

**TOWN OF DUBACH
LOUISIANA**

**FINANCIAL STATEMENTS
JUNE 30, 2012**

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

Release Date **JAN 09 2013**

TOWN OF DUBACH, LOUISIANA
FINANCIAL STATEMENTS
JUNE 30, 2012

CONTENTS

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

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

The Honorable Ray Polk, Mayor
and Town Council
Town of Dubach
P.O. Box 258
Dubach, Louisiana 71235

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, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Dubach's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

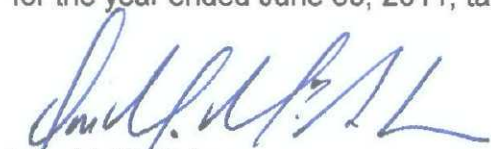
In accordance with Government Auditing Standards, I have also issued my report dated December 31, 2012, on my consideration of the Town of Dubach's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of my audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and budgetary comparison information 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 the 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 did 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.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Dubach's financial statements as a whole. The supplemental schedule of per diem payments and the comparative statement of revenues, expenses, and changes in net assets for the proprietary fund are presented for purposes of additional analysis and are not a required part of the financial statements. The supplemental schedule of per diem payments and comparative statement of revenues, expenses, and changes in net assets for the proprietary fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

I also have previously audited, in accordance with auditing standards generally accepted in the United States, the Town of Dubach's basic financial statements for the year ended June 30, 2011, which are not presented with the accompanying financial statements. In my report dated December 30, 2011, I expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In my opinion, the 2011 comparative information presented in the comparative statement of revenues, expenses, and changes in net assets for the proprietary fund; the statement of expenditures, and changes in fund balance--budget and actual for the general fund; and the statement of expenditures, and changes in fund balance--budget and actual for the garbage fund are fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2011, taken as a whole.



Don M. McGehee
Certified Public Accountant
December 31, 2012

**REQUIRED SUPPLEMENTAL INFORMATION
(PART I)**

TOWN OF DUBACH
P.O. BOX 252
DUBACH, LOUISIANA 71235
PHONE: (318) 777-3321
FAX: (318) 777-8112

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2012

The discussion and analysis of the Town of Dubach's performance provides an overview of the financial activities for the year ended June 30, 2012. 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 Assets 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 Assets and Statement of Activities

One of the most important questions asked about the Town's finances is, "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 Assets 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 assets and the changes in the net assets. You can think of net assets - 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 assets are 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 Assets 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, net assets may serve as a useful indicator of the Town's financial position. The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Town's governmental and business-type activities.

Table 1
Total Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 529,930	\$ 513,965	\$ 244,556	\$ 236,957	\$ 774,486	\$ 750,922
Capital Assets	<u>561,855</u>	<u>598,616</u>	<u>1,521,681</u>	<u>1,586,747</u>	<u>2,083,536</u>	<u>2,185,363</u>
Total Assets	<u>1,091,785</u>	<u>1,112,581</u>	<u>1,766,237</u>	<u>1,823,704</u>	<u>2,858,022</u>	<u>2,936,285</u>
Liabilities	<u>11,158</u>	<u>30,785</u>	<u>44,702</u>	<u>51,368</u>	<u>55,860</u>	<u>82,153</u>
Net Assets:						
Investment in Capital Assets	561,855	598,616	1,521,681	1,586,747	2,083,536	2,185,363
Restricted	12,896	12,896	0	0	12,896	12,896
Unrestricted	<u>505,876</u>	<u>470,284</u>	<u>199,854</u>	<u>185,589</u>	<u>705,730</u>	<u>655,873</u>
Total Net Assets	<u>\$ 1,080,627</u>	<u>\$ 1,081,796</u>	<u>\$ 1,721,535</u>	<u>\$ 1,772,336</u>	<u>\$ 2,802,162</u>	<u>\$ 2,854,132</u>

The largest portion of the Town's net assets (74% for 2012 and 77% for 2011) are invested in capital assets for both years. Net assets 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 net assets unrestricted for 2012 and 2011 are 25% and 23%, respectively. Nearly all unrestricted net assets are composed of cash and investments. Unrestricted net assets can be used to finance the day-to-day operations of the Town without constraints.

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

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services	\$ 106,274	\$ 85,148	\$ 200,699	\$ 156,530	\$ 306,973	\$ 241,678
Operating Grants and Contributions	96,811	69,286	33,638	0	130,449	69,286
Capital Grants and Contributions	3,723	15,466	23,000	0	26,723	15,466
General Revenues:						
Taxes	115,417	118,888	0	0	115,417	118,888
Licenses	36,381	35,843	0	0	36,381	35,843
Other	15,927	17,940	2,760	2,221	18,687	20,161
Total Revenues	<u>374,533</u>	<u>342,571</u>	<u>260,097</u>	<u>158,751</u>	<u>634,630</u>	<u>501,322</u>
Program Expenses						
General Government	148,160	163,179	0	0	148,160	163,179
Police	140,007	130,900	0	0	140,007	130,900
Highways and Streets	18,738	17,334	0	0	18,738	17,334
Sanitation	68,260	61,597	0	0	68,260	61,597
Cemetery	537	737	0	0	537	737
Water and Sewer	0	0	310,898	253,883	310,898	253,883
Total Expenses	<u>375,702</u>	<u>373,747</u>	<u>310,898</u>	<u>253,883</u>	<u>686,600</u>	<u>627,630</u>
Excess Before Transfers	(1,169)	(31,176)	(50,801)	(95,132)	(51,970)	(126,308)
Transfers	0	(94,000)	0	94,000	0	0
Decrease in Net Assets	(1,169)	(125,176)	(50,801)	(1,132)	(51,970)	(126,308)
Net Assets-Beginning	<u>1,081,796</u>	<u>1,206,972</u>	<u>1,772,336</u>	<u>1,773,468</u>	<u>2,854,132</u>	<u>2,980,440</u>
Net Assets-Ending	<u>\$ 1,080,627</u>	<u>\$ 1,081,796</u>	<u>\$ 1,721,535</u>	<u>\$ 1,772,336</u>	<u>\$ 2,802,162</u>	<u>\$ 2,854,132</u>

Governmental financial activities decreased the Town's net assets by a less than 1% (\$1,169) for the year ending June 30, 2012, and 10% (\$125,176) in 2011. The primary reason for the net asset decrease in 2011 was a \$94,000 transfer to the utility fund. Governmental activities 2012 revenues increased 9% (\$31,962) from the prior year. Expenses increased about 1% (\$1,955) from the prior year with a decrease of \$15,019 in the general government expenses, an increase of \$9,107 in the police department, an increase of \$1,404 in the street department, an increase of \$6,663 in the garbage department, and a decrease of \$200 in the cemetery.

Business-type activities decreased net assets by 3% (\$50,801) for the year ended June 30, 2012, compared to a less than 1% (\$1,132) decrease in the prior year. Charges for services revenue increased 28% (\$44,169) in 2012 compared to the prior year due to a rate increase. Expenses increased 22% (\$57,015) in 2012 compared to the prior year, primarily due to increased repairs (\$38,840) and wages (\$9,663).

Fund Financial Statements

As of June 30, 2012, the governmental funds reported a fund balance of \$513,576, which is about a 1% (\$4,418) increase in the total fund balance from the previous year. Included in this year's total change in fund balance is a revenue deficit of \$12,557 in the Town's general fund and a revenue surplus of \$12,557 in the Town's garbage fund compared to a \$112,342 revenue deficit in the prior year general fund and a \$17,050 revenue surplus in the prior year garbage fund. Thirty-five percent (35%) of the total fund balance is restricted due to external limitations on its use. These uses include garbage fund restrictions for \$170,917 and the cemetery fund for \$7,523. Four percent (4%) is considered unspendable because it has been used for prepaid items (\$9,670) and perpetual care of the cemetery (\$12,896). The remaining fifty-nine percent (59%) or \$312,570 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 \$312,570, while total fund balance was \$319,891. 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 \$26,383 and total fund balance exceeds it by \$33,704.

The key elements for the change in 2012 compared to the prior year are as follows:

- (1) In 2011, the Town transferred \$94,000 from the general fund to the water and sewer fund, and made no transfers in 2012.
- (2) There was an increase in general fund revenues received from fines of \$20,938 compared to the prior year.
- (3) There was an increase in garbage fund revenues of \$37,681 from the Town's portion of the parish wide garbage sales tax administered by Lincoln Parish Police Jury from the prior year.
- (3) Sales tax revenue in the general fund decreased \$10,447 from the prior year.
- (4) The Town also received a general fund grant to fund the replacement of light fixtures, which was a decrease of \$10,109 in grant revenue compared to the prior year.
- (5) The Town's police officers received supplemental pay of \$12,750 from the state in 2012 with a corresponding expense, but received \$4,209 less in the current year because of a change in personnel.

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 final amended budget for 2012 was adopted just prior to year end. The differences between the original and final amended budget were an 8% (\$17,667) decrease in revenues and a 21% (\$54,648) increase in expenditures. The change in budgeted revenues included a \$10,000 decrease in franchise tax, a \$9,000 decrease in licenses, and a \$12,750 increase in supplemental pay. The increase in budgeted expenditures was primarily for a \$42,430 increase in police expenditures and a \$11,013 increase in capital outlay expenditures. There were no other significant general fund budget adjustments.

The only significant variances of actual results compared to the general fund amended budget, as reported on page 30, were that sales tax revenues were \$17,723 more than budgeted amounts, licenses were \$10,381 more than budgeted, fines were \$27,610 more than budgeted, and police expenditures were \$23,850 less than budgeted amounts.

Capital Assets

The Town invested \$41,907 in capital assets during the fiscal year ending June 30, 2012. This investment was funded by the general fund, the utility fund, and grants. For the upcoming year, the Town plans to purchase new water meters for \$35,000, which will be financed primarily by a state grant, security equipment for \$3,927, which will be financed primarily by a grant, and various other pieces of equipment as needed, which will be 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 ASSETS**

JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 111,247	\$ 39,654	\$ 150,901
Investments	271,599	185,522	457,121
Receivables--Net	32,117	20,251	52,368
Due from Other Governments	52,847	0	52,847
Internal Balances	51,446	(51,446)	0
Accrued Interest	1,004	1,697	2,701
Prepaid Insurance	9,670	8,156	17,826
Restricted Assets			
Cash-Customers' Deposits	0	16,233	16,233
Investments-Customers' Deposits	0	24,489	24,489
Capital Assets--Net	<u>561,855</u>	<u>1,521,681</u>	<u>2,083,536</u>
TOTAL ASSETS	<u>1,091,785</u>	<u>1,766,237</u>	<u>2,858,022</u>
LIABILITIES			
Accounts Payable	6,091	1,721	7,812
Accrued Expenses	5,067	2,260	7,327
Customers' Deposits	<u>0</u>	<u>40,721</u>	<u>40,721</u>
TOTAL LIABILITIES	<u>11,158</u>	<u>44,702</u>	<u>55,860</u>
NET ASSETS			
Invested in Capital Assets	561,855	1,521,681	2,083,536
Restricted for--			
Perpetual Care of Cemetery	12,896	0	12,896
Unrestricted	<u>505,876</u>	<u>199,854</u>	<u>705,730</u>
TOTAL NET ASSETS	<u>\$ 1,080,627</u>	<u>\$ 1,721,535</u>	<u>\$ 2,802,162</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES:							
General Government	\$ 148,160	\$ 8,854	\$ 7,246	\$ 3,723	\$ (128,337)	\$ 0	\$ (128,337)
Police	140,007	67,610	12,750	0	(59,647)	0	(59,647)
Highways and Streets	18,738	3,050	0	0	(15,688)	0	(15,688)
Sanitation	68,260	26,510	76,488	0	34,738	0	34,738
Cemetery	537	250	327	0	40	0	40
TOTAL GOVERNMENTAL ACTIVITIES	<u>375,702</u>	<u>106,274</u>	<u>96,811</u>	<u>3,723</u>	<u>(168,894)</u>	<u>0</u>	<u>(168,894)</u>
BUSINESS-TYPE ACTIVITIES:							
Water and Sewer	310,898	200,699	33,638	23,000	0	(53,561)	(53,561)
TOTAL PRIMARY GOVERNMENT	<u>\$ 686,600</u>	<u>\$ 306,973</u>	<u>\$ 130,449</u>	<u>\$ 26,723</u>	<u>(168,894)</u>	<u>(53,561)</u>	<u>(222,455)</u>
GENERAL REVENUES:							
Taxes							
Ad Valorem					22,824	0	22,824
Sales and Use					67,723	0	67,723
Franchise					24,870	0	24,870
Licenses					36,381	0	36,381
Investment Earnings					4,199	2,760	6,959
Other Revenue					5,563	0	5,563
Gain on Sale of Capital Assets					6,165	0	6,165
TOTAL GENERAL REVENUES AND TRANSFERS					<u>167,725</u>	<u>2,760</u>	<u>170,485</u>
CHANGE IN NET ASSETS					(1,169)	(50,801)	(51,970)
NET ASSETS-BEGINNING					<u>1,081,796</u>	<u>1,772,336</u>	<u>2,854,132</u>
NET ASSETS-ENDING					<u>\$ 1,080,627</u>	<u>\$ 1,721,535</u>	<u>\$ 2,802,162</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

TOWN OF DUBACH, LOUISIANA

BALANCE SHEETS

GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General Fund</u>	<u>Garbage Fund</u>	<u>Other Governmental Fund Permanent Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 73,296	\$ 32,793	\$ 5,158	\$ 111,247
Investments	203,891	52,700	15,008	271,599
Receivables--Net	32,117	0	0	32,117
Receivable from Other Governments	1,814	47,310	0	49,124
Due from Other Funds	11,134	40,312	0	51,446
Accrued Interest	25	726	253	1,004
Prepaid Insurance	7,321	2,349	0	9,670
TOTAL ASSETS	<u>\$ 329,598</u>	<u>\$ 176,190</u>	<u>\$ 20,419</u>	<u>\$ 526,207</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts Payable	\$ 5,868	\$ 223	\$ 0	\$ 6,091
Accrued Expenses	2,366	2,701	0	5,067
Deferred Revenue	1,473	0	0	1,473
TOTAL LIABILITIES	<u>9,707</u>	<u>2,924</u>	<u>0</u>	<u>12,631</u>
FUND BALANCES:				
Nonspendable--				
Prepaid Insurance	7,321	2,349	0	9,670
Perpetual Care of Cemetery	0	0	12,896	12,896
Restricted for--				
Garbage	0	170,917	0	170,917
Cemetery	0	0	7,523	7,523
Unassigned	312,570	0	0	312,570
TOTAL FUND BALANCE	<u>319,891</u>	<u>173,266</u>	<u>20,419</u>	<u>513,576</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 329,598</u>	<u>\$ 176,190</u>	<u>\$ 20,419</u>	<u>\$ 526,207</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2012**

Total Fund Balances-Governmental Funds \$ 513,576

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	561,855
Accrued grant proceeds are not available within 60 days of year end and, therefore, are not recognized in the governmental funds.	3,723
Certain advalorem taxes receivable are not available to pay current period expenditures and therefore are recognized as deferred revenues in the governmental funds.	<u>1,473</u>

Net Assets of Governmental Activities \$ 1,080,627

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, 2012

	<u>General Fund</u>	<u>Garbage Fund</u>	<u>Other Governmental Fund Permanent Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes				
Ad Valorem	\$ 21,892	\$ 0	\$ 0	\$ 21,892
Franchise	24,869	0	0	24,869
Sales and Use	67,723	0	0	67,723
Licenses	36,381	0	0	36,381
Intergovernmental				
Hotel Tax	7,246	0	0	7,246
Supplemental Pay - Police	12,750	0	0	12,750
Right-of-Way Maintenance	3,050	0	0	3,050
Town's Portion of 1/2% Tax	0	76,488	0	76,488
Grants	5,357	0	0	5,357
Charges for Services	2,585	26,000	0	28,585
Fines	67,610	0	0	67,610
Investment Earnings	3,357	842	262	4,461
Contributions and Donations	0	0	65	65
Other Revenues				
Rent	5,475	0	0	5,475
Royalties and Gas Lease	5,563	0	0	5,563
Miscellaneous	794	510	250	1,554
TOTAL REVENUES	<u>264,652</u>	<u>103,840</u>	<u>577</u>	<u>369,069</u>
EXPENDITURES				
General Government	119,639	0	0	119,639
Police	132,132	0	0	132,132
Highways and Streets	17,261	0	0	17,261
Sanitation	0	55,566	0	55,566
Capital Outlay	17,155	0	0	17,155
TOTAL EXPENDITURES	<u>286,187</u>	<u>55,566</u>	<u>0</u>	<u>341,753</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(21,535)	48,274	577	27,316
OTHER FINANCING SOURCES				
Proceeds from Sale of Capital Assets	8,978	0	0	8,978
TOTAL OTHER FINANCING SOURCES	<u>8,978</u>	<u>0</u>	<u>0</u>	<u>8,978</u>
NET CHANGE IN FUND BALANCES	(12,557)	48,274	577	36,294
FUND BALANCES-BEGINNING	<u>332,448</u>	<u>124,992</u>	<u>19,842</u>	<u>477,282</u>
FUND BALANCES-ENDING	<u>\$ 319,891</u>	<u>\$ 173,266</u>	<u>\$ 20,419</u>	<u>\$ 513,576</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, 2012

NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS **\$ 36,294**

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.	(33,949)
Governmental Funds do not recognize grant proceeds as revenue that were not received within sixty days of year end. However, in the Statement of Activities these proceeds are accrued as receivable and recognized as revenue in the current year. An adjustment is required for the amount of the grant proceeds accrued and recognized as revenue in the current year.	(1,633)
Governmental Fund statements do not report a gain or loss on sale of assets. However, the Statement of Activities recognizes gain or loss on sale of assets. An adjustment is needed for the net effect of the sale of assets recognized in the Statement of Activities.	(2,813)
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.	<u>932</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>(1,169)</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012

	<u>Water and Sewer Enterprise Fund</u>
ASSETS	
CURRENT ASSETS:	
Cash	\$ 39,654
Investments	185,522
Accounts Receivable--Net of Allowance of \$2,328	20,251
Accrued Interest	1,697
Prepaid Insurance	<u>8,156</u>
TOTAL CURRENT ASSETS	<u>255,280</u>
NON-CURRENT ASSETS:	
Restricted Assets	
Cash-Customers' Deposits	16,233
Investments-Customers' Deposits	<u>24,489</u>
Total Restricted Assets	<u>40,722</u>
Capital Assets--Net of Accumulated Depreciation	<u>1,521,681</u>
TOTAL NON-CURRENT ASSETS	<u>1,562,403</u>
TOTAL ASSETS	<u>1,817,683</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	1,721
Accrued Expenses	
Accrued Vacation	2,195
Sales Tax Payable	65
Due to Garbage Fund	39,614
Due to General Fund	<u>11,832</u>
TOTAL CURRENT LIABILITIES	<u>55,427</u>
NON-CURRENT LIABILITIES	
Customers' Deposits Payable	<u>40,721</u>
TOTAL NON-CURRENT LIABILITIES	<u>40,721</u>
TOTAL LIABILITIES	<u>96,148</u>
NET ASSETS	
Invested in Capital Assets	1,521,681
Unrestricted	<u>199,854</u>
TOTAL NET ASSETS	<u>\$ 1,721,535</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Water and Sewer Enterprise Fund</u>
OPERATING REVENUES	
Water Sales	\$ 146,528
Sewer Fees	42,817
Delinquent Fees	4,800
Connecting and Re-connecting Fees	6,398
Grant Revenue	33,638
Miscellaneous	156
TOTAL OPERATING REVENUES	<u>234,337</u>
OPERATING EXPENSES	
Bad Debts	1,778
Depreciation	89,819
Insurance-Utility Fund	13,189
Legal and Accounting Fees	6,033
Miscellaneous	6,491
Operations and Maintenance of System	60,433
Office Supplies, Postage, and Printing	1,781
Outside Services	16,121
Safe Drinking Water Fee	1,192
Salaries	74,471
Sewer Pond Inspection	4,312
Taxes-Payroll	5,656
Travel	13,733
Truck Maintenance and Operations	3,651
Utilities	12,238
TOTAL OPERATING EXPENSES	<u>310,898</u>
OPERATING LOSS	<u>(76,561)</u>
NON-OPERATING REVENUES	
Interest Income	2,760
TOTAL NON-OPERATING REVENUES	<u>2,760</u>
CAPITAL CONTRIBUTIONS	<u>23,000</u>
CHANGE IN NET ASSETS	(50,801)
TOTAL NET ASSETS-BEGINNING	<u>1,772,336</u>
TOTAL NET ASSETS-ENDING	<u>\$ 1,721,535</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Water and Sewer Enterprise Fund</u>
Cash Flows From Operating Activities	
Cash Received from Customers and Users	\$ 193,050
Proceeds from Operating Grant	33,638
Cash Payments for Goods and Services	(153,794)
Cash Payments to Employees	<u>(74,785)</u>
Net Cash Used By Operating Activities	<u>(1,891)</u>
Cash Flows From Noncapital Financing Activities	
Operating Transfers from Other Funds	<u>(3,829)</u>
Net Cash Used By Noncapital Financing Activities	<u>(3,829)</u>
Cash Flows From Capital Financing Activities	
Capital Contributions	23,000
Purchase of Fixed Assets	<u>(24,752)</u>
Net Cash Used By Capital Financing Activities	<u>(1,752)</u>
Cash Flows From Investing Activities	
Maturity of Certificates of Deposit Investments	207,338
Purchase of Certificate of Deposit Investments	(210,011)
Interest Received	<u>2,757</u>
Net Cash Provided By Investing Activities	<u>84</u>
Net Decrease In Cash	(7,388)
Cash At Beginning Of Year	<u>63,275</u>
Cash At End Of Year	<u>\$ 55,887</u>
Reconciliation Of Operating Loss To Net Cash Used By Operating Activities:	
Operating Loss	\$ (76,561)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities--	
Depreciation	89,819
(Increase) Decrease in Net Accounts Receivable	(7,462)
(Increase) Decrease in Prepaid Insurance	(1,021)
Increase (Decrease) in Accounts Payable	(7,963)
Increase (Decrease) in Accrued Expenses	(295)
Increase (Decrease) in Customers' Deposits	<u>1,592</u>
Total Adjustments	<u>74,670</u>
Net Cash Used By Operating Activities	<u>\$ (1,891)</u>
Cash Per Statement of Net Assets:	
Current Cash	\$ 39,654
Restricted Cash	<u>16,233</u>
Total Cash at End of Year	<u>\$ 55,887</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Town has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Town has chosen not to do so. 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

GASB Statement No. 14, *The Reporting Entity*, established 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 GASB Statement 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 Assets, 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 assets are reported in three parts--invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basic Financial Statements--Government-Wide Statements (continued)

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 assets resulting from the current year's activities.

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, liabilities, reserves, 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. 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.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basic Financial Statements--Fund Financial Statements (continued)

Proprietary Funds--The focus of proprietary fund measurement is upon determination of operating income, changes in net asset, 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 fund of the Town meets this criteria.

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

When fund balance resources are available for a specific purpose in more than one classification, it is the Town's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

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.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. In situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources.

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 \$5,573 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."

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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 2011 Ad Valorem Taxes, one rate of tax was levied on property within the corporate limits, as follows:

7.25 mills for the general maintenance of the Town. This millage was approved by the Town Council July 18, 2011. This millage is the maximum millage that can be assessed without the approval of voters.

For the year ended June 30, 2012, taxes of \$23,582 were levied on property. Taxes receivable at June 30, 2012 consisted of the following:

Taxes Receivable	\$ 1,843
Allowance for Uncollectible Taxes	<u>(370)</u>
Net Ad Valorem Taxes Receivable	<u>\$ 1,473</u>

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

First Guaranty	\$ 1,889
Centerpoint Energy Arkla	833
DCP Assets Holding LP	719
Dubach Apartments	652
Bell South Telecommunications	<u>330</u>
Total	<u>\$ 4,423</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.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. 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. 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

M. 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.

N. Government-wide and Proprietary Fund Net Assets

Government-wide and proprietary fund net assets 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 assets--consist of net assets that are restricted by the Town's creditors, by grantors, and by other contributors.

Unrestricted--all other net assets are reported in this category.

O. Governmental Fund Balance

Beginning with fiscal year 2011, the Town implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

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.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Governmental Fund Balance (continued)

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.

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).

P. Prepaid Insurance

Payments made to insurance companies for insurance coverage that will benefit periods beyond June 30, 2012, are recorded as prepaid items in the asset section of the fund financial statements balance sheet.

Q. Budget Information

The Town of Dubach prepared operating budgets on its General Fund and Special Revenue Fund for the year ended June 30, 2012. 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, 2011, and the budgets were adopted by the mayor and council members. The budgets were legally amended 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, 2012, the Town had cash and restricted cash (book balances) totaling \$167,134 and investments and restricted investments (book balances) totaling \$481,610, as follows:

	<u>Cash</u>	<u>Investments</u>
Cash on Hand	\$ 450	\$ 0
Demand Deposits	164,235	0
Time Deposits	<u>2,449</u>	<u>481,610</u>
Total	<u>\$ 167,134</u>	<u>\$ 481,610</u>

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

The Town maintains its cash accounts in various banks. Each bank provides Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000 for all demand deposits and \$250,000 for all time deposits (time deposits are defined as any interest bearing account). At June 30, 2012, the Town had \$654,390 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 3 - RECEIVABLES

The receivables of \$52,368 at June 30, 2012, 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 \$370	\$ 1,473	\$ 0	\$ 0	\$ 0	\$ 1,473
Sales and Use	13,422	0	0	0	13,422
Franchise	4,724	0	0	0	4,724
Accounts	0	0	0	20,251	20,251
Due from Collection Agency	11,152	0	0	0	11,152
Other	<u>1,346</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,346</u>
Total	<u>\$ 32,117</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,251</u>	<u>\$ 52,368</u>

NOTE 4 - DUE FROM OTHER GOVERNMENTS

The amounts due from other governments of \$52,847 at June 30, 2012, are as follows:

	<u>General Fund</u>	<u>Garbage Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Hotel Tax	\$ 1,814	\$ 0	\$ 0	\$ 1,814
State Grant	3,723	0	0	3,723
Town's Portion of 1/2% Tax	<u>0</u>	<u>47,310</u>	<u>0</u>	<u>47,310</u>
Total	<u>\$ 5,537</u>	<u>\$ 47,310</u>	<u>\$ 0</u>	<u>\$ 52,847</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	\$ 11,134	\$ 0
Special Revenue Fund-Garbage Fund	40,312	0
Utility Fund	<u>0</u>	<u>51,446</u>
Totals	<u>\$ 51,446</u>	<u>\$ 51,446</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, 2012:

Customers' Deposits	<u>\$ 40,721</u>
---------------------	------------------

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 7 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2012, for the Town of Dubach are as follows:

	Beginning Balance <u>07/01/11</u>	<u>Additions</u>	<u>Deletions</u>	Ending Balance <u>06/30/12</u>
Governmental Activities:				
Capital Assets				
Land	\$ 70,947	\$ 0	\$ 0	\$ 70,947
Buildings and Building Improvements	252,833	0	0	252,833
Improvements Other than Buildings	94,946	0	0	94,946
Streets	251,245	0	0	251,245
Machinery and Equipment	<u>350,513</u>	<u>17,155</u>	<u>26,807</u>	<u>340,861</u>
Total Capital Assets	<u>1,020,484</u>	<u>17,155</u>	<u>26,807</u>	<u>1,010,832</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	121,140	6,919	0	128,059
Improvements Other than Buildings	26,914	3,176	0	30,090
Streets	60,717	12,562	0	73,279
Machinery and Equipment	<u>213,097</u>	<u>28,447</u>	<u>23,995</u>	<u>217,549</u>
Total Accumulated Depreciation	<u>421,868</u>	<u>51,104</u>	<u>23,995</u>	<u>448,977</u>
Governmental Capital Assets, Net	<u>\$ 598,616</u>	<u>\$ (33,949)</u>	<u>\$ 2,812</u>	<u>\$ 561,855</u>
Business-Type Activities:				
Capital Assets				
Land	\$ 17,482	\$ 0	\$ 0	\$ 17,482
Water and Sewer Systems	3,137,358	0	0	3,137,358
Machinery and Equipment	<u>3,882</u>	<u>24,753</u>	<u>0</u>	<u>28,635</u>
Total	<u>3,158,722</u>	<u>24,753</u>	<u>0</u>	<u>3,183,475</u>
Less Accumulated Depreciation for:				
Water and Sewer Systems	1,568,018	87,756	0	1,655,774
Machinery and Equipment	<u>3,957</u>	<u>2,063</u>	<u>0</u>	<u>6,020</u>
Total Accumulated Depreciation	<u>1,571,975</u>	<u>89,819</u>	<u>0</u>	<u>1,661,794</u>
Business-Type Capital Assets, Net	<u>\$ 1,586,747</u>	<u>\$ (65,066)</u>	<u>\$ 0</u>	<u>\$ 1,521,681</u>

Depreciation expense of \$51,104 for the year ended June 30, 2012, was charged to the following governmental functions:

General Government	\$ 28,521
Police	7,875
Highways and Streets	1,477
Sanitation	12,694
Cemetery	<u>537</u>
Total Governmental Depreciation Expense	<u>\$ 51,104</u>

NOTE 8 - ON-BEHALF PAYMENTS

Employees of the Town of Dubach's Police Department received salary supplements of \$12,750 from the State of Louisiana for the year ended June 30, 2012. There were no fringe benefits paid on this supplemental salary.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE 9 - SUBSEQUENT EVENTS

The Town of Dubach was approved April 23, 2012, to receive a \$35,000 grant from the Louisiana CWFEC to purchase new water meters. These grant monies were not used until after June 30, 2012.

**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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE PRIOR YEAR

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
REVENUES					
Taxes					
Ad Valorem	\$ 21,000	\$ 21,000	\$ 21,892	\$ 892	\$ 21,388
Franchise	40,000	30,000	24,869	(5,131)	26,844
Sales and Use	50,000	50,000	67,723	17,723	78,170
Licenses	35,000	26,000	36,381	10,381	35,843
Intergovernmental					
Hotel Tax	8,000	7,000	7,246	246	7,900
Supplemental Pay-Police	0	12,750	12,750	0	16,959
Grants	0	0	5,357	5,357	15,466
Right-of-Way Maintenance	3,050	3,050	3,050	0	3,050
Charges for Services	7,500	2,540	2,585	45	5,348
Fines	40,000	40,000	67,610	27,610	46,672
Investment Earnings	4,000	2,500	3,357	857	6,085
Contributions and Donations	4,000	768	0	(768)	0
Other Revenues					
Rent	3,000	5,475	5,475	0	2,845
Royalties and Gas Lease	8,000	7,000	5,563	(1,437)	6,922
Miscellaneous	2,200	0	794	794	618
TOTAL REVENUES	<u>225,750</u>	<u>208,083</u>	<u>264,652</u>	<u>56,569</u>	<u>274,110</u>
EXPENDITURES					
General Government	121,000	122,205	119,639	2,566	135,293
Police	113,552	155,982	132,132	23,850	123,060
Highways and Streets	18,600	18,600	17,261	1,339	15,890
Capital Outlay	3,750	14,763	17,155	(2,392)	18,209
TOTAL EXPENDITURES	<u>256,902</u>	<u>311,550</u>	<u>286,187</u>	<u>25,363</u>	<u>292,452</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(31,152)	(103,467)	(21,535)	81,932	(18,342)
OTHER FINANCING SOURCES (USES)					
Operating Transfers Out	0	0	0	0	(94,000)
Proceeds from Sale of Assets	0	0	8,978	8,978	0
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>8,978</u>	<u>8,978</u>	<u>(94,000)</u>
NET CHANGE IN FUND BALANCE	(31,152)	(103,467)	(12,557)	90,910	(112,342)
FUND BALANCE-BEGINNING	<u>444,000</u>	<u>444,000</u>	<u>332,448</u>	<u>(111,552)</u>	<u>444,790</u>
FUND BALANCE-ENDING	<u>\$ 412,848</u>	<u>\$ 340,533</u>	<u>\$ 319,891</u>	<u>\$ (20,642)</u>	<u>\$ 332,448</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, 2012
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE PRIOR YEAR

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>	<u>Prior Year Actual</u>
REVENUES					
Charges for Services	\$ 24,000	\$ 24,000	\$ 26,000	\$ 2,000	\$ 25,530
Intergovernmental					
Town's Portion of 1/2% Tax	30,000	30,000	76,488	46,488	38,807
Investment Earnings	500	500	842	342	933
Other Revenues					
Miscellaneous	<u>0</u>	<u>0</u>	<u>510</u>	<u>510</u>	<u>285</u>
TOTAL REVENUES	<u>54,500</u>	<u>54,500</u>	<u>103,840</u>	<u>49,340</u>	<u>65,555</u>
EXPENDITURES					
Sanitation	42,900	46,056	55,566	(9,510)	48,102
Capital Outlay	<u>15,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>403</u>
TOTAL EXPENDITURES	<u>57,900</u>	<u>46,056</u>	<u>55,566</u>	<u>(9,510)</u>	<u>48,505</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,400)	8,444	48,274	39,830	17,050
FUND BALANCE-BEGINNING	<u>105,000</u>	<u>105,000</u>	<u>124,992</u>	<u>19,992</u>	<u>107,942</u>
FUND BALANCE-ENDING	<u>\$ 101,600</u>	<u>\$ 113,444</u>	<u>\$ 173,266</u>	<u>\$ 59,822</u>	<u>\$ 124,992</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 Ray Polk, Mayor
and Board of Aldermen
Town of Dubach
P.O. Box 258
Dubach, Louisiana 71235

I have audited the financial statements of the government 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, 2012, which collectively comprise the Town of Dubach's basic financial statements and have issued my report thereon dated December 31, 2012. 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.

Internal Control Over Financial Reporting

Management of the Town of Dubach, Louisiana, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered the Town of Dubach's internal control over financial reporting as a basis for designing my auditing procedures 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 over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Dubach's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control over financial reporting that I consider to be a material weakness and other deficiencies that I consider to be 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 Town of Dubach's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described as #2012-1 in the accompanying schedule of findings and questioned costs to be a material weakness.

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 deficiency described as #2012-2 and #2012-4 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Dubach's financial statements are free of material misstatement, I performed tests of 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying schedule of findings and questioned costs as #2012-3.

The Town of Dubach's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the Town of Dubach's response and, accordingly, I express no opinion on it.

This report is intended solely for the information of the Town of Dubach, the Division of Administration for the Office of Community Development, and the Legislative Auditor of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Don M. McGehee
Certified Public Accountant
December 31, 2012

TOWN OF DUBACH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

I have audited the financial statements of the Town of Dubach, Louisiana, as of and for the year ended June 30, 2012, and have issued my report thereon dated December 31, 2012. 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, 2012 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 2012-1. 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 2012-2. 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, so that they can accept responsibility for the financial statements.

Finding 2012-3. Unfavorable Budget Variance in Excess of 5%. The garbage fund had an unfavorable budget variance of 21% for expenses.

Finding 2012-4. Reconciliation of Water and Sewer Accounts Receivable. Accounts receivable for the water and sewer fund, per the billing system, are being reconciled on an annual basis to the general ledger balances. It would be much more effective to reconcile each month, so that any differences could be dealt with on a timely basis.

TOWN OF DUBACH, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2012

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

FINDINGS

MANAGEMENT'S RESPONSES

2012-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

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.

2012-2. Preparation of Financial Statements. Personnel do not have sufficient financial expertise to prepare the financial statements without some technical assistance in applying accounting principles that are in conformity with GAAP. Controls could be strengthened by providing personnel with additional training.

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.

2012-3. Unfavorable Budget Variance. The Town of Dubach had an unfavorable budget variance of 21% for expenditures in the garbage fund. According to state law, the budget should be amended when anticipated expenditures and transfers exceed budget estimates by more than 5%. I recommend that budget variances be monitored closely so that the budget can be amended when anticipated expenditures and transfers exceed budget estimates by more than 5%.

The clerk will closely monitor the 2013 budget and alert the mayor when budget amendments are needed.

2012-4. Reconciliation of accounts receivable. The Town of Dubach reconciled the accounts receivable listing generated by the billing system to the general ledger at year end. There were differences found in this reconciliation which the client was unable to explain. I recommend the clerk reconcile the utility fund billing system reports to the general ledger on a monthly basis. This will enable them to handle any differences in the reconciliation in a timely manner.

The Town clerk will begin reconciling accounts receivable per the billing system to the general ledger on a monthly basis beginning in January, 2013.

TOWN OF DUBACH, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

FINDINGS

MANAGEMENT'S RESPONSES

2011-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Unresolved. See Finding 2012-1.

2011-2. Preparation of Financial Statements. Personnel do not have sufficient financial expertise to prepare the financial statements without some technical assistance in applying accounting principles that are in conformity with GAAP.

Unresolved. See Finding 2012-2.

2011-3. Unfavorable Budget Variance. The Town of Dubach had an unfavorable budget variance exceeding 5%.

Unresolved. See Finding 2012-3.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF DUBACH, LOUISIANA
SCHEDULE OF PER DIEM PAYMENTS TO COUNCIL MEMBERS
FOR THE YEAR ENDED JUNE 30, 2012

<u>Council Members</u>	<u>Amount</u>
Vallie Carrico	\$ 1,400
Tyruss Christofferson	100
Robert Colvin	300
Hattie Graham	1,400
Melody Hastings	350
Robert Jensen	500
Donna Lewis	1,400
Davie Powell	<u>1,400</u>
Total	<u>\$ 6,850</u>

TOWN OF DUBACH, LOUISIANA
COMPARATIVE STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
WATER AND SEWER ENTERPRISE FUND
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Water Sales	\$ 146,528	\$ 112,803
Sewer Fees	42,817	37,234
Delinquent Fees	4,800	4,932
Connecting and Re-connecting Fees	6,398	1,483
Grant Revenue	33,638	0
Miscellaneous	<u>156</u>	<u>78</u>
TOTAL OPERATING REVENUES	<u>234,337</u>	<u>156,530</u>
OPERATING EXPENSES		
Bad Debts	1,778	1,449
Depreciation	89,819	87,756
Insurance-Utility Fund	13,189	11,420
Legal and Accounting Fees	6,033	6,103
Miscellaneous	6,491	701
Operations and Maintenance of System	60,433	21,593
Office Supplies, Postage, and Printing	1,781	2,734
Outside Services	16,121	18,529
Safe Drinking Water Fee	1,192	1,175
Salaries	74,471	64,808
Sewer Pond Inspection	4,312	5,389
Taxes-Payroll	5,656	4,994
Travel	13,733	13,681
Truck Maintenance and Operations	3,651	1,348
Utilities	<u>12,238</u>	<u>12,203</u>
TOTAL OPERATING EXPENSES	<u>310,898</u>	<u>253,883</u>
OPERATING LOSS	<u>(76,561)</u>	<u>(97,353)</u>
NON-OPERATING REVENUES		
Interest Income	<u>2,760</u>	<u>2,221</u>
TOTAL NON-OPERATING REVENUES	<u>2,760</u>	<u>2,221</u>
LOSS BEFORE TRANSFERS	<u>(73,801)</u>	<u>(95,132)</u>
CAPITAL CONTRIBUTIONS	<u>23,000</u>	<u>0</u>
TRANSFERS IN	<u>0</u>	<u>94,000</u>
CHANGE IN NET ASSETS	(50,801)	(1,132)
TOTAL NET ASSETS-BEGINNING	<u>1,772,336</u>	<u>1,773,468</u>
TOTAL NET ASSETS-ENDING	<u>\$ 1,721,535</u>	<u>\$ 1,772,336</u>