

**TOWN OF DUBACH  
LOUISIANA**

**FINANCIAL STATEMENTS  
JUNE 30, 2017**

**TOWN OF DUBACH, LOUISIANA**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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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, 2017, 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, 2017, 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 is 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 December 29, 2017, 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 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  
December 29, 2017

**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, 2017**

The discussion and analysis of the Town of Dubach's performance provides an overview of the financial activities for the year ended June 30, 2017. 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	
	2017	2016	2017	2016	2017	2016
	Current and Other Assets	\$ 667,045	\$ 704,925	\$ 519,290	\$ 468,768	\$ 1,186,335
Capital Assets	<u>369,673</u>	<u>411,075</u>	<u>1,238,897</u>	<u>1,236,809</u>	<u>1,608,570</u>	<u>1,647,884</u>
Total Assets	<u>1,036,718</u>	<u>1,116,000</u>	<u>1,758,187</u>	<u>1,705,577</u>	<u>2,794,905</u>	<u>2,821,577</u>
Liabilities	<u>11,732</u>	<u>28,660</u>	<u>51,535</u>	<u>74,508</u>	<u>63,267</u>	<u>103,168</u>
Net Position:						
Investment in Capital Assets	369,673	411,075	1,238,897	1,236,809	1,608,570	1,647,884
Restricted	12,896	12,896	0	0	12,896	12,896
Unrestricted	<u>642,417</u>	<u>663,369</u>	<u>467,755</u>	<u>394,260</u>	<u>1,110,172</u>	<u>1,057,629</u>
Total Net Position	<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>

The largest portion of the Town's net position (59% for 2017 and 61% for 2016) 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.

Total unrestricted net position for 2017 and 2016 are 41% and 39%, respectively. 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	
	2017	2016	2017	2016	2017	2016
	Revenues					
Program Revenues:						
Charges for Services	\$ 102,968	\$ 125,420	\$ 199,704	\$ 203,154	\$ 302,672	\$ 328,574
Operating Grants and Contributions	96,900	93,932	5,326	6,336	102,226	100,268
Capital Grants and General Revenues:						
Taxes	178,998	163,783	0	0	178,998	163,783
Licenses	47,204	48,202	0	0	47,204	48,202
Other	3,164	2,715	770	791	3,934	3,506
<b>Total Revenues</b>	<u>429,234</u>	<u>434,052</u>	<u>205,800</u>	<u>210,281</u>	<u>635,034</u>	<u>644,333</u>
Program Expenses						
General Government	165,674	152,039	0	0	165,674	152,039
Police	137,668	135,489	0	0	137,668	135,489
Highways and Streets	19,562	22,530	0	0	19,562	22,530
Sanitation	91,311	91,329	0	0	91,311	91,329
Cemetery	139	149	0	0	139	149
Water and Sewer	<u>0</u>	<u>0</u>	<u>207,451</u>	<u>214,873</u>	<u>207,451</u>	<u>214,873</u>
<b>Total Expenses</b>	<u>414,354</u>	<u>401,536</u>	<u>207,451</u>	<u>214,873</u>	<u>621,805</u>	<u>616,409</u>
Excess Before Transfers	14,880	32,516	(1,651)	(4,592)	13,229	27,924
Transfers	<u>(77,234)</u>	<u>0</u>	<u>77,234</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Increase (Decrease) in Net Position</b>	<b>(62,354)</b>	<b>32,516</b>	<b>75,583</b>	<b>(4,592)</b>	<b>13,229</b>	<b>27,924</b>
Net Position-Beginning	<u>1,087,340</u>	<u>1,054,824</u>	<u>1,631,069</u>	<u>1,635,661</u>	<u>2,718,409</u>	<u>2,690,485</u>
<b>Net Position-Ending</b>	<b>\$ <u>1,024,986</u></b>	<b>\$ <u>1,087,340</u></b>	<b>\$ <u>1,706,652</u></b>	<b>\$ <u>1,631,069</u></b>	<b>\$ <u>2,731,638</u></b>	<b>\$ <u>2,718,409</u></b>

Governmental financial activities changed the Town's net position for the years ending June 20, 2017 and 2016, by a 6% increase and a 3% increase (\$62,354 and \$32,516, respectively). Governmental activities 2017 revenues decreased (1)% (\$4,818) from the prior year. Expenses increased about 3% (\$12,818) from the prior year with an increase of \$13,635 in the general government expenses, an increase of \$2,179 in the police department, an increase of \$2,968 in the street department, a decrease of \$18 in the garbage department, and a decrease of \$10 in the cemetery.

Business-type activities increased net position by 5% (\$75,583) for the year ended June 30, 2017, compared to a 0.3% (\$4,592) decrease in the prior year. Charges for services revenue decreased 2% (\$3,450) in 2017 compared to the prior year. Expenses decreased 3% (\$7,422) in 2017 compared to the prior year.



## **Fund Financial Statements**

As of June 30, 2017, the governmental funds reported a fund balance of \$653,966, which is about a 3% (\$21,148) decrease in the total fund balance from the previous year. Included in this year's total change in fund balance is a revenue deficit of \$30,566 in the Town's general fund and a revenue surplus of \$8,038 in the Town's garbage fund compared to a \$31,662 revenue surplus in the prior year general fund and a \$20,044 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 \$204,690 and the cemetery fund for \$8,916. Four percent (4%) is considered unspendable because it has been used for prepaid items (\$12,542) and perpetual care of the cemetery (\$12,896). The remaining sixty-three percent (63%) or \$414,922 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 \$414,922, while total fund balance was \$422,623. 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 \$121,515 and total fund balance exceeds it by \$129,216.

The key elements for the change in 2017 compared to the prior year are as follows:

- (1) Sales tax revenues in the general fund increased \$14,123 from the prior year.
- (2) Charges for services decreased \$7,363 compared to the prior year.
- (3) Fines decreased \$17,957 from the prior year.
- (4) Transfers out increased \$79,545 compared to the prior year.
- (5) Capital outlay decreased \$20,816 compared to the prior year.
- (6) General fund expenditures decreased \$9,320 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 2017 was adopted just prior to year end. The differences between the original and final amended budget were a 6% (\$13,850) decrease in revenues and a 14% (\$41,865) increase in expenditures. The change in budgeted revenues included a \$5,000 decrease in fines, a \$1,000 decrease in licenses, and a \$8,250 decrease in supplemental police pay. The increase in budgeted expenditures was primarily for a \$32,765 increase in general government expenditures and a \$9,100 increase 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 \$55,777 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, grant revenue was \$15,469 more than budgeted, general government expenditures were \$19,012 more than budgeted, and police expenditures were \$29,564.

**Capital Assets**

The Town invested \$58,101 in capital assets during the fiscal year ending June 30, 2017. This investment was funded by the general fund. For the upcoming year, the Town plans to continue to make improvements to the water system for \$547,953, financed primarily by a Louisiana Community Development Block Grant for \$506,770 and the balance financed by the Town's general fund. 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, 2017**

	Governmental Activities	Business Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 247,878	\$ 363,069	\$ 610,947
Investments	278,055	161,884	439,939
Receivables--Net	35,727	16,216	51,943
Due from Other Governments	14,670	0	14,670
Internal Balances	77,699	(77,699)	0
Accrued Interest	474	255	729
Prepaid Insurance	12,542	7,906	20,448
Restricted Assets			
Cash-Customers' Deposits	0	22,582	22,582
Investments-Customers' Deposits	0	25,077	25,077
Capital Assets--Net	<u>369,673</u>	<u>1,238,897</u>	<u>1,608,570</u>
<b>TOTAL ASSETS</b>	<u>1,036,718</u>	<u>1,758,187</u>	<u>2,794,905</u>
<b>LIABILITIES</b>			
Accounts Payable	4,592	1,236	5,828
Accrued Expenses	7,140	2,640	9,780
Customers' Deposits	<u>0</u>	<u>47,659</u>	<u>47,659</u>
<b>TOTAL LIABILITIES</b>	<u>11,732</u>	<u>51,535</u>	<u>63,267</u>
<b>NET POSITION</b>			
Invested in Capital Assets	369,673	1,238,897	1,608,570
Restricted for--			
Perpetual Care of Cemetery	12,896	0	12,896
Unrestricted	<u>642,417</u>	<u>467,755</u>	<u>1,110,172</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,024,986</u>	<u>\$ 1,706,652</u>	<u>\$ 2,731,638</u>

See accompanying notes to financial statements.

**TOWN OF DUBACH, LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<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	\$ 165,674	\$ 6,504	\$ 23,289	\$ 0	\$ (135,881)	\$ 0	\$ (135,881)
Police	137,668	66,569	11,750	0	(59,349)	0	(59,349)
Highways and Streets	19,562	3,050	0	0	(16,512)	0	(16,512)
Sanitation	91,311	25,645	61,681	0	(3,985)	0	(3,985)
Cemetery	139	1,200	180	0	1,241	0	1,241
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>414,354</u>	<u>102,968</u>	<u>96,900</u>	<u>0</u>	<u>(214,486)</u>	<u>0</u>	<u>(214,486)</u>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Water and Sewer	207,451	199,704	5,326	0	0	(2,421)	(2,421)
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 621,805</u>	<u>\$ 302,672</u>	<u>\$ 102,226</u>	<u>\$ 0</u>	<u>(214,486)</u>	<u>(2,421)</u>	<u>(216,907)</u>
<b>GENERAL REVENUES:</b>							
Taxes							
Ad Valorem					22,607	0	22,607
Sales and Use					125,777	0	125,777
Franchise					30,614	0	30,614
Licenses					47,204	0	47,204
Investment Earnings					911	770	1,681
Other Revenue					2,253	0	2,253
<b>TRANSFERS</b>					<u>(77,234)</u>	<u>77,234</u>	<u>0</u>
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<u>152,132</u>	<u>78,004</u>	<u>230,136</u>
<b>CHANGE IN NET POSITION</b>					<u>(62,354)</u>	<u>75,583</u>	<u>13,229</u>
<b>NET POSITION-BEGINNING</b>					<u>1,087,340</u>	<u>1,631,069</u>	<u>2,718,409</u>
<b>NET POSITION-ENDING</b>					<u>\$ 1,024,986</u>	<u>\$ 1,706,652</u>	<u>\$ 2,731,638</u>

See accompanying notes to financial statements.

## **FUND FINANCIAL STATEMENTS**

**TOWN OF DUBACH, LOUISIANA**  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	General Fund	Garbage Fund	Other Governmental Fund Permanent Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 121,219	\$ 120,740	\$ 5,919	\$ 247,878
Investments	206,974	55,264	15,817	278,055
Receivables--Net	35,727	0	0	35,727
Receivable from Other Governments	3,803	10,867	0	14,670
Due from Other Funds	57,134	20,565	0	77,699
Accrued Interest	181	217	76	474
Prepaid Insurance	7,701	4,841	0	12,542
<b>TOTAL ASSETS</b>	<b><u>\$ 432,739</u></b>	<b><u>\$ 212,494</u></b>	<b><u>\$ 21,812</u></b>	<b><u>\$ 667,045</u></b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES:</b>				
Accounts Payable	\$ 4,558	\$ 34	\$ 0	\$ 4,592
Accrued Expenses	4,211	2,929	0	7,140
Deferred Revenue	1,347	0	0	1,347
<b>TOTAL LIABILITIES</b>	<b><u>10,116</u></b>	<b><u>2,963</u></b>	<b><u>0</u></b>	<b><u>13,079</u></b>
<b>FUND BALANCES:</b>				
Nonspendable--				
Prepaid Insurance	7,701	4,841	0	12,542
Perpetual Care of Cemetery	0	0	12,896	12,896
Committed for--				
Garbage	0	204,690	0	204,690
Cemetery	0	0	8,916	8,916
Unassigned	414,922	0	0	414,922
<b>TOTAL FUND BALANCE</b>	<b><u>422,623</u></b>	<b><u>209,531</u></b>	<b><u>21,812</u></b>	<b><u>653,966</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 432,739</u></b>	<b><u>\$ 212,494</u></b>	<b><u>\$ 21,812</u></b>	<b><u>\$ 667,045</u></b>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
JUNE 30, 2017**

**Total Fund Balances-Governmental Funds** \$ 653,966

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. 369,673

Certain ad valorem taxes receivable are not available to pay current period expenditures and therefore are recognized as deferred revenues in the governmental funds. 1,347

**Net Position of Governmental Activities** **\$ 1,024,986**

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, 2017**

	<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	\$ 22,411	\$ 0	\$ 0	\$ 22,411
Franchise	30,615	0	0	30,615
Sales and Use	125,777	0	0	125,777
Licenses	47,204	0	0	47,204
Intergovernmental				
Hotel Tax	7,820	0	0	7,820
Supplemental Pay - Police	11,750	0	0	11,750
Right-of-Way Maintenance	3,050	0	0	3,050
Town's Portion of 1/2% Tax	0	61,681	0	61,681
Grants	15,469	0	0	15,469
Charges for Services	1,422	25,645	0	27,067
Fines	66,569	0	0	66,569
Investment Earnings	654	257	81	992
Contributions and Donations	0	0	99	99
Other Revenues				
Rent	2,000	0	0	2,000
Royalties and Gas Lease	2,252	0	0	2,252
Miscellaneous	<u>3,082</u>	<u>0</u>	<u>1,200</u>	<u>4,282</u>
<b>TOTAL REVENUES</b>	<u>340,075</u>	<u>87,583</u>	<u>1,380</u>	<u>429,038</u>
<b>EXPENDITURES</b>				
General Government	142,653	0	0	142,653
Police	132,291	0	0	132,291
Highways and Streets	17,963	0	0	17,963
Sanitation	0	79,545	0	79,545
Capital Outlay	<u>500</u>	<u>0</u>	<u>0</u>	<u>500</u>
<b>TOTAL EXPENDITURES</b>	<u>293,407</u>	<u>79,545</u>	<u>0</u>	<u>372,952</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	46,668	8,038	1,380	56,086
<b>OTHER FINANCING SOURCES</b>				
Transfers Out	<u>(77,234)</u>	<u>0</u>	<u>0</u>	<u>(77,234)</u>
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>(77,234)</u>	<u>0</u>	<u>0</u>	<u>(77,234)</u>
<b>NET CHANGES IN FUND BALANCES</b>	(30,566)	8,038	1,380	(21,148)
<b>FUND BALANCES-BEGINNING</b>	<u>453,189</u>	<u>201,493</u>	<u>20,432</u>	<u>675,114</u>
<b>FUND BALANCES-ENDING</b>	<u>\$ 422,623</u>	<u>\$ 209,531</u>	<u>\$ 21,812</u>	<u>\$ 653,966</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, 2017**

**NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS** \$ (21,148)

**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.

(41,402)

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.

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**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ (62,354)

**TOWN OF DUBACH, LOUISIANA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2017**

	<u>Water and Sewer Enterprise Fund</u>
<b>ASSETS</b>	
<b>CURRENT ASSETS:</b>	
Cash	\$ 363,069
Investments	161,884
Accounts Receivable--Net of Allowance of \$1,301	16,216
Accrued Interest	255
Prepaid Insurance	<u>7,906</u>
<b>TOTAL CURRENT ASSETS</b>	<u><b>549,330</b></u>
<b>NON-CURRENT ASSETS:</b>	
Restricted Assets	
Cash-Customers' Deposits	22,582
Investments-Customers' Deposits	<u>25,077</u>
<b>Total Restricted Assets</b>	<u><b>47,659</b></u>
Capital Assets--Net of Accumulated Depreciation	<u>1,238,897</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u><b>1,286,556</b></u>
<b>TOTAL ASSETS</b>	<u><b>1,835,886</b></u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	1,236
Accrued Expenses	
Accrued Payroll	392
Accrued Vacation	2,088
Sales Tax Payable	160
Due to Garbage Fund	40,420
Due to General Fund	<u>37,279</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u><b>81,575</b></u>
<b>NON-CURRENT LIABILITIES</b>	
Customers' Deposits Payable	<u>47,659</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u><b>47,659</b></u>
<b>TOTAL LIABILITIES</b>	<u><b>129,234</b></u>
<b>NET POSITION</b>	
Invested in Capital Assets	1,238,897
Unrestricted	<u>467,755</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 1,706,652</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, 2017**

	<u>Water and Sewer Enterprise Fund</u>
<b>OPERATING REVENUES</b>	
Water Sales	\$ 143,158
Sewer Fees	49,091
Delinquent Fees	5,651
<i>Connecting and Re-connecting Fees</i>	1,160
Grant Revenue	5,326
Miscellaneous	<u>644</u>
<b>TOTAL OPERATING REVENUES</b>	<u>205,030</u>
<b>OPERATING EXPENSES</b>	
Depreciation	55,513
Insurance-Utility Fund	13,068
Legal and Accounting Fees	4,900
Operations and Maintenance of System	23,995
Office Supplies, Postage, and Printing	2,978
Outside Services	15,687
Safe Drinking Water Fee	2,920
Salaries	54,375
Sewer Pond Inspection	3,213
Taxes-Payroll	4,040
Travel	13,758
Truck Maintenance and Operations	2,079
Utilities	<u>10,925</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>207,451</u>
<b>OPERATING LOSS</b>	<u>(2,421)</u>
<b>NON-OPERATING REVENUES</b>	
Interest Income	<u>770</u>
<b>TOTAL NON-OPERATING REVENUES</b>	<u>770</u>
<b>TRANSFERS IN</b>	<u>77,234</u>
<b>CHANGE IN NET POSITION</b>	75,583
<b>TOTAL NET POSITION-BEGINNING</b>	<u>1,631,069</u>
<b>TOTAL NET POSITION-ENDING</b>	<u>\$ 1,706,652</u>

See accompanying notes to financial statements.

**TOWN OF DUBACH, LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Water and Sewer Enterprise Fund</u>
<b>Cash Flows From Operating Activities</b>	
Cash Received from Customers and Users	\$ 200,048
Proceeds from Operating Grant	5,326
Cash Payments for Goods and Services	(102,280)
Cash Payments to Employees	<u>(54,415)</u>
<b>Net Cash Provided By Operating Activities</b>	<u>48,679</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Operating Transfers from Other Funds	<u>98,582</u>
<b>Net Cash Provided By Noncapital Financing Activities</b>	<u>98,582</u>
<b>Cash Flows From Capital Financing Activities</b>	
Payment of Construction Costs	<u>(77,234)</u>
<b>Net Cash Used By Capital Financing Activities</b>	<u>(77,234)</u>
<b>Cash Flows From Investing Activities</b>	
Maturity of Certificates of Deposit Investments	186,218
Purchase of Certificate of Deposit Investments	(186,961)
Interest Received	<u>770</u>
<b>Net Cash Provided By Investing Activities</b>	<u>27</u>
<b>Net Increase In Cash</b>	70,054
<b>Cash At Beginning Of Year</b>	<u>315,597</u>
<b>Cash At End Of Year</b>	<u>\$ 385,651</u>
<b>Reconciliation Of Operating Loss To Net Cash Provided By Operating Activities:</b>	
Operating Loss	\$ (2,421)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities--	
Depreciation	55,513
(Increase) Decrease in Net Accounts Receivable	(1,534)
(Increase) Decrease in Prepaid Insurance	461
Increase (Decrease) in Accounts Payable	(5,271)
Increase (Decrease) in Accrued Expenses	54
Increase (Decrease) in Customers' Deposits	<u>1,877</u>
Total Adjustments	<u>51,100</u>
<b>Net Cash Provided By Operating Activities</b>	<u>\$ 48,679</u>
<b>Cash Per Statement of Net Position:</b>	
Current Cash	\$ 363,069
Restricted Cash	<u>22,582</u>
<b>Total Cash at End of Year</b>	<u>\$ 385,651</u>

See accompanying notes to financial statements.

**TOWN OF DUBACH, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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 four 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, 2017

**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, 2017**

**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, 2017

**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 \$6,595 in accrued vacation benefits at year end. There were no accumulated and vested sick leave benefits at year end.

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

**H. Use of Estimates**

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

**I. Interfund Activity**

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

**J. Receivables**

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

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

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



**TOWN OF DUBACH, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**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 2016 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, 2016. This millage is the maximum millage that can be assessed without the approval of voters.

For the year ended June 30, 2017, taxes of \$23,158 were levied on property. Taxes receivable at June 30, 2017 consisted of the following:

Taxes Receivable	\$ 1,989
Allowance for Uncollectible Taxes	<u>(607)</u>
Net Ad Valorem Taxes Receivable	<u>\$ 1,382</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
ETC Field Services, LLC	518
Bell South Telecommunications	<u>279</u>
Total	<u>\$ 3,713</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, 2017**

**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, 2017**

**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, 2017, 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, 2017. 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 20, 2016, 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, 2017, the Town had cash and restricted cash (book balances) totaling \$633,529 and investments and restricted investments (book balances) totaling \$465,016, as follows:

	Cash	Investments	
Cash on Hand	\$ 50	\$ 0	
Demand Deposits	631,012	0	
Time Deposits	2,467	465,016	
Total	\$ 633,529	\$ 465,016	

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, 2017, the Town had \$1,102,462 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance of \$717,485 and \$384,977 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, 2017**

**NOTE 3 - RECEIVABLES**

The receivables of \$51,943 at June 30, 2017, 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 \$607	\$ 1,382	\$ 0	\$ 0	\$ 0	\$ 1,382
Sales and Use	25,250	0	0	0	25,250
Franchise	7,079	0	0	0	7,079
Accounts Receivable	0	0	0	16,216	16,216
Due from Collection Agency	1,574	0	0	0	1,574
Other	<u>442</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>442</u>
Total	<u>\$ 35,727</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,216</u>	<u>\$ 51,943</u>

**NOTE 4 - DUE FROM OTHER GOVERNMENTS**

The amounts due from other governments of \$14,670 at June 30, 2017, are as follows:

	<u>General Fund</u>	<u>Garbage Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Right-of-Way Maintenance	\$ 1,525	\$ 0	\$ 0	\$ 1,525
Hotel Tax	378	0	0	378
State Grant	1,900	0	0	1,900
Town's Portion of 1/2% Tax	<u>\$ 0</u>	<u>\$ 10,867</u>	<u>\$ 0</u>	<u>\$ 10,867</u>
Total	<u>\$ 3,803</u>	<u>\$ 10,867</u>	<u>\$ 0</u>	<u>\$ 14,670</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	\$ 57,134	\$ 0
Special Revenue Fund-Garbage Fund	20,565	0
Utility Fund	<u>0</u>	<u>77,699</u>
Totals	<u>\$ 77,699</u>	<u>\$ 77,699</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, 2017:

Customers' Deposits	<u>\$ 47,659</u>
---------------------	------------------

**TOWN OF DUBACH, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 7 - CAPITAL ASSETS**

Capital assets and depreciation activity as of and for the year ended June 30, 2017, for the Town of Dubach are as follows:

	<u>Beginning Balance 07/01/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 06/30/17</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>375,346</u>	<u>500</u>	<u>0</u>	<u>375,846</u>
<b>Total Capital Assets</b>	<u>1,045,317</u>	<u>500</u>	<u>0</u>	<u>1,045,817</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Building Improvements	155,735	6,919	0	162,654
Improvements Other than Buildings	41,542	1,923	0	43,465
Streets	123,528	12,562	0	136,090
Machinery and Equipment	<u>313,437</u>	<u>20,498</u>	<u>0</u>	<u>333,935</u>
<b>Total Accumulated Depreciation</b>	<u>634,242</u>	<u>41,902</u>	<u>0</u>	<u>676,144</u>
<b>Governmental Capital Assets, Net</b>	<u>\$ 411,075</u>	<u>\$ (41,402)</u>	<u>\$ 0</u>	<u>\$ 369,673</u>
<b>Business-Type Activities:</b>				
<b>Capital Assets</b>				
Land	\$ 17,482	\$ 0	\$ 0	\$ 17,482
Construction in Progress	19,633	57,601	0	77,234
Water and Sewer Systems	3,143,545	0	0	3,143,545
Machinery and Equipment	<u>28,635</u>	<u>0</u>	<u>0</u>	<u>28,635</u>
<b>Total</b>	<u>3,209,295</u>	<u>57,601</u>	<u>0</u>	<u>3,266,896</u>
<b>Less Accumulated Depreciation for:</b>				
Water and Sewer Systems	1,956,641	53,038	0	2,009,679
Machinery and Equipment	<u>15,845</u>	<u>2,475</u>	<u>0</u>	<u>18,320</u>
<b>Total Accumulated Depreciation</b>	<u>1,972,486</u>	<u>55,513</u>	<u>0</u>	<u>2,027,999</u>
<b>Business-Type Capital Assets, Net</b>	<u>\$ 1,236,809</u>	<u>\$ 2,088</u>	<u>\$ 0</u>	<u>\$ 1,238,897</u>

Depreciation expense of \$41,902 for the year ended June 30, 2017, was charged to the following governmental functions:

General Government	\$ 23,021
Police	5,377
Highways and Streets	1,599
Sanitation	11,766
Cemetery	<u>139</u>
<b>Total Governmental Depreciation Expense</b>	<u>\$ 41,902</u>

**NOTE 8 - ON-BEHALF PAYMENTS**

Employees of the Town of Dubach's Police Department received salary supplements of \$11,750 from the State of Louisiana for the year ended June 30, 2017. There were no fringe benefits paid on this supplemental salary.

**TOWN OF DUBACH, LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 9 - COMMITMENTS**

The Town of Dubach has one active project as of June 30, 2017, 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 will not be used until after June 30, 2017. 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)	\$ 47,738	\$ 30,962
Womack and Sons Construction Group, Inc.	0	492,991
Frye Magee and Associates, Inc.	<u>12,400</u>	<u>24,000</u>
Total	<u>\$ 60,138</u>	<u>\$ 547,953</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, 2017**

	<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	\$ 22,411	\$ 1,411
Franchise	27,000	27,000	30,615	3,615
Sales and Use	70,000	70,000	125,777	55,777
Licenses	28,000	27,000	47,204	20,204
Intergovernmental				
Hotel Tax	1,900	1,900	7,820	5,920
Supplemental Pay-Police	18,000	9,750	11,750	2,000
Grants	0	0	15,469	15,469
Right-of-Way Maintenance	3,050	3,050	3,050	0
Charges for Services	1,000	1,000	1,422	422
Fines	60,000	55,000	66,569	11,569
Investment Earnings	700	100	654	554
Other Revenues				
Rent	2,600	2,600	2,000	(600)
Royalties and Gas Lease	700	1,700	2,252	552
Miscellaneous	400	400	3,082	2,682
<b>TOTAL REVENUES</b>	<u>234,350</u>	<u>220,500</u>	<u>340,075</u>	<u>119,575</u>
<b>EXPENDITURES</b>				
General Government	128,900	161,665	142,653	19,012
Police	152,755	161,855	132,291	29,564
Highways and Streets	20,400	20,400	17,963	2,437
Capital Outlay	750	750	500	250
<b>TOTAL EXPENDITURES</b>	<u>302,805</u>	<u>344,670</u>	<u>293,407</u>	<u>51,263</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(68,455)	(124,170)	46,668	170,838
<b>OTHER FINANCING USES</b>				
Operating Transfers Out	0	(78,700)	(77,234)	1,466
<b>TOTAL OTHER FINANCING USES</b>	<u>0</u>	<u>(78,700)</u>	<u>(77,234)</u>	<u>1,466</u>
<b>NET CHANGE IN FUND BALANCE</b>	(68,455)	(202,870)	(30,566)	172,304
<b>FUND BALANCE-BEGINNING</b>	<u>330,000</u>	<u>330,000</u>	<u>453,189</u>	<u>123,189</u>
<b>FUND BALANCE-ENDING</b>	<u>\$ 261,545</u>	<u>\$ 127,130</u>	<u>\$ 422,623</u>	<u>\$ 295,493</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, 2017**

	<u>Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Charges for Services	\$ 24,000	\$ 25,645	\$ 1,645
Intergovernmental			
Town's Portion of 1/2% Tax	40,000	61,681	21,681
Investment Earnings	<u>500</u>	<u>257</u>	<u>(243)</u>
Other Revenues			
<b>TOTAL REVENUES</b>	<u>64,500</u>	<u>87,583</u>	<u>23,083</u>
<b>EXPENDITURES</b>			
Sanitation	95,150	79,545	15,605
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL EXPENDITURES</b>	<u>95,150</u>	<u>79,545</u>	<u>15,605</u>
<b>NET CHANGE IN FUND BALANCE</b>	(30,650)	8,038	38,688
<b>FUND BALANCE-BEGINNING</b>	<u>165,000</u>	<u>201,493</u>	<u>36,493</u>
<b>FUND BALANCE-ENDING</b>	<u>\$ 134,350</u>	<u>\$ 209,531</u>	<u>\$ 75,181</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, 2017, 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 December 29, 2017.

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 #2017-1, 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 #2017-2 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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  
December 29, 2017

**TOWN OF DUBACH, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

I have audited the financial statements of the Town of Dubach, Louisiana, as of and for the year ended June 30, 2017, and have issued my report thereon dated December 29, 2017. 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, 2017 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 2017-1. 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 2017-2. 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.

**TOWN OF DUBACH, LOUISIANA**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2017**

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2017, are discussed below with management's response for a corrective action plan.

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

**2017-1. 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.

**2017-2. 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.

**TOWN OF DUBACH, LOUISIANA**  
**STATUS OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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

<b>FINDINGS</b>	<b>MANAGEMENT'S RESPONSES</b>
<b>2016-1. Separation of Duties.</b> Too few personnel involved in the accounting system to have adequate separation of duties for internal control.	Unresolved. See Finding 2017-1.
<b>2016-2. Preparation of Financial Statements.</b> 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 2017-2.
<b>2016-3. Reconciliation of accounts.</b> Monthly reconciliation of utility fund accounts receivable per billing system to the general ledger account balance needed.	Resolved.

**OTHER SUPPLEMENTAL INFORMATION**



**TOWN OF DUBACH, LOUISIANA**  
**SCHEDULE OF PER DIEM PAYMENTS TO COUNCIL MEMBERS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<u>Council Members</u>	<u>Amount</u>
Robert Colvin	\$ 1,300
Evelyn Graham	1,200
Ruby Key	1,300
Donna Lewis	1,300
Monique Roberts	<u>1,300</u>
Total	<u>\$ 6,400</u>

**TOWN OF DUBACH, LOUISIANA**  
**SCHEDULE OF COMPENSATION, BENEFITS AND**  
**OTHER PAYMENTS TO THE MAYOR**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Mayor, Robert Jensen:**

<u>Purpose</u>	<u>Amount</u>
Salaries	\$ 13,300
Mileage Reimbursements	3,527
Reimbursements	44

**STATEWIDE AGREED-UPON PROCEDURES)**

**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, 2016 through June 30, 2017. 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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - 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**, including receiving, recording, and preparing deposits  
*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, and (5) monitoring card usage.

*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. Note: Ethics requirements are not applicable to nonprofits.

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

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

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

**Board (or Finance Committee, if applicable)**

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

*The managing board met at least monthly.*

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

*The minutes for monthly meetings referenced monthly financial information being presented. According to management, this did not include budget-to-actual comparisons.*

⇒ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

*Not applicable.*

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

*The minutes referenced non-budgetary financial information for at least one meeting during the fiscal year.*

### **Bank Reconciliations**

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

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

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

*No exceptions.*

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

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

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

*Management did not have documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.*

### **Collections**

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

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

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

*Management provided written documentation that indicates each person responsible for collecting cash is bonded. There are only two people working in the office. One of them is primarily responsible for collecting cash, but they both collect cash and share the same cash drawer. One of these two employees deposits the cash into the banks. The person primarily responsible for collecting cash does not record the transactions or reconcile the bank account.*

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

*Management uses sequentially pre-numbered receipts, water billing system reports, and property tax system reports to reconcile cash collections to the general ledger and subsidiary ledgers. 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.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - ⇒ Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Town Hall Collection Location:

*There were no exceptions found for this collection location.*

- ⇒ Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

*No exceptions.*

- 7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

*Management does not have written procedures for a process specifically identified to determine completeness of collections by a person who is not responsible for collections.*

**Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

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

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

*Purchases are not initiated using a requisition/purchase order system.*

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

*Purchase orders are not used by the Town.*

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*An invoice or other supporting documentation is required to process a payment, but purchase orders and receiving reports were not required. There were no exceptions.*

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

*Only one person processes payments, and she can add vendors to the Town's disbursement system.*

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*The persons with signatory authority can initiate a disbursement, and one of them has the responsibility for recording purchases.*



12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*Unused checks are maintained in locked locations and some persons who have signatory authority do have access, but all checks require two signatures.*

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*No signature stamps are used.*

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.]

*There is no evidence that the monthly credit card statements were reviewed and approved by someone other than the authorized card holder.*

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

*For the statement selected, there were no finance charges or late fees.*

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a) For each transaction, report whether the transaction is supported by:

⇒ An original itemized receipt (i.e., identifies precisely what was purchased)

*No exceptions.*

⇒ Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

*No exceptions.*

⇒ Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

*No exceptions.*

b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

*Management has no written purchasing/disbursement policies, but for each transaction tested there was no indication that any are subject to the Louisiana Public Bid Law.*

c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions.*

### **Travel and Expense Reimbursement**

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

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

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*Management does not have written policy related to travel and expense reimbursements.*

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*Management had no written policies, but when compared to the GSA rates there were no reimbursements that exceeded those rates.*

- b) Report whether each expense is supported by:

⇒ An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*Travel expenses selected were based on mileage amounts, and the only documentation required was the number of miles.*

⇒ Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*Documentation for selected transactions did not include the business/public purpose of travel reimbursement requests.*

⇒ Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*Other documentation was not required for selected transactions.*

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*No exceptions.*

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

*There was no indication in writing that two of the selected transactions were reviewed and approved by someone other than the person receiving the reimbursement.*

### **Contracts**

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

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

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*All contracts selected had a formal/written contract to support the service arrangement and amounts paid, except the weekly water operator fee which is approved by the Town council.*

b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

⇒ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

⇒ If not, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*None of the selected contracts were subject to the Louisiana Public Bid Law. The School is exempt from the Procurement Code. Supporting contract documentation was obtained for all contracts selected. Solicited quotes were not required, and were not obtained for any of the selected contracts.*

c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

*Not applicable.*

d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*There were three contracts, and the largest payment was selected from each of the contracts. No exceptions.*

e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*All selected contracts had documentation of board approval.*

### **Payroll and Personnel**

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

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

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

*The compensation paid to each selected employee is approved by the Town council, there are no employment contracts or pay rate structures.*

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

*The changes made to selected employee's hourly pay rates/salaries during the fiscal period were approved by the Town council.*

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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) Report whether there is written documentation that supervisors approved, electronically or in writing, 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.*

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

*There is written documentation that the Town maintained written leave records on the selected employees that earn leave.*

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*Management provided list of employees terminated during the fiscal period and represented the list as complete. The termination payments selected were made in strict accordance with policy and/or contract but there was no evidence that they were approved by management.*

- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

*Employee and employer portions of payroll taxes, as well as required reporting forms, were submitted to the applicable agencies by the required deadlines. The Town does not make retirement contributions.*

**Ethics (excluding nonprofits)**

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*Management provided the ethics compliance documentation. The Town maintained documentation to demonstrate that required ethics training was completed.*

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Per management, there were no alleged ethics violations reported during the fiscal period.*

**Debt Service (excluding nonprofits)**

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*No debt was issued by the Town during the fiscal period.*

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

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

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Not applicable.*

**Other**

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation 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.*

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*No exceptions regarding management's representations in the procedures above.*

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  
December 29, 2017