

TOWN OF DUSON, LOUISIANA

Financial Report

Year Ended December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Duson, Louisiana (the Town), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Duson, Louisiana, as of December 31, 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 budgetary comparison information, schedule of net pension liability, and schedule of employer contributions on pages 44 through 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Town has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Duson, Louisiana's basic financial statements. The other supplementary information on pages 52 through 67 is presented for purposes of additional analysis and is not a required part of the financial statements.

The comparative statements on pages 52, 53, and 63 through 67 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The prior year comparative amounts on this information were derived from the Town of Duson's 2016 financial statements, which were subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, were fairly presented in all material respects in relation to the basic financial statements from which they were derived.

The budgetary comparison schedules on pages 54 through 60, the schedule of number of utility customers on page 61, and the schedule of insurance in force on page 62 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated June 15, 2018, on our consideration of the Town of Duson, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 15, 2018

BASIC FINANCIAL STATEMENTS

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

TOWN OF DUSON, LOUISIANA

Statement of Net Position
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 446,823	\$ 229,030	\$ 675,853
Investments	191,445	1,117	192,562
Receivables, net	113,505	69,748	183,253
Internal balances	(56,301)	56,301	-
Due from other governmental units	104,484	14,957	119,441
Prepaid items	8,309	10,785	19,094
Total current assets	<u>808,265</u>	<u>381,938</u>	<u>1,190,203</u>
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	239,296	239,296
Investments	-	26,519	26,519
Capital assets:			
Land and construction in progress	81,041	345,985	427,026
Capital assets, net	<u>2,011,560</u>	<u>4,340,492</u>	<u>6,352,052</u>
Total noncurrent assets	<u>2,092,601</u>	<u>4,952,292</u>	<u>7,044,893</u>
Total assets	<u>2,900,866</u>	<u>5,334,230</u>	<u>8,235,096</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>136,304</u>	<u>70,447</u>	<u>206,751</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	21,664	53,894	75,558
Unearned revenue	1,519	-	1,519
Capital lease payable	18,652	11,736	30,388
Customer deposits payable	-	59,145	59,145
Revenue bonds payable	-	23,941	23,941
Accrued interest	-	227	227
Total current liabilities	<u>41,835</u>	<u>148,943</u>	<u>190,778</u>
Noncurrent liabilities:			
Compensated absences payable	20,756	11,859	32,615
Net pension liability	430,462	212,295	642,757
Capital lease payable	19,762	213,623	233,385
Revenue bonds payable	-	1,137,755	1,137,755
Total noncurrent liabilities	<u>470,980</u>	<u>1,575,532</u>	<u>2,046,512</u>
Total liabilities	<u>512,815</u>	<u>1,724,475</u>	<u>2,237,290</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	<u>14,587</u>	<u>7,337</u>	<u>21,924</u>
NET POSITION			
Net investment in capital assets	2,054,187	3,323,363	5,377,550
Restricted for debt service	-	182,502	182,502
Restricted for sales tax dedications	409,216	-	409,216
Unrestricted	<u>46,365</u>	<u>167,000</u>	<u>213,365</u>
Total net position	<u>\$2,509,768</u>	<u>\$3,672,865</u>	<u>\$6,182,633</u>

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

TOWN OF DUSON, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2017

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General government	\$ 453,333	\$ 137,607	\$ -	\$ 48,817	\$ (266,909)	\$ -	\$ (266,909)
Public safety:							
Police	642,554	215,815	38,600	-	(388,139)	-	(388,139)
Fire	64,022	-	-	-	(64,022)	-	(64,022)
Streets	408,650	-	5,450	11,000	(392,200)	-	(392,200)
Parks and recreation	923	-	-	-	(923)	-	(923)
Community Center	52,355	-	-	-	(52,355)	-	(52,355)
Interest	3,333	-	-	-	(3,333)	-	(3,333)
Total governmental activities	<u>1,625,170</u>	<u>353,422</u>	<u>44,050</u>	<u>59,817</u>	<u>(1,167,881)</u>	<u>-</u>	<u>(1,167,881)</u>
Business-type activities:							
Water	368,633	237,392	-	14,957	-	(116,284)	(116,284)
Sewer	439,371	169,983	-	-	-	(269,388)	(269,388)
Sanitation	116,739	127,733	-	-	-	10,994	10,994
Total business-type activities	<u>924,743</u>	<u>535,108</u>	<u>-</u>	<u>14,957</u>	<u>-</u>	<u>(374,678)</u>	<u>(374,678)</u>
Total	<u>\$ 2,549,913</u>	<u>\$ 888,530</u>	<u>\$ 44,050</u>	<u>\$ 74,774</u>	<u>(1,167,881)</u>	<u>(374,678)</u>	<u>(1,542,559)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes					54,211	-	54,211
Sales and use taxes, levied for general purposes					651,814	-	651,814
Franchise taxes					76,597	-	76,597
Grants and contributions not restricted to specific programs -							
State sources					612,228	-	612,228
Non-employer contributions					11,867	5,689	17,556
Interest and investment earnings					2,220	777	2,997
Miscellaneous					60,122	-	60,122
Gain on sale of capital assets					8,857	-	8,857
Transfers					(201,369)	201,369	-
Total general revenues and transfers					<u>1,276,547</u>	<u>207,835</u>	<u>1,484,382</u>
Change in net position					108,666	(166,843)	(58,177)
Net position - January 1, 2017					<u>2,401,102</u>	<u>3,839,708</u>	<u>6,240,810</u>
Net position - December 31, 2017					<u>\$ 2,509,768</u>	<u>\$ 3,672,865</u>	<u>\$ 6,182,633</u>

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

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

General Fund

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

Special Revenue Funds

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

1969 Sales Tax Fund -

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

1983 Sales Tax Fund -

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

Hotel/Motel Sales Tax Fund -

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

Capital Projects Fund

LCDBG Grant Projects Fund-

To account for the receipt and subsequent disbursement of Louisiana Community Block Grants and Town's matching funds to be utilized for various projects.

Enterprise Fund

Utility Fund -

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

TOWN OF DUSON, LOUISIANA

Balance Sheet - Governmental Funds
December 31, 2017

	General	1969 Sales Tax Special Revenue	1983 Sales Tax Special Revenue	Hotel/Motel Sales Tax Special Revenue	LCDBG Grant Projects	Total
ASSETS						
Cash and interest-bearing deposits	\$120,224	\$ 90,604	\$ 193,774	\$ 42,111	\$ 110	\$ 446,823
Investments	181,385	10,060	-	-	-	191,445
Receivables:						
Taxes	58,448	26,974	26,974	699	-	113,095
Other	410	-	-	-	-	410
Due from other governmental units	104,484	-	-	-	-	104,484
Due from other funds	23,590	50,808	74,206	-	1,847	150,451
Prepaid items	8,309	-	-	-	-	8,309
Total assets	<u>\$496,850</u>	<u>\$ 178,446</u>	<u>\$ 294,954</u>	<u>\$ 42,810</u>	<u>\$ 1,957</u>	<u>\$1,015,017</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 14,600	\$ -	\$ -	\$ -	\$ -	\$ 14,600
Accrued liabilities	7,064	-	-	-	-	7,064
Unearned revenue	1,519	-	-	-	-	1,519
Due to other funds	97,801	37,854	69,140	-	1,957	206,752
Total liabilities	<u>120,984</u>	<u>37,854</u>	<u>69,140</u>	<u>-</u>	<u>1,957</u>	<u>229,935</u>
Fund balances -						
Nonspendable - prepaid items	8,309	-	-	-	-	8,309
Restricted - sales tax dedications	-	140,592	225,814	42,810	-	409,216
Unassigned	367,557	-	-	-	-	367,557
Total fund balances	<u>375,866</u>	<u>140,592</u>	<u>225,814</u>	<u>42,810</u>	<u>-</u>	<u>785,082</u>
Total liabilities and fund balances	<u>\$496,850</u>	<u>\$ 178,446</u>	<u>\$ 294,954</u>	<u>\$ 42,810</u>	<u>\$ 1,957</u>	<u>\$1,015,017</u>

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

TOWN OF DUSON, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2017

Total fund balances for governmental funds at December 31, 2017		\$ 785,082
Total net position reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 62,827	
Construction in progress	18,214	
Buildings and improvements, net of \$367,590 accumulated depreciation	1,011,298	
Infrastructure, net of \$747,550 accumulated depreciation	757,184	
Equipment and vehicles net of \$685,372 accumulated depreciation	<u>243,078</u>	2,092,601
The deferred outflows of expenditures for the various pensions are not a use of current resources and, therefore, are not reported in the funds.		136,304
Long-term liabilities are not due and payable in the current period and, therefore, not reported in the governmental funds.		
Long-term liabilities at December 31, 2017:		
Capital lease payable	(38,414)	
Compensated absences payable	(20,756)	
Net pension liability	<u>(430,462)</u>	(489,632)
The deferred inflows of contributions for the various pensions are not available resources and, therefore, are not reported in the funds.		<u>(14,587)</u>
Total net position of governmental activities at December 31, 2017		<u>\$2,509,768</u>

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

TOWN OF DUSON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2017

	General	1969 Sales Tax Special Revenue	1983 Sales Tax Special Revenue	Hotel/Motel Sales Tax Special Revenue	LCDBG Grant Projects	Total
Revenues:						
Taxes	\$ 130,808	\$ 316,496	\$ 316,496	\$ 18,822	\$ -	\$ 782,622
Licenses and permits	137,607	-	-	-	-	137,607
Intergovernmental	716,095	-	-	-	-	716,095
Fines and forfeits	215,815	-	-	-	-	215,815
Miscellaneous	73,645	238	141	8	-	74,032
Total revenues	<u>1,273,970</u>	<u>316,734</u>	<u>316,637</u>	<u>18,830</u>	<u>-</u>	<u>1,926,171</u>
Expenditures:						
Current -						
General government	399,948	12,089	12,089	104	-	424,230
Public safety:						
Police	622,375	-	-	-	-	622,375
Fire	59,869	-	-	-	-	59,869
Streets	349,983	-	-	-	-	349,983
Parks and recreation	541	-	-	-	-	541
Community Center	25,760	-	-	-	-	25,760
Capital outlay	131,973	-	-	-	18,214	150,187
Debt service -						
Principal retirement	20,937	-	-	-	-	20,937
Total expenditures	<u>1,611,386</u>	<u>12,089</u>	<u>12,089</u>	<u>104</u>	<u>18,214</u>	<u>1,653,882</u>
Excess (deficiency) of revenues over expenditures	<u>(337,416)</u>	<u>304,645</u>	<u>304,548</u>	<u>18,726</u>	<u>(18,214)</u>	<u>272,289</u>
Other financing sources (uses):						
Transfers in	328,000	-	-	-	18,214	346,214
Transfers out	<u>(18,214)</u>	<u>(274,369)</u>	<u>(255,000)</u>	<u>-</u>	<u>-</u>	<u>(547,583)</u>
Total other financing sources (uses)	<u>309,786</u>	<u>(274,369)</u>	<u>(255,000)</u>	<u>-</u>	<u>18,214</u>	<u>(201,369)</u>
Net changes in fund balances	(27,630)	30,276	49,548	18,726	-	70,920
Fund balances, beginning	<u>403,496</u>	<u>110,316</u>	<u>176,266</u>	<u>24,084</u>	<u>-</u>	<u>714,162</u>
Fund balances, ending	<u>\$ 375,866</u>	<u>\$ 140,592</u>	<u>\$ 225,814</u>	<u>\$ 42,810</u>	<u>\$ -</u>	<u>\$ 785,082</u>

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

TOWN OF DUSON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2017

Total net changes in fund balances at December 31, 2017 per statement of revenues, expenditures and changes in fund balances	\$ 70,920
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The change in net position reported for governmental activities in the
statement of activities is different because:

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

Capital outlay which is considered expenditures on statement of revenues, expenditures and changes in fund balances	\$ 150,187	
Proceeds from sale of capital assets	(11,690)	
Gain on sale of capital assets	8,857	
Depreciation expense for the year ended December 31, 2017	<u>(129,273)</u>	18,081

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

Non-employer contributions	11,867
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Retirement of principal of capital leases is considered as an expenditure on
the statement of revenues, expenditures and changes in fund balances
whereas the payment reduces the balance of capital leases payable on
the statement of net position.

Principal payments	17,604
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Some expenses reported in the statement of activities do not require the
use of current financial resources and, therefore, are not reported as
expenditures in the governmental funds.

Compensated absences	(11,845)	
Pension benefit (expense)	<u>2,039</u>	<u>(9,806)</u>

Total net changes in net position at December 31, 2017 per statement of activities	<u>\$ 108,666</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF DUSON, LOUISIANA

Statement of Net Position
 Proprietary Fund
 December 31, 2017

	Utility Enterprise Fund
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 229,030
Investments	1,117
Receivables:	
Accounts receivable, net	38,955
Unbilled utility receivables	30,793
Due from other funds	100,316
Due from other governmental units	14,957
Prepaid items	<u>10,785</u>
Total current assets	<u>425,953</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	239,296
Investments	26,519
Capital assets:	
Land	345,985
Other capital assets, net of accumulated depreciation	<u>4,340,492</u>
Total noncurrent assets	<u>4,952,292</u>
Total assets	<u>5,378,245</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u>70,447</u>
LIABILITIES	
Current liabilities:	
Accounts and other payables	53,894
Capital lease payable	11,736
Due to other funds	44,015
Payable from restricted assets -	
Customer deposits payable	59,145
Revenue bonds payable	23,941
Interest payable	<u>227</u>
Total current liabilities	<u>192,958</u>
Noncurrent liabilities:	
Compensated absences payable	11,859
Net pension liability	212,295
Capital lease payable	213,623
Revenue bonds payable	<u>1,137,755</u>
Total noncurrent liabilities	<u>1,575,532</u>
Total liabilities	<u>1,768,490</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u>7,337</u>
NET POSITION	
Net investment in capital assets	3,323,363
Restricted for debt service	182,502
Unrestricted	<u>167,000</u>
Total net position	<u>\$3,672,865</u>

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

TOWN OF DUSON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position -
 Proprietary Fund
 For the Year Ended December 31, 2017

	<u>Utility Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Water charges	\$ 237,392
Sewer service charges	169,983
Sanitation charges	<u>127,733</u>
Total operating revenues	<u>535,108</u>
Operating expenses:	
Salaries	165,509
Payroll taxes	12,221
Retirement	37,432
General insurance	39,715
Auto and truck expense	5,126
Utilities and telephone	43,387
Maintenance and repairs	97,960
Supplies and parts	48,880
Office expense	3,864
Garbage collection fees	88,352
Bad debt expense	5,692
Depreciation expense	216,414
Dues and fees	1,025
Professional fees	35,650
Contract services	7,262
Group health insurance	48,174
Miscellaneous	<u>11,966</u>
Total operating expenses	<u>868,629</u>
Operating loss	<u>(333,521)</u>

(continued)

TOWN OF DUSON, LOUISIANA

Statement of Revenues, Expenses, and Changes in Fund Net Position (Continued) -
 Proprietary Fund
 For the Year Ended December 31, 2017

	<u>Utility Enterprise Fund</u>
Nonoperating revenues (expenses):	
Interest income	777
Interest expense	(56,114)
Non-employer contributions	<u>5,689</u>
Total nonoperating revenues (expenses)	<u>(49,648)</u>
 Loss before contributions and transfers	 <u>(383,169)</u>
 Capital contributions	 <u>14,957</u>
Transfers:	
Transfers in	219,583
Transfers out	<u>(18,214)</u>
Total transfers	<u>201,369</u>
 Change in net position	 (166,843)
 Net position, beginning	 <u>3,839,708</u>
 Net position, ending	 <u>\$3,672,865</u>

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

TOWN OF DUSON, LOUISIANA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended December 31, 2017

	Utility Enterprise Fund
Cash flows from operating activities:	
Receipts from customers	\$ 532,765
Payments to suppliers	(416,505)
Payments to employees	<u>(177,730)</u>
Net cash used by operating activities	<u>(61,470)</u>
Cash flows from noncapital financing activities:	
Cash paid to other funds	(41,838)
Transfers from other funds	<u>219,583</u>
Net cash provided by noncapital financing activities	<u>177,745</u>
Cash flows from capital and related financing activities:	
Principal paid on notes payable	(22,889)
Interest paid on notes payable	(56,118)
Proceeds from capital lease	225,359
Decrease in customer deposits payable	3,985
Acquisition of property, plant and equipment	(394,434)
Proceeds from grants	<u>89,281</u>
Net cash used by capital and related financing activities	<u>(154,816)</u>
Cash flows from investing activities:	
Purchase of investments	(265)
Interest on investments	<u>777</u>
Net cash provided by investing activities	<u>512</u>
Net decrease in cash and cash equivalents	(38,029)
Cash and cash equivalents, beginning of period	<u>506,355</u>
Cash and cash equivalents, end of period	<u>\$ 468,326</u>

(continued)

TOWN OF DUSON, LOUISIANA

Statement of Cash Flows
 Proprietary Fund - (Continued)
 For the Year Ended December 31, 2017

	<u>Utility Enterprise Fund</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$(333,521)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	216,414
Pension expense	16,658
Changes in current assets and liabilities:	
Increase in accounts receivable	(287)
Increase in unbilled utility receivable	(2,056)
Increase in prepaid items	(154)
Increase in accounts payable	36,132
Increase in compensated absences	<u>5,345</u>
Total adjustments	<u>272,052</u>
Net cash used by operating activities	<u>\$ (61,469)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:	
Cash and cash equivalents, beginning of period -	
Cash - unrestricted	\$ 258,749
Interest-bearing deposits - unrestricted	13,158
Cash - restricted	28,896
Interest-bearing deposits - restricted	<u>205,552</u>
Total cash and cash equivalents	<u>506,355</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	211,628
Interest-bearing deposits - unrestricted	17,402
Cash - restricted	32,881
Interest-bearing deposits - restricted	<u>206,415</u>
Total cash and cash equivalents	<u>468,326</u>
Net decrease	<u>\$ (38,029)</u>

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

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

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Fund Financial Statements

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

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

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

The major funds of the Town are described below:

Governmental Funds -

General Fund

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

Special Revenue Funds

1969 Sales Tax Fund –

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

1983 Sales Tax Fund –

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Hotel/Motel Sales Tax Fund –

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

Capital Projects Fund

LCDBG Grant Projects Fund –

The LCDBG Grant Projects Fund is used to account for the receipt and subsequent disbursement of the Louisiana Community Block Grants and Town's matching funds to be utilized for various projects.

Proprietary Fund -

Enterprise Fund

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

C. Measurement Focus/Basis of Accounting

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

Measurement Focus

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

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

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

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

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

Cash, interest-bearing deposits, and investments

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

At December 31, 2017, all of the Town’s investments are in the Louisiana Asset Management Pool (LAMP), which are stated at fair value.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Interfund receivables and payables

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

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

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem taxes, sales and use taxes, franchise taxes, and oil royalties. Business-type activities report customer’s utility service receivables as their major receivables. Uncollectible amounts due for ad valorem taxes are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible receivables is recorded due to immateriality at December 31, 2017. Through the establishment of an allowance account, uncollectible amounts due from customers’ utility receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible for customers utility receivables at December 31, 2017 was \$65,608. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month were \$30,793 at December 31, 2017.

Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

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

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

Restricted Assets

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

Long-term debt

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

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

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

Compensated Absences

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation is normally taken in the year accrued, but a maximum of 40 hours can be carried over. All full-time employees are allowed 48 hours of annual sick leave. All unused sick leave may be carried over, with 30 percent of the accumulated balance payable at termination of employment. All unused vacation leave is payable upon termination of employment. At December 31, 2017, employees of the Town have accumulated and vested \$32,615 of compensated absence benefits. The estimated liabilities include required salary-related payments.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires an entity to delay recognition of decreases in net position as expenditures until a future period. In other instances, entities are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. At December 31, 2017, the Town's deferred outflows of resources and deferred inflows of resources are attributable to pension plans.

Equity Classifications

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

- a. Net investment in capital assets – This component consists of net capital assets reduced by the outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased balances of deferred outflows of resources related to those assets.
- b. Restricted net position – This component is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the Town's debt. Restricted net position is restricted assets reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – This component consists of all other net position that does not meet the definition of the above two components and is available for general use by the Town.

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

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Town’s Mayor and Board of Aldermen, which is the highest level of decision-making authority for the Town.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Town’s adopted policy, only the Mayor and Board of Aldermen may assign amounts for specified purposes.
- e. Unassigned – all other spendable amounts.

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

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

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

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

Expenditures/Expenses

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

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - By Character
- Proprietary Fund - By Operating and Nonoperating

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

Interfund Transfers

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

F. Revenue Restrictions

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

Revenue Source	Legal Restrictions of Use
Sales tax	See Note 3
Utility Fund revenues	See Note 12

G. Capitalization of Interest Expense

It is the policy of the Town of Duson to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets. At December 31, 2017, there was no borrowing for assets under construction and no capitalized interest expense was recorded on the books.

H. Use of Estimates

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

I. Report Reclassification

Certain previously reported amounts for the year ended December 31, 2016 have been reclassified to conform to the December 31, 2017 classifications.

(2) Ad Valorem Taxes

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

For the year ended December 31, 2017, taxes of 7.63 mills were levied on property with assessed valuations totaling \$7,127,217 and were dedicated for general corporate purposes.

Total taxes levied were \$54,381. Taxes receivable at December 31, 2017, consisted of the following:

Taxes receivable - current roll	\$ 44,036
Taxes receivable - prior roll	<u>6,897</u>
	<u>\$ 50,933</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Sales and Use Tax

Proceeds of the 1969 1% sales and use tax levied by the Town of Duson were \$316,496 during the year ended December 31, 2017 and are dedicated to the following purposes:

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

Proceeds of the 1983 1% sales and use tax levied by the Town of Duson were \$316,496 during the year ended December 31, 2017 and are dedicated to the following purposes:

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

Proceeds of the 4% hotel/motel occupancy tax levied by the Town of Duson were \$18,822 during the year ended December 31, 2017 and are dedicated to the following purposes:

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

(4) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2017, the Town had cash and interest-bearing deposits (book balances) totaling \$915,149 as follows:

Demand deposits	\$ 905,506
Savings and money market accounts	9,643
Total	<u>\$ 915,149</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Town or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2017, are secured as follows:

Bank balances	<u>\$ 959,722</u>
Federal deposit insurance	\$ 259,643
Pledged securities	<u>700,079</u>
Total	<u>\$ 959,722</u>

Deposits in the amount of \$700,079 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. The Town does not have a policy for custodial credit risk.

(5) Investments

The Town participates in the Louisiana Asset Management Pool (LAMP). The LAMP is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment. As of December 31, 2017, investments in LAMP amounted to \$219,081.

The LAMP is not registered with the Securities and Exchange Commission (SEC) as an investment company. LAMP is intended to improve administrative efficiency and increase yield of participating public entities. The portfolio securities are valued at market value even though amortized cost method is permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs registered money market funds. Because LAMP is not a money market fund, it has no obligation to conform to this rule.

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Receivables

Receivables at December 31, 2017 of \$183,253 consist of the following:

	General	1969 Sales Tax	1983 Sales Tax	Hotel/Motel Sales Tax	Utility	Total
Accounts	\$ -	\$ -	\$ -	\$ -	\$ 38,955	\$ 38,955
Unbilled accounts	-	-	-	-	30,793	30,793
Taxes:						
Ad valorem	50,933	-	-	-	-	50,933
Sales tax	-	26,974	26,974	699	-	54,647
Franchise tax	7,515	-	-	-	-	7,515
Other	410	-	-	-	-	410
Totals	\$ 58,858	\$ 26,974	\$ 26,974	\$ 699	\$ 69,748	\$ 183,253

(7) Due from Other Governmental Units

Amounts due from other governmental units of \$119,441 at December 31, 2017 consisted of the following:

Governmental activities:

 General Fund -

Amount due from the State of Louisiana for video poker receipts for the months of November and December 31, 2017	\$ 103,652
Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending December 31, 2017	832
Total General Fund	104,484

Business-type activities:

 Utility Fund -

Amount due from the State of Louisiana for reimbursement of expenditures incurred and paid for various water and sewer projects at December 31, 2017	14,957
Total	\$ 119,441

(8) Restricted Assets - Proprietary Fund Type

Restricted assets of \$265,815 consisted of the following at December 31, 2017:

Bond sinking fund	\$ 99,504
Bond reserve fund	39,456
Bond contingency fund	67,710
Customers' deposits	59,145
	\$ 265,815

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Balance 01/01/17	Additions	Deletions	Balance 12/31/17
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 62,827	\$ -	\$ -	\$ 62,827
Construction in progress	672	18,214	672	18,214
Other capital assets:				
Buildings and improvements	1,378,888	-	-	1,378,888
Infrastructure	1,449,403	55,331	-	1,504,734
Equipment and vehicles	921,339	77,314	70,203	928,450
Totals	<u>3,813,129</u>	<u>150,859</u>	<u>70,875</u>	<u>3,893,113</u>
Less accumulated depreciation:				
Buildings and improvements	334,417	33,173	-	367,590
Infrastructure	709,145	38,405	-	747,550
Equipment and vehicles	695,047	57,695	67,370	685,372
Total accumulated depreciation	<u>1,738,609</u>	<u>129,273</u>	<u>67,370</u>	<u>1,800,512</u>
Governmental activities, capital assets, net	<u>\$ 2,074,520</u>	<u>\$ 21,586</u>	<u>\$ 3,505</u>	<u>\$ 2,092,601</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 63,130	\$ -	\$ -	\$ 63,130
Construction in progress	230,235	300,310	247,690	282,855
Other capital assets:				
Plant and equipment - water system	3,349,047	10,803	-	3,359,850
Plant and equipment - sewer system	5,633,128	247,690	-	5,880,818
Office equipment	30,046	-	-	30,046
Totals	<u>9,305,586</u>	<u>558,803</u>	<u>247,690</u>	<u>9,616,699</u>
Less accumulated depreciation:				
Plant and equipment - water system	2,102,797	72,735	-	2,175,532
Plant and equipment - sewer system	2,581,077	143,567	-	2,724,644
Office equipment	29,934	112	-	30,046
Total accumulated depreciation	<u>4,713,808</u>	<u>216,414</u>	<u>-</u>	<u>4,930,222</u>
Business-type activities, capital assets, net	<u>\$ 4,591,778</u>	<u>\$ 342,389</u>	<u>\$ 247,690</u>	<u>\$ 4,686,477</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 15,186
Police	34,013
Fire	4,153
Streets	48,944
Community Center	26,595
Park and recreation	<u>382</u>
Total depreciation expense	<u>\$ 129,273</u>

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

Water	\$ 72,847
Sewerage	<u>143,567</u>
Total depreciation expense	<u>\$ 216,414</u>

(10) Accounts and Other Payables

The accounts and other payables of \$75,558 at December 31, 2017 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Accounts	\$ 14,600	\$ 46,891	\$ 61,491
Payroll liabilities	<u>7,064</u>	<u>7,003</u>	<u>14,067</u>
Totals	<u>\$ 21,664</u>	<u>\$ 53,894</u>	<u>\$ 75,558</u>

(11) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended December 31, 2017:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Long-term debt payable, January 1, 2017	\$ 56,018	\$ 1,184,585
Additions	-	230,511
Retirements	<u>(17,604)</u>	<u>(28,041)</u>
Long-term debt payable, December 31, 2017	<u>\$ 38,414</u>	<u>\$ 1,387,055</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Long-term debt payable at December 31, 2017 is comprised of the following issues:

	<u>Total</u>	<u>Current Portion</u>
Governmental Activities:		
Capital Leases:		
\$50,437 equipment lease dated April 15, 2016 due in annual installments of \$13,723, including interest at 5.95%, through April 15, 2019, secured by General Fund revenues and assets with a carrying value of \$44,644 at December 31, 2017	\$ 25,176	\$ 12,225
\$26,519 equipment lease dated December 9, 2016 due in annual installments of \$7,215, including interest at 5.95%, through December 9, 2019, secured by General Fund revenues and asset with a carrying value of \$24,610 at December 31, 2017	13,238	6,427
	<u>\$ 38,414</u>	<u>\$ 18,652</u>
Business-Type Activities:		
Revenue Bonds:		
\$1,390,000 Sewer Revenue Bonds dated February 12, 2004, due in monthly installments of \$6,311 including interest at 4.50% from March 12, 2005 through January 12, 2044; payable from Utility Fund revenues	\$1,161,696	\$23,941
Capital Lease:		
\$230,511 equipment lease dated July 6, 2017 due in monthly installments of \$1,687, including interest at 3.685% through July 15, 2032, secured by Utility Fund revenues and asset with a carrying value of \$270,198 at December 31, 2017	225,359	11,736
	<u>\$ 1,387,055</u>	<u>\$ 35,677</u>

The debt is due as follows:

<u>Year ending December 31,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal payments</u>	<u>Interest payments</u>	<u>Principal payments</u>	<u>Interest payments</u>
2018	\$ 18,652	\$ 2,286	\$ 35,677	\$ 60,291
2019	19,762	1,176	37,238	58,729
2020	-	-	38,867	57,099
2021	-	-	40,570	55,398
2022	-	-	42,346	53,619
2023-2027	-	-	241,248	238,586
2028-2032	-	-	290,507	180,894
2033-2037	-	-	257,394	121,243
2038-2042	-	-	322,203	56,433
2042-2044	-	-	81,005	2,168
Total	<u>\$ 38,414</u>	<u>\$ 3,462</u>	<u>\$ 1,387,055</u>	<u>\$ 884,460</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Sewer Revenue Bonds

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

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

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

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

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

The Town was in compliance with all covenants of the bond indenture at December 31, 2017.

(13) On-behalf Payments for Salaries

The Town of Duson receives on-behalf payments from the State of Louisiana for police salaries. On-behalf payments to the Town totaled \$38,600 for the fiscal year ending December 31, 2017. Such payments are recorded as intergovernmental revenues and public safety expenditures in the government-wide and General Fund financial statements.

(14) Federal Social Security System

All employees of the Town of Duson are members of the Federal Social Security System. The Town and its employees contribute a percentage of each employee's salary to the System (7.65% contributed by the Town; 7.65% contributed by the employee). The Town's contribution during the years ended December 31, 2017, 2016, and 2015 amounted to \$61,617, \$58,410, and \$54,074, respectively.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Employee Retirement Systems

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

Plan Descriptions:

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

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

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

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

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

¹ Membership commencing January 1, 2013

² With actuarial reduced benefits

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

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Contributions

Article X, Section 29(E)(2)(a) of the Louisiana Constitution of 1974 assigns the Legislature the authority to determine employee contributions. Employer contributions are actuarially determined using statutorily established methods on an annual basis and are constitutionally required to cover the employer's portion of the normal cost and provide for the amortization of the unfunded accrued liability. Employer contributions are adopted by the Legislature annually upon recommendation of the Public Retirement Systems' Actuarial Committee. Contributions of employees, employers, and non-employer contributing entities effective for the year ended December 31, 2017 for the defined benefit pension plans in which the Town is a participating employer were as follows:

<u>Plan</u>	<u>Active Member Contribution Percentage</u>	<u>Employer Contribution Percentage</u>	<u>Amount from Nonemployer Contributing Entities</u>	<u>Amount of Town Contributions</u>
MERS	5.00%	13.25%	\$ 14,586	\$ 54,365
MPERS	10.00%	30.75%	2,970	14,943

Net Pension Liability

The Town's net pension liability at December 31, 2017 is comprised of its proportionate share of the net pension liability relating to each of the cost-sharing plans in which the Town is a participating employer. The Town's net pension liability for each plan was measured as of the plan's measurement date (June 30, 2017 for both plans) and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportionate share of the net pension liability for each of the plans in which it participates was based on the Town's required contributions in proportion to total required contributions for all employers.

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

<u>Plan</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Proportionate Share (%) of Net Pension Liability</u>	<u>Increase/(Decrease) from Prior Measurement Date</u>
MERS	\$ 506,912	0.585868%	0.017808%
MPERS	135,845	0.015560%	0.002345%
Total	<u>\$ 642,757</u>		

Since the measurement date of the net pension liability was June 30, 2017, the net pension liability is based upon fiduciary net position for each of the plans as of those dates. Detailed information about each pension plan's assets, deferred outflows, deferred inflows, and fiduciary net position that was used in the measurement of the Town's net pension liability is available in the separately issued plan financial reports for those fiscal years. The financial report for each plan may be accessed on their website as follows:

- MERS - <http://www.mersla.com/>
- MPERS - <http://lampers.org/>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Actuarial Assumptions

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

	<u>MERS</u>	<u>MPERS</u>
Date of experience study on which significant assumptions are based	7/1/2009 - 6/30/2014	7/1/2010 - 6/30/2014
Expected remaining service lives	3	4
Inflation Rate	2.775%	2.7%
Projected salary increases	5.0%	4.25% - 9.75%
Projected benefit changes including COLAs	None	None
Source of mortality assumptions	(1), (2), (3)	(3), (4), (5)

- (1) RP-2000 Healthy Annuitant Sex Distinct Table set forward 2 years for males and set forward 1 year for females projected to 2028 using Scale AA
- (2) RP-2000 Employee Sex Distinct Table set back 2 years for both males and females
- (3) RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females
- (4) RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Table projected to 2029 using Scale AA set back 1 year for females

Cost of Living Adjustments

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

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

Discount Rate

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

	<u>MERS</u>	<u>MPERS</u>
Discount rate	7.40%	7.325%
Change in discount rate from prior valuation	-0.10%	-0.175%
Plan cash flow assumptions	(1)	(1)
Rates incorporated in the Discount Rate:		
Long-term Rate of Return	7.40%	7.325%
Periods applied	All	All
Municipal Bond Rate	N/A	N/A

*Plan Cash Flow Assumptions:

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

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

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

<u>Asset Class</u>	<u>MERS*</u>		<u>MPERS*</u>	
	Target Allocation	Long-term Expected Real Rate of Return	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	35%	1.6%	21%	0.52%
Equities	50%	2.3%	53%	3.66%
Alternative Investments	15%	0.7%	20%	1.10%
Other	-	-	6%	0.16%
Total	<u>100%</u>	<u>4.6%</u>	<u>100%</u>	<u>5.44%</u>
Inflation		<u>2.6%</u>		<u>2.75%</u>
Expected arithmetic nominal return		<u>7.2%</u>		<u>8.19%</u>

*Arithmetic real rates of return

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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

Changes in the net pension liability may either be reported in pension expense in the year the change occurred or recognized as a deferred outflow of resources or a deferred inflow of resources in the year the change occurred and amortized into pension expense over a number of years. For the year ended December 31, 2017, the Town recognized \$83,927 in pension expense related to all defined benefit plans in which it participates.

At December 31, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		
	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 2,655	\$ 890	\$ 3,545
Changes of assumptions	22,319	9,666	31,985
Net difference between projected and actual earnings on pension plan investments	106,804	5,947	112,751
Change in proportion and differences between employer contributions and proportionate share of contributions	7,874	13,410	21,284
Employer contributions subsequent to the measurement date	<u>30,174</u>	<u>7,012</u>	<u>37,186</u>
Total	<u>\$ 169,826</u>	<u>\$ 36,925</u>	<u>\$ 206,751</u>

	<u>Deferred Inflows of Resources</u>		
	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
Differences between expected and actual experience	\$ 11,004	\$ 1,044	\$ 12,048
Change in proportion and differences between employer contributions and proportionate share of contributions	<u>4,280</u>	<u>5,596</u>	<u>9,876</u>
Total	<u>\$ 15,284</u>	<u>\$ 6,640</u>	<u>\$ 21,924</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Deferred outflows of resources of \$37,186 resulting from the employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability during the year ending December 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions to be recognized in pension expense are as follows:

Year Ended December 31	<u>MERS</u>	<u>MPERS</u>	<u>Total</u>
2018	\$ 46,002	\$ 6,143	\$ 52,145
2019	47,384	10,997	58,381
2020	26,178	9,319	35,497
2021	4,804	(3,186)	1,618
	<u>\$ 124,368</u>	<u>\$ 23,273</u>	<u>\$ 147,641</u>

Payables to the Pension Plans

At December 31, 2017, the Town's payables were \$5,526 and \$1,081 to MERS and MPERS, respectively for the month of December 2017, which were the contractually required contributions.

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

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

<u>Plan</u>	<u>Current Discount Rate</u>	<u>Net Pension Liability</u>		
		<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
MERS	7.40%	\$ 655,887	\$ 506,912	\$ 379,782
MPERS	7.50%	187,683	135,845	92,357
Total		<u>\$ 843,570</u>	<u>\$ 642,757</u>	<u>\$ 472,139</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(16) Departmental Information for the Enterprise Fund

The Town of Duson maintains one enterprise fund with three departments which provide water, sewerage and sanitation services. Departmental information for the year ended December 31, 2017 was as follows:

	Water Department	Sewerage Department	Sanitation Department	Total Enterprise Fund
Operating revenues	\$ 237,392	\$ 169,983	\$ 127,733	\$ 535,108
Operating expenses:				
Depreciation	72,847	143,567	-	216,414
Other	295,786	239,690	116,739	652,215
Total operating expenses	368,633	383,257	116,739	868,629
Operating income (loss)	\$(131,241)	\$(213,274)	\$ 10,994	\$(333,521)

(17) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2017 follows:

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

(18) Pending Litigation

At December 31, 2017, the Town is not involved in any litigation.

(19) Risk Management

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(20) Interfund Transactions

A. Interfund receivables and payables consisted of the following at December 31, 2017:

	<u>Receivable</u>	<u>Payable</u>
Governmental Funds:		
General Fund	\$ 23,590	\$ 97,801
1969 Sales Tax Special Revenue Fund	50,808	37,854
1983 Sales Tax Special Revenue Fund	74,206	69,140
LCDBG Grant Projects Fund	<u>1,847</u>	<u>1,957</u>
Total governmental funds	150,451	206,752
Proprietary fund:		
Utility Fund	<u>100,316</u>	<u>44,015</u>
Total	<u>\$ 250,767</u>	<u>\$ 250,767</u>

Transfers consisted of the following at December 31, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 328,000	\$ 18,214
1969 Sales Tax Special Revenue Fund	-	274,369
1983 Sales Tax Special Revenue Fund	-	255,000
LCDBG Grant Projects Fund	18,214	-
Proprietary Fund:		
Enterprise Fund	<u>219,583</u>	<u>18,214</u>
Total	<u>\$ 565,797</u>	<u>\$ 565,797</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

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

The schedule of compensation, benefits, and other payments to Johnny Thibodeaux, Mayor, for the year ended December 31, 2017 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 47,018
Benefits - insurance	2,854
Benefits - retirement	5,701
Reimbursement	60
Registration fees	<u>100</u>
	<u>\$ 55,733</u>

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Taxes	\$ 133,800	\$ 135,235	\$ 130,808	\$ (4,427)
Licenses and permits	160,000	153,412	137,607	(15,805)
Intergovernmental	570,500	727,317	716,095	(11,222)
Fines and forfeits	155,000	195,669	215,815	20,146
Miscellaneous	58,590	75,039	73,645	(1,394)
Total revenues	<u>1,077,890</u>	<u>1,286,672</u>	<u>1,273,970</u>	<u>(12,702)</u>
Expenditures:				
Current -				
General government	405,950	411,110	399,948	11,162
Public safety:				
Police	471,538	627,527	622,375	5,152
Fire	66,900	63,538	59,869	3,669
Streets	244,940	360,075	349,983	10,092
Parks and recreation	800	572	541	31
Community Center	15,100	26,023	25,760	263
Capital outlay	60,000	152,759	131,973	20,786
Debt service	-	20,937	20,937	-
Total expenditures	<u>1,265,228</u>	<u>1,662,541</u>	<u>1,611,386</u>	<u>51,155</u>
Deficiency of revenues over expenditures	<u>(187,338)</u>	<u>(375,869)</u>	<u>(337,416)</u>	<u>38,453</u>
Other financing sources (uses):				
Transfer from 1969 Sales Tax Fund	158,000	158,000	158,000	-
Transfer from 1983 Sales Tax Fund	170,000	170,000	170,000	-
Transfer to Utility Fund	-	-	(18,214)	(18,214)
Total other financing sources (uses)	<u>328,000</u>	<u>328,000</u>	<u>309,786</u>	<u>(18,214)</u>
Net change in fund balance	140,662	(47,869)	(27,630)	20,239
Fund balance, beginning	<u>403,496</u>	<u>403,496</u>	<u>403,496</u>	<u>-</u>
Fund balance, ending	<u>\$ 544,158</u>	<u>\$ 355,627</u>	<u>\$ 375,866</u>	<u>\$ 20,239</u>

TOWN OF DUSON, LOUISIANA
1969 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$325,000	\$313,247	\$316,496	\$ 3,249
Interest	<u>45</u>	<u>294</u>	<u>238</u>	<u>(56)</u>
Total revenues	<u>325,045</u>	<u>313,541</u>	<u>316,734</u>	<u>3,193</u>
Expenditures:				
General government -				
Collection fees	3,600	3,466	3,449	17
Professional fees	<u>8,000</u>	<u>8,640</u>	<u>8,640</u>	<u>-</u>
Total general government	<u>11,600</u>	<u>12,106</u>	<u>12,089</u>	<u>17</u>
Excess of revenues over expenditures	<u>313,445</u>	<u>301,435</u>	<u>304,645</u>	<u>3,210</u>
Other financing uses:				
Transfer to General Fund	(158,000)	(158,000)	(158,000)	-
Transfer to Utility Fund	<u>(185,000)</u>	<u>(134,426)</u>	<u>(116,369)</u>	<u>18,057</u>
Total other financing uses	<u>(343,000)</u>	<u>(292,426)</u>	<u>(274,369)</u>	<u>18,057</u>
Net change in fund balance	(29,555)	9,009	30,276	21,267
Fund balance, beginning	<u>110,316</u>	<u>110,316</u>	<u>110,316</u>	<u>-</u>
Fund balance, ending	<u>\$ 80,761</u>	<u>\$ 119,325</u>	<u>\$ 140,592</u>	<u>\$ 21,267</u>

TOWN OF DUSON, LOUISIANA
1983 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$325,000	\$313,247	\$316,496	\$ 3,249
Interest	<u>45</u>	<u>138</u>	<u>141</u>	<u>3</u>
Total revenues	<u>325,045</u>	<u>313,385</u>	<u>316,637</u>	<u>3,252</u>
Expenditures:				
General government -				
Collection fees	3,600	3,466	3,449	17
Professional fees	<u>8,000</u>	<u>8,640</u>	<u>8,640</u>	<u>-</u>
Total general government	<u>11,600</u>	<u>12,106</u>	<u>12,089</u>	<u>17</u>
Excess of revenues over expenditures	<u>313,445</u>	<u>301,279</u>	<u>304,548</u>	<u>3,269</u>
Other financing uses:				
Transfer to General Fund	(170,000)	(170,000)	(170,000)	-
Transfer to Utility Fund	<u>(100,000)</u>	<u>(85,000)</u>	<u>(85,000)</u>	<u>-</u>
Total other financing uses	<u>(270,000)</u>	<u>(255,000)</u>	<u>(255,000)</u>	<u>-</u>
Net change in fund balance	43,445	46,279	49,548	3,269
Fund balance, beginning	<u>176,266</u>	<u>176,266</u>	<u>176,266</u>	<u>-</u>
Fund balance, ending	<u>\$219,711</u>	<u>\$222,545</u>	<u>\$225,814</u>	<u>\$ 3,269</u>

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

Budgetary Comparison Schedule
For the Year Ended December 31, 2017

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Sales taxes	\$ -	\$ 18,200	\$ 18,822	\$ 622
Interest	-	-	8	8
Total revenues	-	18,200	18,830	630
Expenditures:				
General government - Collection fees	-	200	104	96
Excess of revenues over expenditures	-	18,000	18,726	726
Fund balance, beginning	24,084	24,084	24,084	-
Fund balance, ending	<u>\$ 24,084</u>	<u>\$ 42,084</u>	<u>\$ 42,810</u>	<u>\$ 726</u>

TOWN OF DUSON, LOUISIANA

Schedule of Employer's Share of Net Pension Liability
For the Year Ended December 31, 2017

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

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

TOWN OF DUSON, LOUISIANA

Schedule of Employer Contributions
For the Year Ended December 31, 2017

<u>Plan</u>	<u>Year Ended December 31,</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Contributions as a % of Covered Employee Payroll</u>
MERS	2017	\$ 54,365	\$ 54,365	\$ -	\$ 448,186	12.13%
	2016	43,746	43,746	-	360,643	10.25%
	2015	38,643	38,643	-	406,768	9.50%
MPERS	2017	14,943	14,943	-	47,818	31.25%
	2016	12,929	12,929	-	41,373	30.63%
	2015	10,090	10,090	-	33,082	30.50%

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

TOWN OF DUSON, LOUISIANA

Notes to the Required Supplementary Information

(1) Budget and Budgetary Accounting

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

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

(2) Pension Plans

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF DUSON, LOUISIANA

Statement of Net Position
December 31, 2017
With Comparative Totals for December 31, 2016

	2017			2016 Total
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 446,823	\$ 229,030	\$ 675,853	\$ 653,838
Investments	191,445	1,117	192,562	190,710
Receivables, net	113,505	69,748	183,253	169,331
Internal balances	(56,301)	56,301	-	-
Due from other governmental units	104,484	14,957	119,441	194,009
Prepaid items	8,309	10,785	19,094	18,654
Total current assets	<u>808,265</u>	<u>381,938</u>	<u>1,190,203</u>	<u>1,226,542</u>
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	-	239,296	239,296	234,448
Investments	-	26,519	26,519	26,264
Capital assets:				
Land and construction in progress	81,041	345,985	427,026	356,864
Capital assets, net	<u>2,011,560</u>	<u>4,340,492</u>	<u>6,352,052</u>	<u>6,309,434</u>
Total noncurrent assets	<u>2,092,601</u>	<u>4,952,292</u>	<u>7,044,893</u>	<u>6,927,010</u>
Total assets	<u>2,900,866</u>	<u>5,334,230</u>	<u>8,235,096</u>	<u>8,153,552</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>136,304</u>	<u>70,447</u>	<u>206,751</u>	<u>198,650</u>
LIABILITIES				
Current liabilities:				
Accounts and other payables	21,664	53,894	75,558	134,703
Unearned revenue	1,519	-	1,519	5,753
Capital lease payable	18,652	11,736	30,388	17,604
Payable from restricted assets:				
Customer deposits payable		59,145		55,160
Revenue bonds payable	-	23,941	23,941	22,889
Accrued interest	-	227	227	231
Total current liabilities	<u>41,835</u>	<u>148,943</u>	<u>131,633</u>	<u>236,340</u>
Noncurrent liabilities:				
Compensated absences payable	20,756	11,859	32,615	15,425
Net pension liability	430,462	212,295	642,757	594,732
Capital lease payable	19,762	213,623	233,385	38,414
Revenue bonds payable	-	1,137,755	1,137,755	1,161,696
Total noncurrent liabilities	<u>470,980</u>	<u>1,575,532</u>	<u>2,046,512</u>	<u>1,810,267</u>
Total liabilities	<u>512,815</u>	<u>1,724,475</u>	<u>2,237,290</u>	<u>2,046,607</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>14,587</u>	<u>7,337</u>	<u>21,924</u>	<u>64,785</u>
NET POSITION				
Net investment in capital assets	2,054,187	3,323,363	5,377,550	5,365,262
Restricted for debt service	-	182,502	182,502	182,432
Restricted for sales tax dedication	409,216	-	409,216	310,666
Unrestricted	46,365	167,000	213,365	382,450
Total net position	<u>\$2,509,768</u>	<u>\$3,672,865</u>	<u>\$6,182,633</u>	<u>\$6,240,810</u>

TOWN OF DUSON

Comparative Balance Sheet
General and Special Revenue Funds
December 31, 2017 and 2016

	General		1969 Sales Tax Special Revenue		1983 Sales Tax Special Revenue		Hotel Motel Sales Tax Special Revenue	
	2017	2016	2017	2016	2017	2016	2017	2016
ASSETS								
Cash and interest-bearing deposits	\$ 120,224	\$ 149,768	\$ 90,604	\$ 63,331	\$ 193,774	\$ 147,132	\$ 42,111	\$ 21,590
Investments	181,385	179,640	10,060	9,963	-	-	-	-
Receivables:								
Taxes	58,448	50,886	26,974	24,068	26,974	24,068	699	2,494
Other	410	410	-	-	-	-	-	-
Due from other governmental units	104,484	104,728	-	-	-	-	-	-
Due from other funds	23,590	23,590	50,808	42,168	74,206	65,566	-	-
Prepaid items	8,309	8,023	-	-	-	-	-	-
Total assets	<u>\$ 496,850</u>	<u>\$ 517,045</u>	<u>\$ 178,446</u>	<u>\$ 139,530</u>	<u>\$ 294,954</u>	<u>\$ 236,766</u>	<u>\$ 42,810</u>	<u>\$ 24,084</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 14,600	\$ 25,783	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	7,064	7,836	-	-	-	-	-	-
Unearned revenue	1,519	5,753	-	-	-	-	-	-
Due to other funds	97,801	74,177	37,854	29,214	69,140	60,500	-	-
Total liabilities	<u>120,984</u>	<u>113,549</u>	<u>37,854</u>	<u>29,214</u>	<u>69,140</u>	<u>60,500</u>	<u>-</u>	<u>-</u>
Fund balances -								
Nonspendable - prepaid items	8,309	8,023	-	-	-	-	-	-
Restricted - sales tax dedications	-	-	140,592	110,316	225,814	176,266	42,810	24,084
Unassigned	367,557	395,473	-	-	-	-	-	-
Total fund balances	<u>375,866</u>	<u>403,496</u>	<u>140,592</u>	<u>110,316</u>	<u>225,814</u>	<u>176,266</u>	<u>42,810</u>	<u>24,084</u>
Total liabilities and fund balances	<u>\$ 496,850</u>	<u>\$ 517,045</u>	<u>\$ 178,446</u>	<u>\$ 139,530</u>	<u>\$ 294,954</u>	<u>\$ 236,766</u>	<u>\$ 42,810</u>	<u>\$ 24,084</u>

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2017
With Actual Amounts for the Year Ended 2016

	2017			Variance with Final Budget Positive (Negative)	2016
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	\$ 40,000	\$ 41,889	\$ 54,211	\$ 12,322	\$ 54,043
Franchise - electric	80,000	79,734	63,690	(16,044)	64,041
Franchise - gas	5,500	5,412	4,435	(977)	4,402
Franchise - cable TV	8,300	8,200	8,472	272	8,098
Total taxes	<u>133,800</u>	<u>135,235</u>	<u>130,808</u>	<u>(4,427)</u>	<u>130,584</u>
Occupational licenses	<u>160,000</u>	<u>153,412</u>	<u>137,607</u>	<u>(15,805)</u>	<u>126,561</u>
Intergovernmental:					
Federal -					
FEMA	-	48,817	48,817	-	5,090
State of Louisiana -					
State grants	-	16,958	11,000	(5,958)	-
Municipal police					
supplemental pay	-	38,600	38,600	-	36,017
Beer taxes	5,000	4,741	3,533	(1,208)	4,139
Grass cutting	5,500	5,400	5,450	50	5,400
Video poker revenue	560,000	612,801	608,695	(4,106)	599,072
Total intergovernmental	<u>570,500</u>	<u>727,317</u>	<u>716,095</u>	<u>(11,222)</u>	<u>649,718</u>
Fines and forfeits	<u>155,000</u>	<u>195,669</u>	<u>215,815</u>	<u>20,146</u>	<u>200,788</u>
Miscellaneous:					
Oil royalties	500	-	5	5	-
Interest income	750	1,414	1,841	427	916
Rent income	8,340	8,340	8,740	400	9,220
Sale of capital assets	3,500	14,975	14,975	-	-
Other sources	45,500	50,310	48,084	(2,226)	68,213
Total miscellaneous	<u>58,590</u>	<u>75,039</u>	<u>73,645</u>	<u>(1,394)</u>	<u>78,349</u>
Total revenues	<u>\$ 1,077,890</u>	<u>\$ 1,286,672</u>	<u>\$ 1,273,970</u>	<u>\$ (12,702)</u>	<u>\$ 1,186,000</u>

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2017
With Actual Amounts for the Year Ended 2016

	2017			Variance with Final Budget Positive (Negative)	2016
	Budget		Actual		
	Original	Final			
Current:					
General government -					
Salaries	\$ 203,000	\$ 192,300	\$ 186,629	\$ 5,671	\$ 185,607
Payroll taxes	15,000	15,000	15,349	(349)	14,322
Retirement	14,500	16,233	16,767	(534)	13,966
General insurance	35,000	21,535	19,783	1,752	42,953
Group health insurance	9,650	12,000	11,764	236	17,925
Utilities	10,600	13,578	13,296	282	12,369
Telephone	8,300	7,106	7,537	(431)	8,177
Meetings and conventions	1,700	922	1,448	(526)	846
Meals, lodging and travel	600	159	109	50	137
Advertising	4,500	5,796	5,437	359	5,057
Building permits	14,000	12,156	12,311	(155)	9,519
Computer services	2,500	7,500	6,600	900	5,519
Repairs and maintenance	3,000	2,183	1,643	540	5,067
Auto expenditures	1,000	8,013	7,829	184	6,980
Professional fees	60,000	74,224	69,731	4,493	78,021
Office expenditures	6,000	2,003	2,445	(442)	4,005
Uniforms	1,500	-	-	-	661
Training and education	200	-	-	-	200
Miscellaneous	14,900	20,402	21,270	(868)	10,776
Total general government	<u>405,950</u>	<u>411,110</u>	<u>399,948</u>	<u>11,162</u>	<u>422,107</u>
Public safety -					
Police:					
Salaries	266,638	370,675	369,960	715	338,723
Payroll taxes	26,000	29,225	28,702	523	27,552
Retirement	19,000	22,493	21,977	516	18,977
General insurance	30,000	42,453	43,189	(736)	27,298
Group health insurance	31,000	26,215	26,296	(81)	31,247
Advertising	100	1,397	1,397	-	54
Computer services	2,000	10,158	6,681	3,477	1,696
Repairs and maintenance	1,500	16,500	16,970	(470)	16,098
Professional fees	15,000	14,375	14,100	275	10,238
Supplies	10,000	25,141	25,085	56	10,189
Utilities	6,500	7,187	6,854	333	6,000
Telephone	10,000	13,609	13,438	171	11,702
Auto expenditures	31,000	26,910	27,415	(505)	23,537
Office supplies	4,100	573	73	500	3,532
Uniforms	4,500	3,909	3,489	420	8,330
Training and education	3,000	2,122	1,882	240	1,351
Miscellaneous	11,200	14,585	14,867	(282)	5,387
Total police	<u>471,538</u>	<u>627,527</u>	<u>622,375</u>	<u>5,152</u>	<u>541,911</u>

(continued)

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended December 31, 2017
With Actual Amounts for the Year Ended 2016

	2017		Actual	Variance with Final Budget Positive (Negative)	2016
	Budget				
	Original	Final			
Fire:					
General insurance	25,000	22,089	21,555	534	21,106
Utilities	8,800	10,248	9,670	578	9,336
Telephone	4,100	4,101	3,881	220	3,688
Supplies and materials	2,000	100	-	100	-
Volunteer fire department	<u>27,000</u>	<u>27,000</u>	<u>24,763</u>	<u>2,237</u>	<u>26,547</u>
Total fire	<u>66,900</u>	<u>63,538</u>	<u>59,869</u>	<u>3,669</u>	<u>60,677</u>
Total public safety	<u>538,438</u>	<u>691,065</u>	<u>682,244</u>	<u>8,821</u>	<u>602,588</u>
Streets -					
Salaries	78,000	99,000	96,763	2,237	61,536
Payroll taxes	6,000	8,000	7,408	592	5,052
Retirement	6,840	9,500	9,413	87	6,866
General insurance	24,000	25,000	26,641	(1,641)	22,171
Group health insurance	6,700	9,500	9,002	498	26,637
Professional services	1,000	1,500	1,763	(263)	291
Supplies, materials and repairs	8,700	66,100	66,413	(313)	64,247
Auto and truck expenditures	30,000	17,000	8,479	8,521	6,423
Utilities	41,000	37,000	34,820	2,180	35,816
Telephone	2,500	2,600	2,669	(69)	1,358
Office expenditures	2,500	775	316	459	1,199
Rentals	1,200	42,600	40,784	1,816	43,204
Miscellaneous	1,500	1,500	1,290	210	1,092
Contract labor	<u>35,000</u>	<u>40,000</u>	<u>44,222</u>	<u>(4,222)</u>	<u>47,415</u>
Total streets	<u>244,940</u>	<u>360,075</u>	<u>349,983</u>	<u>10,092</u>	<u>323,307</u>
Parks and recreation -					
General insurance	350	318	309	9	357
Utilities	250	254	232	22	240
Repairs and maintenance	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total parks and recreation	<u>800</u>	<u>572</u>	<u>541</u>	<u>31</u>	<u>597</u>

(continued)

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended December 31, 2017
With Actual Amounts for the Year Ended 2016

	2017			Variance with Final Budget Positive (Negative)	2016
	Original Budget	Final Budget	Actual		
Community Center -					
General insurance	7,900	9,633	9,633	-	9,633
Professional fees	-	-	-	-	80
Contract labor	-	-	-	-	3,300
Supplies and materials	1,500	3,362	3,057	305	35,203
Repairs and maintenance	500	500	1,074	(574)	371
Utilities	5,200	12,528	11,996	532	6,358
Total Community Center	<u>15,100</u>	<u>26,023</u>	<u>25,760</u>	<u>263</u>	<u>54,945</u>
Capital outlay:					
General government	-	6,000	6,009	(9)	5,875
Public safety -					
Police	20,000	77,118	65,747	11,371	107,753
Streets	40,000	56,953	49,413	7,540	855
Community Center	-	12,688	10,804	1,884	-
Total capital outlay	<u>60,000</u>	<u>152,759</u>	<u>131,973</u>	<u>20,786</u>	<u>114,483</u>
Debt service:					
Principal retirement	-	17,604	17,604	-	20,938
Interest	-	3,333	3,333	-	-
Total debt service	<u>-</u>	<u>20,937</u>	<u>20,937</u>	<u>-</u>	<u>20,938</u>
Total expenditures	<u>\$1,265,228</u>	<u>\$1,662,541</u>	<u>\$1,611,386</u>	<u>\$ 51,155</u>	<u>\$1,538,965</u>

TOWN OF DUSON, LOUISIANA
1969 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2017
With Actual Amounts for the Year Ended 2016

	2017			Variance with Final Budget Positive (Negative)	2016
	Budget		Actual		
	Original	Final			
Revenues:					
Sales taxes	\$325,000	\$ 313,247	\$316,496	\$ 3,249	\$296,149
Interest	45	294	238	(56)	111
Total revenues	<u>325,045</u>	<u>313,541</u>	<u>316,734</u>	<u>3,193</u>	<u>296,260</u>
Expenditures:					
General government -					
Collection fees	3,600	3,466	3,449	17	3,821
Professional fees	8,000	8,640	8,640	-	7,675
Total general government	<u>11,600</u>	<u>12,106</u>	<u>12,089</u>	<u>17</u>	<u>11,496</u>
Excess of revenues over expenditures	<u>313,445</u>	<u>301,435</u>	<u>304,645</u>	<u>3,210</u>	<u>284,764</u>
Other financing uses:					
Transfer to General Fund	(158,000)	(158,000)	(158,000)	-	(140,000)
Transfer to Utility Fund	<u>(185,000)</u>	<u>(134,426)</u>	<u>(116,369)</u>	<u>18,057</u>	<u>(143,311)</u>
Total other financing uses	<u>(343,000)</u>	<u>(292,426)</u>	<u>(274,369)</u>	<u>18,057</u>	<u>(283,311)</u>
Net change in fund balance	(29,555)	9,009	30,276	21,267	1,453
Fund balance, beginning	<u>110,316</u>	<u>110,316</u>	<u>110,316</u>	-	<u>108,863</u>
Fund balance, ending	<u>\$ 80,761</u>	<u>\$ 119,325</u>	<u>\$140,592</u>	<u>\$21,267</u>	<u>\$110,316</u>

TOWN OF DUSON, LOUISIANA
1983 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2017
With Actual Amounts for the Year Ended 2016

	2017			Variance with Final Budget Positive (Negative)	2016
	Budget		Actual		
	Original	Final			
Revenues:					
Sales taxes	\$ 325,000	\$ 313,247	\$ 316,496	\$ 3,249	\$ 296,149
Interest	45	138	141	3	66
Total revenues	<u>325,045</u>	<u>313,385</u>	<u>316,637</u>	<u>3,252</u>	<u>296,215</u>
Expenditures:					
General government -					
Collection fees	3,600	3,466	3,449	17	3,821
Professional fees	<u>8,000</u>	<u>8,640</u>	<u>8,640</u>	<u>-</u>	<u>7,675</u>
Total general government	<u>11,600</u>	<u>12,106</u>	<u>12,089</u>	<u>17</u>	<u>11,496</u>
Excess of revenues over expenditures	<u>313,445</u>	<u>301,279</u>	<u>304,548</u>	<u>3,269</u>	<u>284,719</u>
Other financing uses:					
Transfer to General Fund	(170,000)	(170,000)	(170,000)	-	(170,000)
Transfer to Utility Fund	<u>(100,000)</u>	<u>(85,000)</u>	<u>(85,000)</u>	<u>-</u>	<u>(85,000)</u>
Total other financing uses	<u>(270,000)</u>	<u>(255,000)</u>	<u>(255,000)</u>	<u>-</u>	<u>(255,000)</u>
Net change in fund balance	43,445	46,279	49,548	3,269	29,719
Fund balance, beginning	<u>176,266</u>	<u>176,266</u>	<u>176,266</u>	<u>-</u>	<u>146,547</u>
Fund balance, ending	<u>\$ 219,711</u>	<u>\$ 222,545</u>	<u>\$ 225,814</u>	<u>\$ 3,269</u>	<u>\$ 176,266</u>

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

Budgetary Comparison Schedule
For the Year Ended December 31, 2017
With Actual Amounts for the Year Ended 2016

	Budget		Actual	Variance with Final Budget Positive (Negative)	2016
	Original	Final			
Revenues:					
Sales taxes	\$ -	\$ 18,200	\$ 18,822	\$ 622	\$ 24,225
Interest	-	-	8	8	5
Total revenues	-	18,200	18,830	630	24,230
Expenditures:					
General government - Collection fees	-	200	104	96	146
Excess of revenues over expenditures	-	18,000	18,726	726	24,084
Fund balance, beginning	24,084	24,084	24,084	-	-
Fund balance, ending	<u>\$ 24,084</u>	<u>\$ 42,084</u>	<u>\$ 42,810</u>	<u>\$ 726</u>	<u>\$ 24,084</u>

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2017 and 2016

Records maintained by the Town indicated the following number of customers were being serviced during the months of December 31, 2017 and 2016:

<u>Department</u>	<u>2017</u>	<u>2016</u>
Water (metered)	639	661
Sewer	579	601
Sanitation	516	536

TOWN OF DUSON, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
December 31, 2017

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's Compensation - Employer's liability	\$ 100,000
Buildings and contents - Basic property coverage:	
Buildings	3,386,107
Equipment	338,313
Automobile coverage -	
General liability, aggregate	500,000
Auto liability, aggregate	500,000
Physical damage coverage	246,400
Property coverage -	
Fire and light, extended coverage, vandalism and malicious mischief	50,000
Law enforcement and public officials liability (all coverage)	1,000,000
Surety bonds -	
Town Clerk	80,000
Public employees' dishonesty bonds	200,000
Police notary bonds - \$10,000 per officer	10,000

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Net Position
December 31, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 229,030	\$ 271,907
Investments	1,117	1,107
Receivables:		
Accounts receivable, net	38,955	38,668
Unbilled utility receivables	30,793	28,737
Due from other funds	100,316	76,692
Due from other governmental units	14,957	89,281
Prepaid items	10,785	10,631
Total current assets	425,953	517,023
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	239,296	234,448
Investments	26,519	26,264
Capital assets:		
Land and construction in progress	345,985	293,365
Other capital assets, net of accumulated depreciation	4,340,492	4,298,413
Total noncurrent assets	4,952,292	4,852,490
Total assets	5,378,245	5,369,513
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	70,447	68,870
LIABILITIES		
Current liabilities:		
Accounts and other payables	53,894	17,762
Contracts payable	-	66,339
Retainage payable	-	16,983
Capital lease payable	11,736	-
Due to other funds	44,015	44,015
Payable from restricted assets -		
Customers' deposits	59,145	55,160
Revenue bonds payable	23,941	22,889
Interest payable	227	231
Total current liabilities	192,958	223,379
Compensated absences payable	11,859	6,514
Net pension liability	212,295	198,239
Capital lease payable	213,623	-
Revenue bonds payable	1,137,755	1,161,696
Total noncurrent liabilities	1,575,532	1,366,449
Total liabilities	1,768,490	1,589,828
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	7,337	8,847
NET POSITION		
Net investment in capital assets	3,323,363	3,346,760
Restricted for debt service	182,502	182,432
Unrestricted	167,000	310,516
Total net position	\$ 3,672,865	\$ 3,839,708

Water		Sewerage		Sanitation		General Administration	
2017	2016	2017	2016	2017	2016	2017	2016
<u>\$ 237,392</u>	<u>\$ 227,937</u>	<u>\$ 169,983</u>	<u>\$ 170,315</u>	<u>\$ 127,733</u>	<u>\$ 130,866</u>	<u>\$ -</u>	<u>\$ -</u>
60,066	68,094	42,199	53,330	-	-	63,244	60,187
4,821	6,662	3,267	3,007	-	-	4,133	4,743
11,881	13,069	12,410	6,568	-	-	13,141	9,740
51,485	33,929	46,475	27,763	-	-	-	-
2,189	3,883	20,866	17,340	-	-	12,595	13,510
13,838	13,429	29,549	25,919	-	-	-	-
27,839	24,556	10,614	8,414	-	-	1,262	1,346
16,469	10,723	13,378	8,998	-	-	18,327	18,093
3,614	5,763	250	605	-	-	-	-
35,017	20,436	13,863	10,719	-	-	-	-
-	-	-	-	88,352	89,317	-	-
2,110	2,043	3,016	2,185	-	-	-	-
2,248	1,105	1,960	962	1,484	744	-	-
72,847	72,194	143,567	145,094	-	-	-	-
1,025	1,561	-	-	-	-	-	-
7,262	9,477	-	-	-	-	-	-
-	973	-	220	-	-	-	-
5,924	3,297	6,042	1,922	-	-	-	50
<u>49,998</u>	<u>46,382</u>	<u>35,801</u>	<u>34,657</u>	<u>26,903</u>	<u>26,630</u>	<u>(112,702)</u>	<u>(107,669)</u>
<u>368,633</u>	<u>337,576</u>	<u>383,257</u>	<u>347,703</u>	<u>116,739</u>	<u>116,691</u>	<u>-</u>	<u>-</u>
<u>\$ (131,241)</u>	<u>\$ (109,639)</u>	<u>\$ (213,274)</u>	<u>\$ (177,388)</u>	<u>\$ 10,994</u>	<u>\$ 14,175</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Receipts from customers	\$ 532,765	\$ 527,361
Payments to suppliers	(416,505)	(362,504)
Payments to employees	<u>(177,730)</u>	<u>(196,023)</u>
Net cash used by operating activities	<u>(61,470)</u>	<u>(31,166)</u>
Cash flows from noncapital financing activities:		
Cash received from (paid to) other funds	(41,838)	7,835
Transfers from other funds	<u>219,583</u>	<u>228,311</u>
Net cash provided by noncapital financing activities	<u>177,745</u>	<u>236,146</u>
Cash flows from capital and related financing activities:		
Principal paid on notes payable	(22,889)	(21,884)
Interest paid on notes payable	(56,118)	(53,844)
Proceeds from capital lease	225,359	-
Increase (decrease) in customer deposits payable	3,985	(200)
Acquisition of property, plant and equipment	(394,434)	(138,708)
Proceeds from grants	<u>89,281</u>	<u>104,030</u>
Net cash used by capital and related financing activities	<u>(154,816)</u>	<u>(110,606)</u>
Cash flows from investing activities:		
Purchase of investments	(265)	(125)
Interest on investments	<u>777</u>	<u>628</u>
Net cash provided by investing activities	<u>512</u>	<u>503</u>
Net increase (decrease) in cash and cash equivalents	(38,029)	94,877
Cash and cash equivalents, beginning of period	<u>506,355</u>	<u>411,478</u>
Cash and cash equivalents, end of period	<u>\$ 468,326</u>	<u>\$ 506,355</u>

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows (Continued)
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	<u>\$(333,521)</u>	<u>\$(272,852)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	216,414	217,288
Pension expense	16,658	12,512
Changes in current assets and liabilities:		
Increase in accounts receivable	(287)	(208)
Increase in unbilled utility receivable	(2,056)	(1,549)
(Increase) decrease in prepaid items	(154)	708
Increase in accounts payable	36,132	11,140
Increase in compensated absences	5,345	1,795
Total adjustments	<u>272,052</u>	<u>241,686</u>
Net cash used by operating activities	<u>\$ (61,469)</u>	<u>\$ (31,166)</u>
Reconciliation of cash and cash equivalents per statement of cash flows to the statement of net position:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 258,749	\$ 171,623
Interest-bearing deposits - unrestricted	13,158	13,138
Cash - restricted	28,896	28,161
Interest-bearing deposits - restricted	<u>205,552</u>	<u>198,556</u>
Total cash and cash equivalents	<u>506,355</u>	<u>411,478</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	211,628	258,749
Interest-bearing deposits - unrestricted	17,402	13,158
Cash - restricted	32,881	28,896
Interest-bearing deposits - restricted	<u>206,415</u>	<u>205,552</u>
Total cash and cash equivalents	<u>468,326</u>	<u>506,355</u>
Net increase (decrease)	<u>\$ (38,029)</u>	<u>\$ 94,877</u>

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Duson, Louisiana (the Town) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 15, 2018.

Internal Control Over Financial Reporting

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

Our 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 or material weaknesses, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan, we identified certain deficiencies in internal control that we 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. 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. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 2017-001(IC) and 2017-002 (IC) to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2017-003(C).

Town of Duson, Louisiana's Response to Findings

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

Purpose of this Report

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 15, 2018

TOWN OF DUSON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
For the Year Ended December 31, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>CURRENT YEAR (12/31/17) --</u>						
<u>Internal Control:</u>						
2017-001(IC)	2007	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Karen Laviolette, Town Clerk	N/A
2017-002(IC)	2007	The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Karen Laviolette, Town Clerk	N/A
<u>Compliance:</u>						
2017-003(C)	2017	The Town did not publish a notice of a public hearing or advertise that a proposed budget was available for public inspection at least ten days prior to the public hearing as required by Louisiana R.S. 39:1307(B).	No	The Town will properly advertise budget announcements and related public hearings as required by state law in the future.	Karen Laviolette, Town Clerk	12/31/2018
<u>Management Letter:</u>						
2017-004(ML)	2004	The Utility Fund water and sewerage departments experienced operating losses. Town officials should develop a strategy and plan for future operations of these departments including increasing the utility rates and/or decreasing expenses in order for these departments to operate on a profitable basis.	No	In 2016, town officials increased utility rates for these services in order to reduce operating losses. Management will closely monitor the operation of all departments to determine which expenses can be reduced in order to operate on a profitable basis.	Karen Laviolette, Town Clerk	12/31/2018

(continued)

TOWN OF DUSON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
For the Year Ended December 31, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (12/31/17) - (Continued) --						
2017-005(ML)	2013	The Town did not maintain proper controls related to the safeguarding of assets and inventory, including tagging assets and annual physical inventory counts.	Partial	In order to provide better controls management will implement procedures to verify that assets will be tagged and an annual inventory will be conducted.	Karen Laviolette, Town Clerk	12/31/2018
PRIOR YEAR (12/31/16) --						
<u>Internal Control:</u>						
2016-001(IC)	2007	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Karen Laviolette, Town Clerk	N/A
2016-002(IC)	2007	The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the government to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Karen Laviolette, Town Clerk	N/A
2016-003(IC)	2009	In order to increase controls over cash, the use of signature stamps should be eliminated.	Yes	The Town will obtain original signatures on all disbursements.	Karen Laviolette, Town Clerk	Immediately

(continued)

TOWN OF DUSON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
For the Year Ended December 31, 2017

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR (12/31/16) - (Continued) --						
<u>Compliance:</u>						
2016-004(C)	2009	The Town did not properly handle delinquent ad valorem taxes with notices, advertisements, and/or sales as required by Article VII, Section 25 of the Constitution of Louisiana.	Yes	Town personnel will pursue collection of taxes. Unpaid taxes will be properly handled (i.e. notices, advertisements, sales, etc.)	Karen Laviolette, Town Clerk	12/31/2017
<u>Management Letter:</u>						
2016-005(ML)	2004	The Utility Fund water and sewerage departments experienced operating losses. Town officials should develop a strategy and plan for future operations of these departments including increasing the utility rates and/or decreasing expenses in order for these departments to operate on a profitable basis.	No	In 2012, town officials increased utility rates for these services in order to reduce operating losses. Management will closely monitor the operation of all departments to determine which expenses can be reduced in order to operate on a profitable basis.	Karen Laviolette, Town Clerk	12/31/2017
2016-006(ML)	2013	The Town did not maintain proper controls related to the safeguarding of assets and inventory, including tagging assets and annual physical inventory counts.	Partial	In order to provide better controls management will implement procedures to verify that assets will be tagged and an annual inventory will be conducted.	Karen Laviolette, Town Clerk	12/31/2017
2016-007(ML)	2015	The Town should strictly enforce collection efforts and cutoff policies for all utility accounts.	Yes	The Town will adhere to cutoff policies in the future.	Karen Laviolette, Town Clerk	Immediately

KOLDER, SLAVEN & COMPANY, LLC

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MANAGEMENT LETTER

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

We have completed our audit of the basic financial statements of the Town of Duson, Louisiana for the year ended December 31, 2017, and submit the following recommendations for your consideration. These items were also included in our management letter dated June 7, 2017 relative to our audit of the December 31, 2016 basic financial statements and are mentioned again for re-emphasis.

- (1) *The Utility Fund water and sewerage departments are currently experiencing operating losses. Town officials should develop a strategy and plan for future operations of these departments including increasing these utility rates and/or decreasing expenses in order for these departments to operate on a profitable basis.*
- (2) *The Town did not maintain proper controls related to the safeguarding of assets and inventory, including tagging assets and annual physical inventory counts.*

In conclusion, we express our appreciation to you and your staff, particularly your office staff, for the courtesies and assistance rendered to us in the performance of our audit. Should you have any questions or need assistance, please feel free to contact us.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 15, 2018

TOWN OF DUSON, LOUISIANA

Independent Accountant's Report
On Applying Agreed-Upon Procedures

Year Ended December 31, 2017

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by management of the Town of Duson (Entity) and the Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2017 through December 31, 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, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. 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.

Written policies and procedures were obtained and address the functions noted above.

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.

Written policies and procedures were obtained and address the functions noted above except for the following: how vendors are added to the vendor list.

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

Written policies and procedures were obtained and address the functions noted above.

d) **Receipts**, including receiving, recording, and preparing deposits.

There were no written policies and procedures to address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above except for the following: payroll processing.

- 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.

There were no written policies and procedures to address the functions noted above.

- 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.

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- 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.

There were no written policies and procedures to address the functions noted above.

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

There were no written policies and procedures to address the functions noted above.

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.

There were no exceptions noted as a result of applying this procedure.

- 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).

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no exceptions as a result of applying this procedure.

Bank Reconciliations

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

A listing of client bank accounts and management's representation that the listing is complete were obtained.

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). 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;

There were no exceptions noted as a result of applying this procedure.

- 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

Monthly bank reconciliations had no evidence of management reviews for all of the 8 bank accounts tested.

- 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.

For 2 of the 8 bank accounts tested, there was no documentation reflecting that the entity had 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.

A listing of cash collection locations and management's representation that the listing is complete were obtained.

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). 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.

There were no exceptions noted as a result of applying this procedure.

- 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.

There is no formal written process to reconcile cash collections to the general ledger by revenue source, by a person who is not responsible for cash collections.

- 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.

The highest (dollar) week of cash collections for each location was obtained along with collection documentation, deposit slips, and bank statements. The variances between dates of collections and dates of deposits range from 1-5 days.

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.

There were no exceptions noted as a result of applying this procedure.

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.

The Town does not have a written policy to determine the completeness of all 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.

A listing of disbursements and management's representation that the listing is complete were obtained.

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.

Of 25 selected disbursements tested, 5 checks did not have a purchase order nor the equivalent of a purchase order available.

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

Of 25 selected disbursements tested, 12 purchases were not approved by a person who did not initiate the purchase.

- 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.

Of 25 selected disbursement tested, 13 transactions had no approvals nor receiving reports indicating goods were received.

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.

The Town does not have written documentation that prohibits the person responsible for processing payments from adding vendors to the purchasing/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 Town does not have written documentation that prohibits the person with signatory authority or the person that makes the final authorization for disbursements from initiating or recording purchases.

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.

Inquiry of management indicated that unused check stock is maintained in a locked location.

12. 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.

The Town does not use signature stamps or a signature machine.

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.

A listing of active credit cards, bank debit cards, fuel cards and the name of the person who maintains possession of the cards and management's representation that the listing is complete was obtained.

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.

Ten cards were randomly selected.

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.

One of ten statements selected for testing had no written evidence that the monthly credit card statements and supporting documentation had been approved by someone other than the card holder.

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

There were no exceptions noted as a result of applying this procedure.

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)

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no exceptions noted as a result of applying this procedure.

- 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).

There were no exceptions noted as a result of applying this procedure.

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.

A listing of travel and expense reimbursements by person and management's representation that the listing is complete were obtained.

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) and report any amounts that exceed GSA rates.

There were no exceptions noted as a result of applying this procedure.

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.

There were no exceptions noted as a result of applying this procedure.

- 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.]

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

- 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).

There were no exceptions noted as a result of applying this procedure.

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

There were no exceptions noted as a result of applying this procedure.

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.

A listing of all contracts in effect during the fiscal period and management's representation that the listing is complete were obtained.

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.

There were no exceptions noted as a result of applying this procedure.

- 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)

There were no exceptions noted as a result of applying this procedure.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

There were no exceptions noted as a result of applying this procedure.

- 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.

There were no contract amendments.

- 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 no exceptions noted as a result of applying this procedure.

- 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).

There were no exceptions noted as a result of applying this procedure.

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:

A listing of employees with their related salaries and management's representation that the listing is complete were obtained. Five employees were randomly selected and their personnel files were obtained.

- 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.

There were no exceptions noted as a result of applying this procedure.

- a) 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 pay rates/ salaries changes were not approved in writing in accordance with written policy.

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.)

There were no exceptions noted as a result of applying this procedure.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

There were no exceptions noted as a result of applying this procedure.

- 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 were no exceptions noted as a result of applying this procedure.

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.

There were no exceptions noted as a result of applying this procedure.

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.

There were no exceptions noted as a result of applying this procedure.

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.

One of five employees selected had no 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.

Management asserted that they have received no allegations 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.

There were no exceptions noted as a result of applying this procedure.

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.

There were no exceptions noted as a result of applying this procedure.

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.

The Town has no tax millages relating to debt service; therefore, this procedure is 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.

Management has asserted that the entity did not have any 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) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Town does not have the required notices posted on its premises and website.

33. Report any exceptions regarding management’s representations in the procedures above.

There were no exceptions noted as a result of applying the above procedures.

Management's Response:

Management of the Town of Duson concurs with the exceptions and are working to address the deficiencies identified.

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

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 15, 2018