of the 2018 net position increase is the result of \$501,281 in grant proceeds for capital improvements and the \$46,731 transfer from the governmental activities fund for the payment of costs associated with the LCDBG project.

### **Fund Financial Statements**

As of June 30, 2018, the governmental funds reported a fund balance of \$652,170, which is a decrease of less than 1% (\$1,796) in the total fund balance from the previous year. Included in this year's total change in fund balance is a revenue deficit of \$6,504 in the Town's general fund and a revenue surplus of \$4,567 in the Town's garbage fund compared to a \$30,566 revenue deficit in the prior year general fund and a \$8,038 revenue surplus in the prior year garbage fund. Thirty-three percent (33%) of the total fund balance is restricted due to external limitations on its use. These uses include garbage fund restrictions for \$208,792 and the cemetery fund for \$9,057. Four percent (4%) is considered unspendable because it has been used for prepaid items (\$13,426) and perpetual care of the cemetery (\$12,896). The remaining sixty-three percent (63%) or \$407,999 is unassigned.

The general fund is the main operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$407,999, while total fund balance was \$416,119. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance exceeds total general fund expenditures by \$87,548 and total fund balance exceeds it by \$95,668.

The key elements for the change in 2018 compared to the prior year are as follows:

- (1) Fines increased \$24,472 from the prior year.
- (2) Transfers out decreased \$30,503 compared to the prior year.
- (3) General fund expenditures increased \$27,044 compared to the prior year.

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

### **General Fund Budgetary Highlights**

The budget is amended when it is determined that there are unexpected differences between actual and anticipated revenues and/or expenditures. The amended budget for 2018 was adopted just prior to year end. The differences between the original and final amended budget were a 26% (\$60,000) increase in revenues and less than 1% (\$1,034) increase in expenditures. The change in budgeted revenues included a \$18,000 increase in fines, a \$45,000 increase in franchise taxes, and a \$7,500 decrease in supplemental police pay. The increase in budgeted expenditures included a \$7,205 increase in general government expenditures and a \$6,171 decrease in police expenditures. There were no other significant general fund budget adjustments.

The significant variances between actual results compared to the general fund budget, as reported on page 30, were that sales tax revenues were \$54,016 more than budgeted, licenses were \$20,204 more than budgeted, fines were \$11,569 more than budgeted, hotel tax was \$5,920 more than budgeted, franchise tax revenue was \$37,665 less than budgeted, and sales and use tax revenue was \$19,757 more than budgeted.

**Capital Assets**

The Town invested \$547,780 in capital assets during the fiscal year ending June 30, 2018. This investment was funded by a Louisiana Community Development Block Grant for \$501,281 and the balance financed by the Town's general fund. For the upcoming year, the Town plans to continue to make improvements and purchase equipment as needed. There are no plans to issue debt to finance any projects. More detailed information about the Town's capital assets is presented in the notes to the financial statements.

**Currently Known Facts, Decisions, or Conditions**

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

**Requests for Additional Information**

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

## **GOVERNMENT WIDE FINANCIAL STATEMENTS**

**TOWN OF DUBACH, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash	\$ 266,731	\$ 410,276	\$ 677,007
Investments	279,331	162,454	441,785
Receivables--Net	33,345	18,102	51,447
Due from Other Governments	12,500	12,464	24,964
Internal Balances	85,234	(85,234)	0
Accrued Interest	391	987	1,378
Prepaid Insurance	13,426	8,366	21,792
Restricted Assets			
Cash-Customers' Deposits	0	23,611	23,611
Investments-Customers' Deposits	0	25,138	25,138
Capital Assets--Net	<u>330,815</u>	<u>1,720,747</u>	<u>2,051,562</u>
<b>TOTAL ASSETS</b>	<u>1,021,773</u>	<u>2,296,911</u>	<u>3,318,684</u>
<b>LIABILITIES</b>			
Accounts Payable	28,948	11,932	40,880
Accrued Expenses	8,440	2,684	11,124
Customers' Deposits	<u>0</u>	<u>48,748</u>	<u>48,748</u>
<b>TOTAL LIABILITIES</b>	<u>37,388</u>	<u>63,364</u>	<u>100,752</u>
<b>NET POSITION</b>			
Invested in Capital Assets	330,815	1,720,747	2,051,562
Restricted for--			
Perpetual Care of Cemetery	12,896	0	12,896
Unrestricted	<u>640,674</u>	<u>512,800</u>	<u>1,153,474</u>
<b>TOTAL NET POSITION</b>	<u>\$ 984,385</u>	<u>\$ 2,233,547</u>	<u>\$ 3,217,932</u>

See accompanying notes to financial statements.

**TOWN OF DUBACH, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b>PRIMARY GOVERNMENT</b>							
<b>GOVERNMENTAL ACTIVITIES:</b>							
General Government	\$ 170,664	\$ 10,578	\$ 9,752	\$ 0	\$ (150,334)	\$ 0	\$ (150,334)
Police	157,034	91,041	12,500	0	(53,493)	0	(53,493)
Highways and Streets	21,679	3,050	0	0	(18,629)	0	(18,629)
Sanitation	93,121	25,860	61,506	0	(5,755)	0	(5,755)
Cemetery	10	0	141	0	131	0	131
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>442,508</u>	<u>130,529</u>	<u>83,899</u>	<u>0</u>	<u>(228,080)</u>	<u>0</u>	<u>(228,080)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Water and Sewer	244,812	209,817	12,464	501,281	0	478,750	478,750
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 687,320</u>	<u>\$ 340,346</u>	<u>\$ 96,363</u>	<u>\$ 501,281</u>	<u>(228,080)</u>	<u>478,750</u>	<u>250,670</u>
<b>GENERAL REVENUES:</b>							
Taxes							
Ad Valorem					23,954	0	23,954
Sales and Use					125,016	0	125,016
Franchise					34,335	0	34,335
Licenses					46,757	0	46,757
Investment Earnings					1,193	1,414	2,607
Other Revenue					2,155	0	2,155
Gain on Sale of Capital Assets					800	0	800
<b>TRANSFERS</b>					<u>(46,731)</u>	<u>46,731</u>	<u>0</u>
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<u>187,479</u>	<u>48,145</u>	<u>235,624</u>
<b>CHANGE IN NET POSITION</b>					<u>(40,601)</u>	<u>526,895</u>	<u>486,294</u>
<b>NET POSITION-BEGINNING</b>					<u>1,024,986</u>	<u>1,706,652</u>	<u>2,731,638</u>
<b>NET POSITION-ENDING</b>					<u>\$ 984,385</u>	<u>\$ 2,233,547</u>	<u>\$ 3,217,932</u>

See accompanying notes to financial statements.

## **FUND FINANCIAL STATEMENTS**

**TOWN OF DUBACH, LOUISIANA**

**BALANCE SHEETS**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2018**

	<u>General Fund</u>	<u>Garbage Fund</u>	<u>Other Governmental Fund Permanent Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash	\$ 142,391	\$ 118,421	\$ 5,919	\$ 266,731
Investments	207,779	55,615	15,937	279,331
Receivables--Net	33,345	0	0	33,345
Receivable from Other Governments	1,714	10,786	0	12,500
Due from Other Funds	57,501	27,733	0	85,234
Accrued Interest	27	267	97	391
Prepaid Insurance	<u>8,120</u>	<u>5,306</u>	<u>0</u>	<u>13,426</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 450,877</u></b>	<b><u>\$ 218,128</u></b>	<b><u>\$ 21,953</u></b>	<b><u>\$ 690,958</u></b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 27,267	\$ 1,681	\$ 0	\$ 28,948
Accrued Expenses	6,091	2,349	0	8,440
Deferred Revenue	<u>1,400</u>	<u>0</u>	<u>0</u>	<u>1,400</u>
<b>TOTAL LIABILITIES</b>	<b><u>34,758</u></b>	<b><u>4,030</u></b>	<b><u>0</u></b>	<b><u>38,788</u></b>
<b>FUND BALANCES:</b>				
<b>Nonspendable--</b>				
Prepaid Insurance	8,120	5,306	0	13,426
Perpetual Care of Cemetery	0	0	12,896	12,896
<b>Committed for--</b>				
Garbage	0	208,792	0	208,792
Cemetery	0	0	9,057	9,057
Unassigned	<u>407,999</u>	<u>0</u>	<u>0</u>	<u>407,999</u>
<b>TOTAL FUND BALANCE</b>	<b><u>416,119</u></b>	<b><u>214,098</u></b>	<b><u>21,953</u></b>	<b><u>652,170</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 450,877</u></b>	<b><u>\$ 218,128</u></b>	<b><u>\$ 21,953</u></b>	<b><u>\$ 690,958</u></b>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018**

**Total Fund Balances-Governmental Funds** \$ 652,170

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 330,815

Certain ad valorem taxes receivable are not available to pay current period expenditures and therefore are recognized as deferred revenues in the governmental funds. 1,400

**Net Position of Governmental Activities** **\$ 984,385**

See accompanying notes to financial statements.

**TOWN OF DUBACH, LOUISIANA**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Garbage Fund</u>	<u>Other Governmental Fund Permanent Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes				
Ad Valorem	\$ 23,901	\$ 0	\$ 0	\$ 23,901
Franchise	34,335	0	0	34,335
Sales and Use	125,016	0	0	125,016
Licenses	46,757	0	0	46,757
Intergovernmental				
Hotel Tax	8,752	0	0	8,752
Supplemental Pay - Police	12,000	0	0	12,000
Right-of-Way Maintenance	3,050	0	0	3,050
Town's Portion of 1/2% Tax	0	61,506	0	61,506
Grants	500	0	0	500
Charges for Services	6,906	25,860	0	32,766
Fines	91,041	0	0	91,041
Investment Earnings	793	400	141	1,334
Contributions and Donations	1,000	0	0	1,000
Other Revenues				
Rent	3,275	0	0	3,275
Royalties and Gas Lease	2,155	0	0	2,155
Miscellaneous	397	0	0	397
<b>TOTAL REVENUES</b>	<u>359,878</u>	<u>87,766</u>	<u>141</u>	<u>447,785</u>
<b>EXPENDITURES</b>				
General Government	148,522	0	0	148,522
Police	151,849	0	0	151,849
Highways and Streets	20,080	0	0	20,080
Sanitation	0	83,199	0	83,199
<b>TOTAL EXPENDITURES</b>	<u>320,451</u>	<u>83,199</u>	<u>0</u>	<u>403,650</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	39,427	4,567	141	44,135
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(46,731)	0	0	(46,731)
Proceeds from Sale of Capital Assets	800	0	0	800
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>(45,931)</u>	<u>0</u>	<u>0</u>	<u>(45,931)</u>
<b>NET CHANGES IN FUND BALANCES</b>	(6,504)	4,567	141	(1,796)
<b>FUND BALANCES-BEGINNING</b>	<u>422,623</u>	<u>209,531</u>	<u>21,812</u>	<u>653,966</u>
<b>FUND BALANCES-ENDING</b>	<u>\$ 416,119</u>	<u>\$ 214,098</u>	<u>\$ 21,953</u>	<u>\$ 652,170</u>

See accompanying notes to financial statements.

**TOWN OF DUBACH, LOUISIANA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS** **\$ (1,796)**

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

Governmental Funds report capital outlays as expenditures.

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

(38,858)

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

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

53

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ (40,601)**

See accompanying notes to financial statements.

**TOWN OF DUBACH, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2018**

	<u>Water and Sewer Enterprise Fund</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash	\$ 410,276
Investments	162,454
Accounts Receivable--Net of Allowance of \$1,400	18,102
Due from State Grants	12,464
Accrued Interest	987
Prepaid Insurance	<u>8,366</u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>612,649</b></u>
<b>NON-CURRENT ASSETS:</b>	
Restricted Assets	
Cash-Customers' Deposits	23,611
Investments-Customers' Deposits	<u>25,138</u>
Total Restricted Assets	<u>48,749</u>
Capital Assets--Net of Accumulated Depreciation	<u>1,720,747</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u><b>1,769,496</b></u>
<b>TOTAL ASSETS</b>	<u><b>2,382,145</b></u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	11,932
Accrued Expenses	
Accrued Payroll	392
Accrued Vacation	2,138
Sales Tax Payable	154
Due to Garbage Fund	42,528
Due to General Fund	<u>42,706</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>99,850</b></u>
<b>NON-CURRENT LIABILITIES</b>	
Customers' Deposits Payable	<u>48,748</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u><b>48,748</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>148,598</b></u>
<b>NET POSITION</b>	
Invested in Capital Assets	1,720,747
Unrestricted	<u>512,800</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 2,233,547</b></u>

See accompanying notes to financial statements.

**TOWN OF DUBACH, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Water and Sewer Enterprise Fund</u>
<b>OPERATING REVENUES</b>	
Water Sales	\$ 153,452
Sewer Fees	49,764
Delinquent Fees	5,547
Connecting and Re-connecting Fees	390
Grant Revenue	12,464
Miscellaneous	<u>664</u>
<b>TOTAL OPERATING REVENUES</b>	<u>222,281</u>
<b>OPERATING EXPENSES</b>	
Depreciation	65,930
Insurance-Utility Fund	14,478
Legal and Accounting Fees	6,200
Miscellaneous	76
Operations and Maintenance of System	32,919
Office Supplies, Postage, and Printing	3,818
Outside Services	22,510
Safe Drinking Water Fee	5,865
Salaries	55,868
Sewer Pond Inspection	3,924
Taxes-Payroll	4,150
Travel	13,843
Truck Maintenance and Operations	2,202
Utilities	<u>13,029</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>244,812</u>
<b>OPERATING LOSS</b>	<u>(22,531)</u>
<b>NON-OPERATING REVENUES</b>	
Interest Income	<u>1,414</u>
<b>TOTAL NON-OPERATING REVENUES</b>	<u>1,414</u>
<b>LOSS BEFORE CAPITAL CONTRIBUTIONS</b>	(21,117)
<b>CAPITAL CONTRIBUTIONS</b>	501,281
<b>TRANSFERS IN</b>	<u>46,731</u>
<b>CHANGE IN NET POSITION</b>	526,895
<b>TOTAL NET POSITION-BEGINNING</b>	<u>1,706,652</u>
<b>TOTAL NET POSITION-ENDING</b>	<u>\$ 2,233,547</u>

See accompanying notes to financial statements.

**TOWN OF DUBACH, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Water and Sewer Enterprise Fund</u>
<b>Cash Flows From Operating Activities</b>	
Cash Received from Customers and Users	\$ 209,020
Cash Payments for Goods and Services	(112,785)
Cash Payments to Employees	<u>(55,818)</u>
<b>Net Cash Provided By Operating Activities</b>	<u>40,417</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Operating Transfers from Other Funds	<u>54,266</u>
<b>Net Cash Provided By Noncapital Financing Activities</b>	<u>54,266</u>
<b>Cash Flows From Capital Financing Activities</b>	
Capital Contributions	501,281
Payment of Construction Costs	<u>(547,780)</u>
<b>Net Cash Used By Capital Financing Activities</b>	<u>(46,499)</u>
<b>Cash Flows From Investing Activities</b>	
Maturity of Certificates of Deposit Investments	186,961
Purchase of Certificate of Deposit Investments	(187,591)
Interest Received	<u>682</u>
<b>Net Cash Provided By Investing Activities</b>	<u>52</u>
<b>Net Increase In Cash</b>	48,236
<b>Cash At Beginning Of Year</b>	<u>385,651</u>
<b>Cash At End Of Year</b>	<u>\$ 433,887</u>
<b>Reconciliation Of Operating Loss To Net Cash Provided By Operating Activities:</b>	
Operating Loss	\$ (22,531)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities--	
Depreciation	65,930
(Increase) Decrease in Net Accounts Receivable	(1,886)
(Increase) Decrease in Amounts Due from Grant	(12,464)
(Increase) Decrease in Prepaid Insurance	(461)
Increase (Decrease) in Accounts Payable	10,696
Increase (Decrease) in Accrued Expenses	44
Increase (Decrease) in Customers' Deposits	<u>1,089</u>
Total Adjustments	<u>62,948</u>
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 40,417</u>
<b>Cash Per Statement of Net Position:</b>	
Current Cash	\$ 410,276
Restricted Cash	<u>23,611</u>
<b>Total Cash at End of Year</b>	<u>\$ 433,887</u>

See accompanying notes to financial statements.

**TOWN OF DUBACH, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

**B. Basic Financial Statements--Government-Wide Statements**

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

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

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

**TOWN OF DUBACH, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basic Financial Statements--Fund Financial Statements**

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

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

The following funds are used by the Town of Dubach:

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

**General Fund**

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

**Special Revenue Funds**

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

**Permanent Fund**

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

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

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

**Enterprise Funds**

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

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

**TOWN OF DUBACH, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Basis of Accounting**

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

**Accrual**

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

**Modified Accrual**

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

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

**E. Cash Deposits and Investments**

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

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

**TOWN OF DUBACH, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Restricted Assets**

Restricted assets represent resources that must be expended in a specific manner. The "customers' deposits" account is used to report proceeds from customers' meter deposits. A corresponding liability is presented to record these funds held by the enterprise fund.

**G. Compensated Absences**

Employees earn either one or two weeks of vacation time each year, depending upon years of service. Employees earn 12 days of sick leave each year. Vacation can be accumulated. The Town accrues accumulated unpaid vacation when earned by the employee. There were \$7,967 in accrued vacation benefits at year end. There were no accumulated and vested sick leave benefits at year end.

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

**H. Use of Estimates**

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

**I. Interfund Activity**

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

**J. Receivables**

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

**K. Deferred Outflows of Resources and Deferred Inflows of Resources**

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

**TOWN OF DUBACH, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Property Tax and Sales Tax Revenues**

Ad Valorem taxes are levied by the Town on a calendar year basis and become delinquent on December 31. The Town bills and collects its own Ad Valorem taxes. For the 2017 Ad Valorem Taxes, one rate of tax was levied on property within the corporate limits, as follows:

6.92 mills for the general maintenance of the Town. This millage was approved by the Town Council September 19, 2017. This millage is the maximum millage that can be assessed without the approval of voters.

For the year ended June 30, 2018, taxes of \$23,814 were levied on property. Taxes receivable at June 30, 2018 consisted of the following:

Taxes Receivable	\$ 2,078
Allowance for Uncollectible Taxes	(670)
Net Ad Valorem Taxes Receivable	<u>\$ 1,408</u>

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

First Guaranty	\$ 1,726
Dubach Apartments	643
Centerpoint Energy Arkla	547
Entergy Louisiana, Inc.	475
Bell South Telecommunications	<u>279</u>
Total	<u>\$ 3,670</u>

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

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

**M. Capital Assets**

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

**TOWN OF DUBACH, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**M. Capital Assets (continued)**

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

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

**N. Defining Operating Revenues and Expenses**

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

**O. Government-wide and Proprietary Fund Net Position**

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

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

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

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

**P. Governmental Fund Balance**

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

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

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

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

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

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

**TOWN OF DUBACH, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**P. Governmental Fund Balance (continued)**

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

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

**Q. Prepaid Insurance**

Payments made to insurance companies for insurance coverage that will benefit periods beyond June 30, 2018, are recorded as prepaid items in the asset section of the fund financial statements balance sheet.

**R. Budget Information**

The Town of Dubach prepared operating budgets on its General Fund and Special Revenue Fund for the year ended June 30, 2018. The proposed budgets were published in the official journal and made available for public inspection. A public hearing for the proposed budgets was held on June 19, 2017, and the budgets were adopted by the mayor and council members. There were legally adopted budget amendments prior to year end. The budgets presented anticipated revenues and expenditures on a basis consistent with generally accepted accounting principles. Budgetary amounts were monitored by management and amended as deemed necessary. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

**NOTE 2 - CASH AND INVESTMENTS**

At June 30, 2018, the Town had cash and restricted cash (book balances) totaling \$700,618 and investments and restricted investments (book balances) totaling \$466,923, as follows:

	Cash	Investments
Cash on Hand	\$ 50	\$ 0
Demand Deposits	698,076	0
Time Deposits	<u>2,492</u>	<u>466,923</u>
Total	<u>\$ 700,618</u>	<u>\$ 466,923</u>

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

The Town maintains its cash accounts in various banks. Each bank provides Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000 for all demand deposits and \$250,000 for all time deposits. At June 30, 2018, the Town had \$1,172,351 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance of \$719,485 and \$452,866 of pledged securities held by custodial banks in the name of the fiscal agent banks.

**TOWN OF DUBACH, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 3 - RECEIVABLES**

The receivables of \$51,447 at June 30, 2018, are as follows:

	<u>General Fund</u>	<u>Garbage Fund</u>	<u>Permanent Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Taxes					
Ad Valorem, net of allowance of \$670	\$ 1,408	\$ 0	\$ 0	\$ 0	\$ 1,408
Sales and Use	23,104	0	0	0	23,104
Franchise	7,183	0	0	0	7,183
Accounts Receivable	0	0	0	18,102	18,102
Due from Collection Agency	1,234	0	0	0	1,234
Other	<u>415</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>415</u>
Total	<u>\$ 33,344</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,102</u>	<u>\$ 51,446</u>

**NOTE 4 - DUE FROM OTHER GOVERNMENTS**

The amounts due from other governments of \$24,964 at June 30, 2018, are as follows:

	<u>General Fund</u>	<u>Garbage Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Hotel Tax	1,714	0	0	1,714
State Grant	0	0	12,464	12,464
Town's Portion of 1/2% Tax	<u>\$ 0</u>	<u>\$ 10,786</u>	<u>\$ 0</u>	<u>\$ 10,786</u>
Total	<u>\$ 1,714</u>	<u>\$ 10,786</u>	<u>\$ 12,464</u>	<u>\$ 24,964</u>

**NOTE 5 - INTERFUND RECEIVABLE/PAYABLE**

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 57,501	\$ 0
Special Revenue Fund-Garbage Fund	27,733	0
Utility Fund	<u>0</u>	<u>85,234</u>
Totals	<u>\$ 85,234</u>	<u>\$ 85,234</u>

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

**NOTE 6 - RESTRICTED ASSETS--PROPRIETARY FUND TYPE**

Restricted assets were applicable to the following at June 30, 2018:

Customers' Deposits	<u>\$ 48,748</u>
---------------------	------------------

**TOWN OF DUBACH, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 7 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2018, for the Town of Dubach are as follows:

	Beginning Balance <u>07/01/17</u>	Additions	Deletions	Ending Balance <u>06/30/18</u>
<b>Governmental Activities:</b>				
<b>Capital Assets</b>				
Land	\$ 70,947	\$ 0	\$ 0	\$ 70,947
Buildings and Building Improvements	252,833	0	0	252,833
Improvements Other than Buildings	94,946	0	0	94,946
Streets	251,245	0	0	251,245
Machinery and Equipment	<u>375,846</u>	<u>0</u>	<u>19,846</u>	<u>356,000</u>
<b>Total Capital Assets</b>	<u>1,045,817</u>	<u>0</u>	<u>19,846</u>	<u>1,025,971</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Building Improvements	162,654	6,919	0	169,573
Improvements Other than Buildings	43,465	1,813	0	45,278
Streets	136,090	12,562	0	148,652
Machinery and Equipment	<u>333,935</u>	<u>17,564</u>	<u>19,846</u>	<u>331,653</u>
<b>Total Accumulated Depreciation</b>	<u>676,144</u>	<u>38,858</u>	<u>19,846</u>	<u>695,156</u>
<b>Governmental Capital Assets, Net</b>	<u>\$ 369,673</u>	<u>\$ (38,858)</u>	<u>\$ 0</u>	<u>\$ 330,815</u>
<b>Business-Type Activities:</b>				
<b>Capital Assets</b>				
Land	\$ 17,482	\$ 0	\$ 0	\$ 17,482
Construction in Progress	77,234	547,780	625,014	0
Water and Sewer Systems	3,143,545	625,014	0	3,768,559
Machinery and Equipment	<u>28,635</u>	<u>0</u>	<u>0</u>	<u>28,635</u>
<b>Total</b>	<u>3,266,896</u>	<u>1,172,794</u>	<u>625,014</u>	<u>3,814,676</u>
<b>Less Accumulated Depreciation for:</b>				
Water and Sewer Systems	2,009,679	63,455	0	2,073,134
Machinery and Equipment	<u>18,320</u>	<u>2,475</u>	<u>0</u>	<u>20,795</u>
<b>Total Accumulated Depreciation</b>	<u>2,027,999</u>	<u>65,930</u>	<u>0</u>	<u>2,093,929</u>
<b>Business-Type Capital Assets, Net</b>	<u>\$ 1,238,897</u>	<u>\$ 1,106,864</u>	<u>\$ 625,014</u>	<u>\$ 1,720,747</u>

Depreciation expense of \$38,858 for the year ended June 30, 2018, was charged to the following governmental functions:

General Government	\$ 22,142
Police	5,185
Highways and Streets	1,599
Sanitation	9,922
Cemetery	<u>10</u>
<b>Total Governmental Depreciation Expense</b>	<u>\$ 38,858</u>

**NOTE 8 - ON-BEHALF PAYMENTS**

Employees of the Town of Dubach's Police Department received salary supplements of \$12,000 from the State of Louisiana for the year ended June 30, 2018. There were no fringe benefits paid on this supplemental salary.

**TOWN OF DUBACH, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 9 - COMMITMENTS**

The Town of Dubach has one active project as of June 30, 2018, a business-type activity endeavor for improvements to the water and sewer system. The project is financed with a Louisiana Community Development Block Grant and funds provided by the Town. The grant has been approved for \$506,770, which was used until shortly after June 30, 2018. There are signed contracts for the engineering, consulting fees, and a construction contract. The Town's general fund will be used to pay the contracts for engineering and consulting fees.

At year end, the commitments with contractors for this project are as follows:

	<u>Charges Incurred</u>	<u>Remaining Commitment</u>
Meyer, Meyer, LaCroix & Hixson Engineers (MML&H)	\$ 34,499	\$ 0
Womack and Sons Construction Group, Inc.	501,281	0
Frye Magee and Associates, Inc.	<u>22,000</u>	<u>2,000</u>
Total	<u>\$ 557,780</u>	<u>\$ 2,000</u>

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART II)**

**TOWN OF DUBACH, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**--BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Taxes				
Ad Valorem	\$ 21,000	\$ 21,000	\$ 23,901	\$ 2,901
Franchise	27,000	72,000	34,335	(37,665)
Sales and Use	70,000	71,000	125,016	54,016
Licenses	27,000	27,000	46,757	19,757
Intergovernmental				
Hotel Tax	1,900	1,900	8,752	6,852
Supplemental Pay-Police	18,000	10,500	12,000	1,500
Grants	0	0	500	500
Right-of-Way Maintenance	3,050	3,050	3,050	0
Charges for Services	1,000	6,700	6,906	206
Fines	55,000	73,000	91,041	18,041
Investment Earnings	100	100	793	693
Contributions and Donations	0	400	1,000	600
Other Revenues				
Rent	2,600	400	3,275	2,875
Royalties and Gas Lease	1,700	1,700	2,155	455
Miscellaneous	400	0	397	397
<b>TOTAL REVENUES</b>	<u>228,750</u>	<u>288,750</u>	<u>359,878</u>	<u>71,128</u>
<b>EXPENDITURES</b>				
General Government	146,265	153,470	148,522	4,948
Police	161,855	155,684	151,849	3,835
Highways and Streets	20,400	20,400	20,080	320
Capital Outlay	750	750	0	750
<b>TOTAL EXPENDITURES</b>	<u>329,270</u>	<u>330,304</u>	<u>320,451</u>	<u>9,853</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(100,520)	(41,554)	39,427	80,981
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers Out	0	(78,700)	(46,731)	31,969
Proceeds from Sale of Assets	0	0	800	800
<b>TOTAL OTHER FINANCING USES</b>	<u>0</u>	<u>(78,700)</u>	<u>(45,931)</u>	<u>32,769</u>
<b>NET CHANGE IN FUND BALANCE</b>	(100,520)	(120,254)	(6,504)	113,750
<b>FUND BALANCE-BEGINNING</b>	<u>122,630</u>	<u>122,630</u>	<u>422,623</u>	<u>299,993</u>
<b>FUND BALANCE-ENDING</b>	<u>\$ 22,110</u>	<u>\$ 2,376</u>	<u>\$ 416,119</u>	<u>\$ 413,743</u>

**TOWN OF DUBACH, LOUISIANA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**--BUDGET AND ACTUAL - GARBAGE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Charges for Services	24,000	\$ 23,000	\$ 25,860	\$ 2,860
Intergovernmental				
Town's Portion of 1/2% Tax	40,000	57,000	61,506	4,506
Investment Earnings	<u>500</u>	<u>300</u>	<u>400</u>	<u>100</u>
Other Revenues				
<b>TOTAL REVENUES</b>	<u>64,500</u>	<u>80,300</u>	<u>87,766</u>	<u>7,466</u>
<b>EXPENDITURES</b>				
Sanitation	95,150	95,950	83,199	12,751
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<u>95,150</u>	<u>95,950</u>	<u>83,199</u>	<u>12,751</u>
<b>NET CHANGE IN FUND BALANCE</b>	(30,650)	(15,650)	4,567	20,217
<b>FUND BALANCE-BEGINNING</b>	<u>165,000</u>	<u>165,000</u>	<u>209,531</u>	<u>44,531</u>
<b>FUND BALANCE-ENDING</b>	<u>\$ 134,350</u>	<u>\$ 149,350</u>	<u>\$ 214,098</u>	<u>\$ 64,748</u>

## **OTHER REPORTS**

**DON M. McGEHEE**  
(A Professional Accounting Corporation)

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

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

The Honorable Robert Jensen, Mayor  
and Town Council  
Town of Dubach  
P.O. Box 252  
Dubach, Louisiana 71235

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dubach, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Dubach's basic financial statements and have issued my report thereon dated January 3, 2019.

Internal Control Over Financial Reporting

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

I did identify a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as #2018-1, that I consider to be a material weakness, as described above.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described as #2018-2 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Compliance and Other Matters

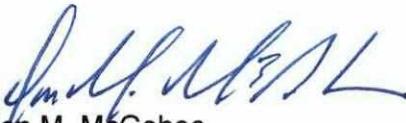
As part of obtaining reasonable assurance about whether the Town of Dubach's financial statements are free from material misstatement, I performed tests on its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and questioned costs as #2018-3.

Town of Dubach's Response to Findings

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

Purpose of this Report

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



Don M. McGehee  
Certified Public Accountant  
January 3, 2019

**TOWN OF DUBACH, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

I have audited the financial statements of the Town of Dubach, Louisiana, as of and for the year ended June 30, 2018, and have issued my report thereon dated January 3, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2018 resulted in an unqualified opinion. The following is a summary of my audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards:

**Section 1 Summary of Auditors' Reports**

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses  Yes  No      Significant Deficiencies  Yes  No

Compliance

Compliance Material to Financial Statements  Yes  No

**Section 2 Financial Statement Findings**

**Finding 2018-1. Improper Separation of Duties.** The Town of Dubach's Office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

**Finding 2018-2. Inadequate Controls over Preparation of the Financial Statements.** Personnel for the Town of Dubach do not have sufficient financial expertise to prepare the financial statements without some technical assistance in applying accounting principles that are in conformity with GAAP. However, they can understand the key issues identified, make any required management decisions, and fulfill the competency requirements, such that they can accept responsibility for the financial statements.

**Finding 2018-3. Late Submission of Audit Report.** The Town of Dubach's annual audit report was not submitted to the Legislative Auditor within six months of year end.

**TOWN OF DUBACH, LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2018**

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2018, are discussed below with management's response for a corrective action plan.

**INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

**2018-1. Improper Separation of Duties.**

Recommendation: Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

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

**2018-2. Inadequate Controls over Preparation of the Financial Statements.**

Recommendation: Personnel do not have sufficient financial expertise to prepare the financial statements without some technical assistance in applying accounting principles that are in conformity with GAAP. Controls could be strengthened by providing personnel with additional training.

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

**2018-3. Late Submission of Audit**

Recommendation: The Town of Dubach's annual audit was not submitted to the Legislative Auditor within six months of year end, as required by state law. The audit information received to perform and complete the audit was incomplete, and the additional information needed was not received until after the six month due date. I recommend using a list of items needed so that all audit information is available such that the audit can be filed on a timely basis.

Response: The Town will use a listing of items needed by the auditor to prepare for the audit. The clerk, Pamela Spillers, plans to utilize this listing for the year ending June 30, 2019.

**TOWN OF DUBACH, LOUISIANA  
STATUS OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2018**

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

**FINDINGS**

**MANAGEMENT'S RESPONSES**

**2017-1. Separation of Duties.** Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Unresolved. See Finding 2018-1.

**2017-2. Preparation of Financial Statements.** Personnel do not have sufficient financial expertise to prepare the financial statements without some technical assistance in applying accounting principles that are in conformity with GAAP.

Unresolved. See Finding 2018-2.

**OTHER SUPPLEMENTAL INFORMATION**

**TOWN OF DUBACH, LOUISIANA**  
**SCHEDULE OF PER DIEM PAYMENTS TO COUNCIL MEMBERS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>Council Members</u>	<u>Amount</u>
Robert Colvin	\$ 1,350
Evelyn Graham	1,350
Ruby Key	1,350
Donna Lewis	1,350
Monique Roberts	<u>1,350</u>
Total	<u>\$ 6,750</u>

**TOWN OF DUBACH, LOUISIANA**  
**SCHEDULE OF COMPENSATION, BENEFITS AND**  
**OTHER PAYMENTS TO THE MAYOR**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Mayor, Robert Jensen:**

<u>Purpose</u>	<u>Amount</u>
Salaries	\$ 13,350
Mileage Reimbursements	5,981
Reimbursements	66

**TOWN OF DUBACH  
LOUISIANA**

**STATEWIDE AGREED-UPON PROCEDURES  
JUNE 30, 2018**

**DON M. McGEHEE**  
(A Professional Accounting Corporation)

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

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

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

I have performed the procedures enumerated below, which were agreed to by Town of Dubach and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

**Written Policies and Procedures**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Board or Finance Committee**

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

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

*The managing board met at least monthly.*

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

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

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

*Not applicable.*

### **Bank Reconciliations**

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

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

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

*No exceptions.*

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

*A member of management or a board member does not review each bank reconciliation.*

*Management's Response: The Town of Dubach is working toward increasing the involvement of the mayor and/or a council member in the accounting system. This is an area that we hope to get someone involved.*

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

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

*Management's Response: The Town of Dubach is planning to research the outstanding items over 12 months old and take appropriate action by June, 2019.*

### **Collections**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a) Observe that receipts are sequentially pre-numbered.

*No exceptions.*

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

*No exceptions.*

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

*No exceptions.*

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

*No exceptions.*

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

*No exceptions.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*No exceptions.*

#### **Credit Cards/Debit Cards/Fuel Cards/P-Cards**

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

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

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

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

*No exceptions.*

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

*There were no finance or late fees on the statement tested.*

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

*No exceptions.*

#### **Travel and Expense Reimbursement**

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](http://www.gsa.gov)).

*No exceptions.*

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

*No exceptions.*

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

*No exceptions.*

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

*No exceptions.*

### **Contracts**

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

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

- 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.

*No exceptions.*

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

*No exceptions.*

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

*No exceptions.*

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

*No exceptions.*

**Payroll and Personnel**

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

*Management provided the required list and represented that the listing is complete.*

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

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

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

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

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

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

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

*No exceptions.*

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

*There were no termination payments in the fiscal period*

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

*No exceptions.*

**Ethics (excluding nonprofits)**

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

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

*Omitted for the fiscal year ended 6/30/2018 since there were no exceptions in the prior year*

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

*Omitted for the fiscal year ended 6/30/2018 since there were no exceptions in the prior year*

**Debt Service (excluding nonprofits)**

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

*The Town had no outstanding debt during the fiscal period.*

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

*The Town had no outstanding debt during the fiscal period.*

**Other**

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

*There was no misappropriations of public funds or assets*

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

*The Town posted the notice required by R.S. 24:523.1 on its premises. The Town does not have a website.*

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

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



Don M. McGehee  
Certified Public Accountant  
January 3, 2019