

TOWN OF DUSON, LOUISIANA

Financial Report

Year Ended December 31, 2012

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

JUL 24 2013

Release Date _____

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INDEPENDENT AUDITORS' REPORT

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

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, 2012, 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.

Auditors' 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, 2012, 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 on pages 41 through 47 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 prior year comparative information on the required supplementary information has been derived from the Town's 2011 financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Town of Duson, Louisiana 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 49 through 57 is presented for purposes of additional analysis and is not a required part of the financial statements.

This other supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

The schedule of the number of utility customers and the schedule of insurance in force have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it. The prior year comparative information included in the other supplementary information has been derived from the Town of Duson's 2011 basic financial statements, which was subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, was fairly presented in all material respects in relation to the basic financial statements taken as a whole, except for the schedule of number of utility customers and the schedule of insurance in force which were not subjected to the auditing procedures and on which we expressed no opinion.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have issued our report dated June 20, 2013, 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 of Duson, Louisiana's internal control over financial reporting and compliance.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 20, 2013

BASIC FINANCIAL STATEMENTS

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

TOWN OF DUSON, LOUISIANA

**Statement of Net Position
December 31, 2012**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 25,357	\$ 63,820	\$ 89,177
Investments	18,580	1,102	19,682
Receivables, net	102,944	66,141	169,085
Internal balances	(66,003)	66,003	-
Due from other governmental units	92,915	-	92,915
Prepaid items	22,911	45,742	68,653
Total current assets	196,704	242,808	439,512
Noncurrent assets:			
Restricted assets:			
Cash and interest-bearing deposits	-	172,184	172,184
Investments	-	26,107	26,107
Capital assets:			
Land	62,827	63,130	125,957
Capital assets, net	2,345,547	5,053,163	7,398,710
Total noncurrent assets	2,408,374	5,314,584	7,722,958
Total assets	2,605,078	5,557,392	8,162,470
LIABILITIES			
Current liabilities:			
Accounts and other payables	49,078	62,440	111,518
Deferred revenue	2,084	-	2,084
Revenue bonds payable	-	19,125	19,125
Accrued interest	-	247	247
Total current liabilities	51,162	81,812	132,974
Noncurrent liabilities:			
Customer deposits payable	-	44,240	44,240
Revenue bonds payable	-	1,247,395	1,247,395
Total noncurrent liabilities	-	1,291,635	1,291,635
Total liabilities	51,162	1,373,447	1,424,609
NET POSITION			
Invested in capital assets, net of related debt	2,408,374	3,868,898	6,277,272
Restricted for debt service	-	134,679	134,679
Unrestricted	145,542	180,368	325,910
Total net position	\$2,553,916	\$4,183,945	\$6,737,861

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, 2012

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	\$ 467,559	\$ 129,418	\$ -	\$ -	\$ (338,141)	\$ -	\$ (338,141)
Public safety:							
Police	425,988	70,993	-	-	(354,995)	-	(354,995)
Fire	63,797	-	-	-	(63,797)	-	(63,797)
Streets	390,838	-	5,700	-	(385,138)	-	(385,138)
Parks and recreation	2,677	-	-	-	(2,677)	-	(2,677)
Community center	40,538	-	-	-	(40,538)	-	(40,538)
Total governmental activities	<u>1,391,397</u>	<u>200,411</u>	<u>5,700</u>	<u>-</u>	<u>(1,185,286)</u>	<u>-</u>	<u>(1,185,286)</u>
Business-type activities:							
Water	339,588	213,400	-	27,738	-	(98,450)	(98,450)
Sewer	430,356	148,858	-	16,000	-	(265,498)	(265,498)
Sanitation	131,707	136,044	-	-	-	4,337	4,337
Total business-type activities	<u>901,651</u>	<u>498,302</u>	<u>-</u>	<u>43,738</u>	<u>-</u>	<u>(359,611)</u>	<u>(359,611)</u>
Total	<u>\$ 2,293,048</u>	<u>\$ 698,713</u>	<u>\$ 5,700</u>	<u>\$ 43,738</u>	<u>(1,185,286)</u>	<u>(359,611)</u>	<u>(1,544,897)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes							
					38,563	-	38,563
Sales and use taxes, levied for general purposes							
					549,774	-	549,774
Franchise taxes							
					68,228	-	68,228
Grants and contributions not restricted to specific programs -							
State sources							
					532,103	-	532,103
Interest and investment earnings							
					316	319	635
Miscellaneous							
					48,211	-	48,211
Transfers							
					(223,000)	223,000	-
Total general revenues and transfers							
					<u>1,014,195</u>	<u>223,319</u>	<u>1,237,514</u>
Change in net position							
					(171,091)	(136,292)	(307,383)
Net position - January 1, 2012							
					<u>2,725,007</u>	<u>4,320,237</u>	<u>7,045,244</u>
Net position - December 31, 2012							
					<u>\$ 2,553,916</u>	<u>\$ 4,183,945</u>	<u>\$ 6,737,861</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 therefor; 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.

Capital Projects Fund

LCDBG Community Center Construction Fund-

To accumulate funds for the construction of the 2009 Community Center project provided by the Louisiana Community Development Block Grant and General Fund revenues (transfers).

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, 2012

	<u>General</u>	<u>1969 Sales Tax Special Revenue</u>	<u>1983 Sales Tax Special Revenue</u>	<u>LCDBG Community Center Construction</u>	<u>Total</u>
ASSETS					
Cash and interest-bearing deposits	\$ 10,998	\$ 265	\$13,984	\$ 110	\$ 25,357
Investments	8,677	9,903	-	-	18,580
Receivables:					
Taxes	53,956	24,289	24,289	-	102,534
Other	410	-	-	-	410
Due from other governmental units	92,915	-	-	-	92,915
Due from other funds	-	20,629	-	-	20,629
Prepaid items	<u>22,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,911</u>
Total assets	<u>\$189,867</u>	<u>\$55,086</u>	<u>\$38,273</u>	<u>\$ 110</u>	<u>\$283,336</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 25,272	\$ 635	\$ 635	\$ -	\$ 26,542
Accrued liabilities	22,536	-	-	-	22,536
Deferred revenue	2,084	-	-	-	2,084
Due to other funds	<u>83,913</u>	<u>-</u>	<u>2,609</u>	<u>110</u>	<u>86,632</u>
Total liabilities	<u>133,805</u>	<u>635</u>	<u>3,244</u>	<u>110</u>	<u>137,794</u>
Fund balances -					
Nonspendable - prepaid items	22,911	-	-	-	22,911
Restricted - sales tax dedications	-	54,451	35,029	-	89,480
Unassigned	<u>33,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,151</u>
Total fund balances	<u>56,062</u>	<u>54,451</u>	<u>35,029</u>	<u>-</u>	<u>145,542</u>
Total liabilities and fund balances	<u>\$189,867</u>	<u>\$55,086</u>	<u>\$38,273</u>	<u>\$ 110</u>	<u>\$283,336</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, 2012

Total fund balances for governmental funds at December 31, 2012		\$ 145,542
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	
Buildings and improvements, net of \$199,589 accumulated depreciation	1,179,299	
Infrastructure, net of \$553,957 accumulated depreciation	895,446	
Equipment and vehicles net of \$786,147 accumulated depreciation	<u>270,802</u>	<u>2,408,374</u>
Total net position of governmental activities at December 31, 2012		<u>\$2,553,916</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, 2012

	General	1969 Sales Tax Special Revenue	1983 Sales Tax Special Revenue	LCDBG Community Center Construction	Total
Revenues:					
Taxes	\$ 106,791	\$ 274,887	\$ 274,887	\$ -	\$ 656,565
Licenses and permits	129,418	-	-	-	129,418
Intergovernmental	537,803	-	-	-	537,803
Fines and forfeits	70,993	-	-	-	70,993
Miscellaneous	<u>51,363</u>	<u>149</u>	<u>135</u>	-	<u>51,647</u>
Total revenues	<u>896,368</u>	<u>275,036</u>	<u>275,022</u>	-	<u>1,446,426</u>
Expenditures:					
Current -					
General government	433,329	7,031	7,031	-	447,391
Public safety:					
Police	398,895	-	-	-	398,895
Fire	59,644	-	-	-	59,644
Streets	320,406	-	-	-	320,406
Parks and recreation	1,832	-	-	-	1,832
Community Center	14,662	-	-	-	14,662
Capital outlay	<u>34,094</u>	-	-	-	<u>34,094</u>
Total expenditures	<u>1,262,862</u>	<u>7,031</u>	<u>7,031</u>	-	<u>1,276,924</u>
Excess (deficiency) of revenues over expenditures	<u>(366,494)</u>	<u>268,005</u>	<u>267,991</u>	-	<u>169,502</u>
Other financing sources (uses):					
Transfers in	338,000	-	-	-	338,000
Transfers out	<u>(19,300)</u>	<u>(263,700)</u>	<u>(278,000)</u>	-	<u>(561,000)</u>
Total other financing sources (uses)	<u>318,700</u>	<u>(263,700)</u>	<u>(278,000)</u>	-	<u>(223,000)</u>
Net changes in fund balances	(47,794)	4,305	(10,009)	-	(53,498)
Fund balances, beginning	<u>103,856</u>	<u>50,146</u>	<u>45,038</u>	-	<u>199,040</u>
Fund balances, ending	<u>\$ 56,062</u>	<u>\$ 54,451</u>	<u>\$ 35,029</u>	<u>\$ -</u>	<u>\$ 145,542</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, 2012**

Total net changes in fund balances at December 31, 2012 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$ (53,498)
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	\$ 34,094
Depreciation expense for the year ended December 31, 2012	(145,707)
Loss on sales and disposals of assets	<u>(5,980)</u> <u>(117,593)</u>
Total changes in net position at December 31, 2012 per Statement of Activities	<u>\$(171,091)</u>

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

TOWN OF DUSON, LOUISIANA

Statement of Net Position
Proprietary Fund
December 31, 2012

	<u>Utility Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and interest-bearing deposits	\$ 63,820
Investments	1,102
Receivables:	
Accounts receivable, net	41,561
Unbilled utility receivables	24,580
Due from other funds	66,003
Prepaid items	<u>45,742</u>
Total current assets	<u>242,808</u>
Noncurrent assets:	
Restricted assets -	
Cash and interest-bearing deposits	172,184
Investments	26,107
Capital assets:	
Land	63,130
Other capital assets, net of accumulated depreciation	<u>5,053,163</u>
Total noncurrent assets	<u>5,314,584</u>
Total assets	<u>5,557,392</u>
LIABILITIES	
Current liabilities:	
Accounts payable	35,760
Accrued liabilities	26,680
Payable from restricted assets -	
Revenue bonds payable	19,125
Interest payable	<u>247</u>
Total current liabilities	<u>81,812</u>
Noncurrent liabilities:	
Customers' deposits	44,240
Revenue bonds payable	<u>1,247,395</u>
Total noncurrent liabilities	<u>1,291,635</u>
Total liabilities	<u>1,373,447</u>
NET POSITION	
Invested in capital assets, net of related debt	3,868,898
Restricted for debt service	134,679
Unrestricted	<u>180,368</u>
Total net position	<u>\$4,183,945</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, 2012**

	<u>Utility Enterprise Fund</u>
Operating revenues:	
Charges for services -	
Water charges	\$ 213,400
Sewer service charges	148,858
Sanitation charges	<u>136,044</u>
Total operating revenues	<u>498,302</u>
Operating expenses:	
Salaries	169,336
Payroll taxes	13,204
Retirement	12,877
General insurance	76,716
Auto and truck expense	7,510
Utilities and telephone	29,562
Maintenance and repairs	77,934
Supplies and parts	50,787
Office expense	4,690
Garbage collection fees	99,490
Bad debt expense	5,494
Depreciation expense	217,570
Dues and fees	1,313
Professional fees	20,996
Computer services	865
Contract services	10,565
Group health insurance	40,618
Meals, lodging and travel	403
Miscellaneous	<u>4,282</u>
Total operating expenses	<u>844,212</u>
Operating loss	<u>(345,910)</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, 2012

	<u>Utility Enterprise Fund</u>
Nonoperating revenues (expenses):	
Interest income	319
Interest expense	<u>(57,439)</u>
Total nonoperating revenues (expenses)	<u>(57,120)</u>
 Loss before contributions and transfers	 (403,030)
 Capital contributions	 43,738
 Transfers in	 <u>223,000</u>
 Change in net position	 (136,292)
 Net position, beginning	 <u>4,320,237</u>
 Net position, ending	 <u>\$4,183,945</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, 2012**

	<u>Utility Enterprise Fund</u>
Cash flows from operating activities:	
Receipts from customers	\$ 494,936
Payments to suppliers	(376,151)
Payments to employees	<u>(182,540)</u>
Net cash used by operating activities	<u>(63,755)</u>
 Cash flows from noncapital financing activities:	
Cash paid to other funds	(68,566)
Transfers from other funds	<u>223,000</u>
Net cash provided by noncapital financing activities	<u>154,434</u>
 Cash flows from capital and related financing activities:	
Principal paid on notes payable	(18,285)
Interest paid on notes payable	(57,435)
Increase in customer deposits payable	1,260
Acquisition of property, plant and equipment	(50,588)
Proceeds from grants	<u>43,738</u>
Net cash used by capital and related financing activities	<u>(81,310)</u>
 Cash flows from investing activities:	
Purchase of investments	(39)
Interest on investments	<u>319</u>
Net cash provided by investing activities	<u>280</u>
 Net increase in cash and cash equivalents	9,649
 Cash and cash equivalents, beginning of period	<u>226,355</u>
 Cash and cash equivalents, end of period	<u>\$ 236,004</u>

(continued)

TOWN OF DUSON, LOUISIANA

Statement of Cash Flows
 Proprietary Fund - (Continued)
 For the Year Ended December 31, 2012

	<u>Utility Enterprise Fund</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	<u>\$(345,910)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	217,570
Changes in current assets and liabilities:	
Increase in accounts receivable	(5,337)
Decrease in unbilled utility receivable	1,971
Decrease in due from other governmental units	11,705
Decrease in prepaid items	12,017
Increase in accounts payable	25,849
Increase in accrued liabilities	<u>18,380</u>
Total adjustments	<u>282,155</u>
Net cash used by operating activities	<u>\$ (63,755)</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	\$ 50,571
Interest-bearing deposits - unrestricted	16,757
Cash - restricted	6,150
Interest-bearing deposits - restricted	<u>152,877</u>
Total cash and cash equivalents	<u>226,355</u>
Cash and cash equivalents, end of period -	
Cash - unrestricted	47,045
Interest-bearing deposits - unrestricted	16,775
Cash - restricted	6,460
Interest-bearing deposits - restricted	<u>165,724</u>
Total cash and cash equivalents	<u>236,004</u>
Net increase	<u>\$ 9,649</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. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. 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, liabilities, 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, liabilities, 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)

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.
- 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 assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows, 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 nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "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 the related fund liability is incurred, except for general obligation bond principal and interest which are reported when 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, Liabilities, 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, 2012, all of the Town's investments are in the Louisiana Asset Management Pool (LAMP), which are stated at amortized cost.

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, 2012. 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, 2012 was \$40,323. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month were \$24,580 at December 31, 2012.

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 assets. 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 principle 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. At December 31, 2012, the Town has no material accumulated leave benefits required to be reported in accordance with GASB Statement No. 16 "Accounting for Compensated Absences".

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Equity Classifications

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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:

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

G. Budget and Budgetary Accounting

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

1. 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.
2. 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.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. 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.
5. 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.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. 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.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

H. 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, 2012, there was no borrowing for assets under construction and no capitalized interest expense was recorded on the books.

I. 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.

J. Report Classification

Certain previously reported amounts for the year ended December 31, 2011 have been reclassified to conform to the December 31, 2012 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, 2012, taxes of 7.63 mills were levied on property with assessed valuations totaling \$5,047,930 and were dedicated for general corporate purposes.

Total taxes levied were \$38,563. Taxes receivable at December 31, 2012, consisted of the following:

Taxes receivable - current roll	\$30,600
Taxes receivable - prior roll	<u>15,927</u>
	<u>\$46,527</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Sales and Use Tax

Proceeds of a 1 percent sales and use tax (accounted for in the 1969 Sales Tax Fund - a special revenue fund) levied by the Town of Duson (2012 collections \$274,887; 2011 collections \$243,358) 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 a 1 percent sales and use tax (accounted for in the 1983 Sales Tax Fund - a special revenue fund) levied by the Town of Duson (2012 collections \$274,887; 2011 collections \$243,358) 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.

(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, 2012, the Town had cash and interest-bearing deposits (book balances) totaling \$261,361 as follows:

Demand deposits	\$ 89,109
Savings and money market accounts	<u>172,252</u>
Total	<u>\$261,361</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the Town or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) totaling \$269,591 were fully secured by federal deposit insurance at December 31.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Investments

Investments in the amount of \$45,789 at December 31, 2012 are in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state wide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by the Securities and Exchange Commission's (SEC's) Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. The fair market value of the Town's investment in LAMP is the same as the value of the pool shares. Normally, investments are required to be reported at fair value. For purposes of determining participants' shares, investments are valued at amortized cost. Investments in an external investment pool can be reported at amortized cost of the external investment pool. LAMP is an external investment pool that operates in a manner consistent with SEC Rule 2a7. The fair value of the investment is not materially different from the reported amount. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

(6) Receivables

Receivables at December 31, 2012 of \$169,085 consist of the following:

	General	1969 Sales Tax	1983 Sales Tax	Utility	Total
Accounts	\$ -	\$ -	\$ -	\$ 41,561	\$ 41,561
Unbilled accounts	-	-	-	24,580	24,580
Taxes:					
Ad valorem	46,527	-	-	-	46,527
Sales tax	-	24,289	24,289	-	48,578
Franchise tax	7,429	-	-	-	7,429
Other	410	-	-	-	410
Totals	<u>\$ 54,366</u>	<u>\$ 24,289</u>	<u>\$ 24,289</u>	<u>\$ 66,141</u>	<u>\$ 169,085</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(7) Due from Other Governmental Units

Amounts due from other governmental units of \$92,915 at December 31, 2012 consisted of the following:

General Fund:

Amount due from the State of Louisiana for video poker receipts for the months of November 30, 2012 and December 31, 2012.	\$ 91,466
Amount due from the State of Louisiana for beer tax revenues earned during fiscal year ending December 31, 2012.	<u>1,449</u>
	<u>\$ 92,915</u>

(8) Restricted Assets - Proprietary Fund Type

Restricted assets of \$198,291 consisted of the following at December 31, 2012:

Bond sinking fund	\$104,640
Bond reserve fund	12,674
Bond contingency fund	48,410
Customers' deposits:	
Cash	6,460
Investments	<u>26,107</u>
	<u>\$198,291</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>Balance 01/01/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/12</u>
Governmental activities:				
Capital assets not being depreciated:				
Land and construction in progress	\$ 62,827	\$ -	\$ -	\$ 62,827
Other capital assets:				
Buildings and improvements	1,378,888	-	-	1,378,888
Infrastructure	1,449,403	-	-	1,449,403
Equipment and vehicles	<u>1,073,120</u>	<u>34,094</u>	<u>50,265</u>	<u>1,056,949</u>
Totals	<u>3,964,238</u>	<u>34,094</u>	<u>50,265</u>	<u>3,948,067</u>
Less accumulated depreciation				
Buildings and improvements	165,044	34,545	-	199,589
Infrastructure	514,703	39,254	-	553,957
Equipment and vehicles	<u>758,524</u>	<u>71,908</u>	<u>44,285</u>	<u>786,147</u>
Total accumulated depreciation	<u>1,438,271</u>	<u>145,707</u>	<u>44,285</u>	<u>1,539,693</u>
Governmental activities, capital assets, net	<u>\$2,525,967</u>	<u>\$ (111,613)</u>	<u>\$ 5,980</u>	<u>\$2,408,374</u>
Business-type activities:				
Capital assets not being depreciated:				
Land and construction in progress	\$ 63,130	\$ -	\$ -	\$ 63,130
Other capital assets:				
Plant and equipment - water system	3,240,422	28,138	-	3,268,560
Plant and equipment - sewer system	5,590,892	22,442	850	5,612,484
Office equipment	<u>30,046</u>	<u>-</u>	<u>-</u>	<u>30,046</u>
Totals	<u>8,924,490</u>	<u>50,580</u>	<u>850</u>	<u>8,974,220</u>
Less accumulated depreciation				
Plant and equipment - water system	1,761,945	68,335	-	1,830,280
Plant and equipment - sewer system	1,854,007	147,606	850	2,000,763
Office equipment	<u>25,255</u>	<u>1,629</u>	<u>-</u>	<u>26,884</u>
Total accumulated depreciation	<u>3,641,207</u>	<u>217,570</u>	<u>850</u>	<u>3,857,927</u>
Business-type activities, capital assets, net	<u>\$5,283,283</u>	<u>\$ (166,990)</u>	<u>\$ -</u>	<u>\$5,116,293</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 20,168
Police	27,591
Fire	4,153
Streets	67,074
Park and recreation	845
Community center	<u>25,876</u>
Total depreciation expense	<u>\$145,707</u>

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

Water	\$ 69,964
Sewerage	<u>147,606</u>
Total depreciation expense	<u>\$217,570</u>

(10) Accounts and Other Payables

The accounts and other payables of \$111,518 at December 31, 2012 consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Accounts	\$26,542	\$35,760	\$ 62,302
Payroll withholdings	6,809	3,809	10,618
Compensated absences	3,167	4,923	8,090
Insurance	9,569	16,719	26,288
Other liabilities	<u>2,991</u>	<u>1,229</u>	<u>4,220</u>
Totals	<u>\$49,078</u>	<u>\$62,440</u>	<u>\$111,518</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, 2012:

	Business-type Activities
Long-term debt payable, January 1, 2012	\$ 1,284,805
Long-term debt issued	-
Long-term debt retired	<u>(18,285)</u>
Long-term debt payable, December 31, 2012	<u>\$ 1,266,520</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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 **\$1,266,520**

The bonds are due as follows:

<u>Year ending December 31,</u>	<u>Business-type Activities</u>	
	<u>Principal payments</u>	<u>Interest payments</u>
2013	19,125	56,602
2014	20,003	55,723
2015	20,923	54,805
2016	21,884	53,843
2017	22,889	52,838
2018-2022	131,218	247,417
2023-2027	164,259	209,453
2028-2032	205,619	173,015
2033-2037	257,392	121,245
2038-2042	322,203	56,433
2043-2044	81,005	2,195
Total	<u>\$1,266,520</u>	<u>\$1,083,569</u>

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

Sewer Revenue Bonds

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

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

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

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

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.

(13) Employee Retirement

All employees are members of one of the following retirement systems:

- Federal Social Security System
- Municipal Employees' Retirement System of Louisiana
- Municipal Police Employees' Retirement System of Louisiana

Pertinent information relative to each plan follows:

A) Federal Social Security System

All employees of the Town of Duson participate in the Social Security System. For the year ended December 31, 2012, the Town and its employees contributed a percentage of each employee's salary to the System (7.65% contributed by the Town, 5.65% by the employee). The Town's contribution during the years ended December 31, 2012, 2011, and 2010, amounted to \$51,505, \$49,112, and \$51,615 respectively.

B) Municipal Employees' Retirement System of Louisiana System

Eligible employees of the Town participate in the Municipal Employees' Retirement System, which is a cost-sharing, multiple-employer defined benefit public employee retirement system. The plan is controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description - The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The system issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Funding policy – Under Plan B, members are required by the state to contribute 5.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 8.0%. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan B for the years ending December 31, 2012, 2011, and 2010 were \$34,087, \$29,749, and \$24,630, respectively, equal to the required contributions for each year.

C) Municipal Police Employees' Retirement System of Louisiana (System)

Eligible employees of the Town participate in the Municipal Police Employees' Retirement System, which is a cost-sharing, multiple-employer defined benefit public employee retirement system. The plan is controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows:

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

Plan description – All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee’s average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees’ Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809-7017.

Funding Policy - Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 31% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contributions to the System for the years ending December 31, 2012, 2011, and 2010 were \$38,723, \$46,314, and \$34,877, respectively, equal to the required contributions for each year.

(14) **Segment Information for the Enterprise Fund**

The Town of Duson maintains one enterprise fund with three departments which provide water, sewerage and sanitation services. Segment information for the year ended December 31, 2012 was as follows:

	<u>Water Department</u>	<u>Sewerage Department</u>	<u>Sanitation Department</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$ 213,400	\$ 148,858	\$ 136,044	\$ 498,302
Operating expenses:				
Depreciation	69,964	147,606	-	217,570
Other	<u>269,624</u>	<u>225,311</u>	<u>131,707</u>	<u>626,642</u>
Total operating expenses	<u>339,588</u>	<u>372,917</u>	<u>131,707</u>	<u>844,212</u>
Operating income (loss)	<u>\$(126,188)</u>	<u>\$(224,059)</u>	<u>\$ 4,337</u>	<u>\$(345,910)</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

(15) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2012 follows:

Johnny Thibodeaux	\$ 42,838
Aldermen:	
Carroll Pepper	8,759
Eugene Cahanin	7,963
Jimmy Champagne	7,963
Daniel Forestier	7,963
Marquita Henrey	<u>7,963</u>
Total	<u>\$ 83,449</u>

(16) Pending Litigation

At December 31, 2012, the Town is involved in a lawsuit claiming damages. In the opinion of the Town's legal counsel, there will be no liability to the Town in excess of insurance coverage.

(17) 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.

(18) Interfund Transactions

A. Interfund receivables and payables consisted of the following at December 31, 2012:

Due to other funds from the General Fund for reimbursement of expenditures paid	\$ 83,913
Due to other funds from the 1983 Sales Tax for reimbursement of expenditures paid	2,609
Due to other funds from the LCDBG Fund for reimbursement of expenditures paid	<u>110</u>
Total	<u>\$ 86,632</u>
Due from other funds, Balance Sheet - Governmental Funds	\$ 20,629
Due from other funds, Statement of Net Position - Proprietary Fund	<u>66,003</u>
Total	<u>\$ 86,632</u>

TOWN OF DUSON, LOUISIANA

Notes to Basic Financial Statements (Continued)

B. Transfers consisted of the following at December 31, 2012:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$338,000	\$ 19,300
1969 Sales Tax Special Revenue Fund	-	263,700
1983 Sales Tax Special Revenue Fund	-	278,000
Proprietary Fund:		
Enterprise Fund	223,000	-
Total	\$561,000	\$561,000

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.

(19) **New Accounting Pronouncements**

In June, 2011, the Governmental Accounting Standards Board (GASB) approved Statement No. 65, "Items Previously Reported as Assets and Liabilities." The statement classifies certain items that were previously reported as assets and liabilities to deferred outflows of resources or deferred inflows of resources. The provisions of GASB Statement No. 65 must be implemented by the Authority for the year ending December 31, 2013. The effect of implementation on the Town's financial statements has not yet been determined.

In June, 2012, the GASB approved Statement No. 67, "Financial Reporting for Pension Plans" and Statement No. 68, "Accounting and Financial Reporting for Pensions." GASB Statement No. 67 replaces the requirements of GASB Statement Nos. 25 and 50 relating to financial reporting and note disclosures of pension plans. GASB Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through plans covered by Statement No. 67. The provisions of GASB Statement No. 67 must be implemented by the Town for the year ending December 31, 2014 and provisions of GASB Statement No. 68 must be implemented by the Town for the year ending December 31, 2015. The effect of implementation of these statements on the Authority's financial statements has not yet been determined.

(20) **Subsequent Event Review**

The Town's management has evaluated subsequent events through June 20, 2013, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2012
With Actual Amounts for the Year ended December 31, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual		
	Original	Final			
Revenues:					
Taxes	\$ 123,300	\$ 129,556	\$ 106,791	\$ (22,765)	\$ 124,598
Licenses and permits	130,000	125,000	129,418	4,418	137,479
Intergovernmental	621,450	536,054	537,803	1,749	605,197
Fines and forfeits	100,000	73,000	70,993	(2,007)	94,297
Miscellaneous	<u>22,900</u>	<u>54,620</u>	<u>51,363</u>	<u>(3,257)</u>	<u>76,547</u>
Total revenues	<u>997,650</u>	<u>918,230</u>	<u>896,368</u>	<u>(21,862)</u>	<u>1,038,118</u>
Expenditures:					
Current -					
General government	346,665	467,091	433,329	33,762	390,975
Public safety:					
Police	421,056	347,758	398,895	(51,137)	406,374
Fire	29,000	59,655	59,644	11	27,593
Streets	270,150	312,694	320,406	(7,712)	299,343
Parks and recreation	2,400	1,313	1,832	(519)	1,228
Community center	-	11,071	14,662	(3,591)	9,051
Capital outlay	<u>55,000</u>	<u>60,648</u>	<u>34,094</u>	<u>26,554</u>	<u>102,633</u>
Total expenditures	<u>1,124,271</u>	<u>1,260,230</u>	<u>1,262,862</u>	<u>(2,632)</u>	<u>1,237,197</u>
Deficiency of revenues over expenditures	<u>(126,621)</u>	<u>(342,000)</u>	<u>(366,494)</u>	<u>(24,494)</u>	<u>(199,079)</u>
Other financing sources (uses):					
Transfer from 1969 Sales Tax Fund	100,000	160,000	160,000	-	131,701
Transfer from 1983 Sales Tax Fund	100,000	168,000	168,000	-	162,000
Transfer from Utility Fund	-	-	10,000	10,000	-
Transfer from (to) LCDBG Fund	-	-	-	-	(661)
Transfer from (to) Utility Fund	<u>-</u>	<u>-</u>	<u>(19,300)</u>	<u>(19,300)</u>	<u>(9,910)</u>
Total other financing sources (uses)	<u>200,000</u>	<u>328,000</u>	<u>318,700</u>	<u>(9,300)</u>	<u>283,130</u>
Net change in fund balance	73,379	(14,000)	(47,794)	(33,794)	84,051
Fund balance, beginning	<u>103,856</u>	<u>103,856</u>	<u>103,856</u>	<u>-</u>	<u>19,805</u>
Fund balance, ending	<u>\$ 177,235</u>	<u>\$ 89,856</u>	<u>\$ 56,062</u>	<u>\$ (33,794)</u>	<u>\$ 103,856</u>

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Revenues
For the Year Ended December 31, 2012
With Actual Amounts For the Year Ended December 31, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual		
	Original	Final			
Taxes:					
Ad valorem	45,000	40,475	38,563	\$ (1,912)	43,255
Franchise - electric	65,000	75,152	56,080	(19,072)	68,548
Franchise - gas	7,300	6,481	4,850	(1,631)	5,701
Franchise - cable TV	<u>6,000</u>	<u>7,448</u>	<u>7,298</u>	<u>(150)</u>	<u>7,095</u>
Total taxes	<u>123,300</u>	<u>129,556</u>	<u>106,791</u>	<u>(22,765)</u>	<u>124,599</u>
Occupational licenses	<u>130,000</u>	<u>125,000</u>	<u>129,418</u>	<u>4,418</u>	<u>137,479</u>
Intergovernmental:					
Federal -					
Office of Homeland Security	-	-	-	-	26,165
American Recovery & Reinvestment	-	-	-	-	40,249
State of Louisiana -					
State grants	80,000	-	-	-	13,114
Beer taxes	6,000	5,904	5,857	(47)	5,934
Grass cutting	5,450	5,700	5,700	-	5,450
Video poker revenue	<u>530,000</u>	<u>524,450</u>	<u>526,246</u>	<u>1,796</u>	<u>513,564</u>
Total intergovernmental	<u>621,450</u>	<u>536,054</u>	<u>537,803</u>	<u>1,749</u>	<u>604,476</u>
Fines and forfeits	<u>100,000</u>	<u>73,000</u>	<u>70,993</u>	<u>(2,007)</u>	<u>94,297</u>
Miscellaneous:					
Oil royalties	9,000	8,790	6,740	(2,050)	10,100
Interest income	1,000	37	32	(5)	14
Rent income	8,400	10,113	10,270	157	6,000
Sale of capital assets	-	-	3,120	3,120	-
Other sources	<u>4,500</u>	<u>35,680</u>	<u>31,201</u>	<u>(4,479)</u>	<u>31,532</u>
Total miscellaneous	<u>22,900</u>	<u>54,620</u>	<u>51,363</u>	<u>(3,257)</u>	<u>47,646</u>
Total revenues	<u>997,650</u>	<u>918,230</u>	<u>896,368</u>	<u>(21,862)</u>	<u>1,008,497</u>

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures
For the Year Ended December 31, 2012
With Actual Amounts for the Year Ended December 31, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual		
	Original	Final			
Current:					
General government -					
Salaries	\$168,465	\$186,117	\$185,351	\$ 766	\$171,833
Payroll taxes	12,000	14,133	14,651	(518)	13,945
Retirement	9,600	11,092	11,399	(307)	9,871
General insurance	20,000	68,740	44,976	23,764	37,425
Group health insurance	56,500	57,625	58,041	(416)	44,051
Utilities	9,000	6,742	6,716	26	8,628
Telephone	7,500	7,727	7,734	(7)	7,285
Meetings and conventions	500	1,745	710	1,035	1,241
Meals, lodging and travel	600	87	317	(230)	545
Advertising	6,000	2,917	2,870	47	4,983
Building permits	5,000	31,708	24,756	6,952	12,082
Computer services	3,000	1,127	844	283	12,458
Repairs and maintenance	5,000	-	6,436	(6,436)	3,048
Auto expenditures	300	667	293	374	134
Professional fees	20,000	64,503	45,052	19,451	36,874
Office expenditures	12,400	7,929	8,188	(259)	13,271
Uniforms	1,500	320	240	80	938
Training and education	300	-	65	(65)	-
Miscellaneous	9,000	3,912	14,690	(10,778)	12,363
Total general government	<u>346,665</u>	<u>467,091</u>	<u>433,329</u>	<u>33,762</u>	<u>390,975</u>
Public safety -					
Police:					
Salaries	179,000	143,764	195,750	(51,986)	179,691
Payroll taxes	13,000	11,500	17,051	(5,551)	16,399
Retirement	48,000	41,399	38,723	2,676	46,314
General insurance	42,660	33,296	41,863	(8,567)	34,986
Group health insurance	46,300	28,012	26,309	1,703	40,451
Computer services	-	8,000	3,900	4,100	8,642
Repairs and maintenance	2,000	-	11,692	(11,692)	11,578
Professional fees	12,000	10,717	8,148	2,569	11,200
Supplies	2,000	25,964	1,149	24,815	7,142
Utilities	4,000	5,144	4,627	517	4,400
Telephone	8,500	9,800	9,964	(164)	7,429
Auto expenditures	34,000	17,588	28,652	(11,064)	22,850
Office supplies	1,200	2,364	3,413	(1,049)	2,156
Uniforms	2,000	1,053	2,812	(1,759)	1,168
Training and education	1,396	360	435	(75)	54
Miscellaneous	25,000	8,797	4,407	4,390	11,914
Total police	<u>421,056</u>	<u>347,758</u>	<u>398,895</u>	<u>(51,137)</u>	<u>406,374</u>

(continued)

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended December 31, 2012
With Actual Amounts for the Year Ended December 31, 2011

	2012		Actual	Variance with Final Budget	
	Budget			(Negative)	2011
	Original	Final			
Fire:					
General insurance	16,000	16,413	16,823	(410)	13,724
Utilities	7,000	6,229	5,796	433	7,577
Telephone	2,500	3,513	3,525	(12)	3,113
Supplies and materials	-	-	-	-	179
Volunteer fire department	3,500	33,500	33,500	-	3,000
Total fire	<u>29,000</u>	<u>59,655</u>	<u>59,644</u>	<u>11</u>	<u>27,593</u>
Total public safety	<u>450,056</u>	<u>407,413</u>	<u>458,539</u>	<u>(51,126)</u>	<u>433,967</u>
Streets -					
Salaries	94,220	119,599	124,058	(4,459)	105,719
Payroll taxes	7,000	9,023	10,064	(1,041)	8,986
Retirement	8,000	9,409	9,731	(322)	8,097
General insurance	33,210	37,839	43,899	(6,060)	36,415
Group health insurance	51,020	38,882	41,139	(2,257)	41,470
Professional services	5,000	1,171	-	1,171	1,485
Supplies, materials and repairs	18,400	40,411	31,149	9,262	41,341
Auto and truck expenditures	14,000	16,744	16,610	134	16,829
Utilities	33,000	36,044	37,581	(1,537)	33,845
Telephone	4,000	408	3,808	(3,400)	3,419
Office expenditures	300	2,667	1,185	1,482	399
Miscellaneous	2,000	497	1,182	(685)	1,338
Total streets	<u>270,150</u>	<u>312,694</u>	<u>320,406</u>	<u>(7,712)</u>	<u>299,343</u>
Parks and recreation -					
General insurance	1,000	477	515	(38)	373
Utilities	500	836	197	639	225
Repairs and maintenance	900	-	1,120	(1,120)	630
Total parks and recreation	<u>2,400</u>	<u>1,313</u>	<u>1,832</u>	<u>(519)</u>	<u>1,228</u>

(continued)

TOWN OF DUSON, LOUISIANA
General Fund

Budgetary Comparison Schedule - Expenditures (Continued)
For the Year Ended December 31, 2012
With Actual Amounts for the Year Ended December 31, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Original Budget	Final Budget	Actual		
Community center -					
General insurance	-	-	2,118	(2,118)	-
Janitorial services	-	-	400	(400)	-
Office expenditures	-	-	2,789	(2,789)	-
Professional fees	-	427	-	427	1,325
Contract services	-	-	400	(400)	-
Supplies & Materials	-	2,824	1,575	1,249	5,320
Repairs and maintenance	-	-	688	(688)	-
Utilities	-	7,820	6,692	1,128	2,406
Total community center	<u>-</u>	<u>11,071</u>	<u>14,662</u>	<u>(3,591)</u>	<u>9,051</u>
Capital outlay:					
General government -					
Equipment	-	14,000	-	14,000	16,472
Public safety -					
Police:					
Equipment	-	-	4,450	(4,450)	21,215
Automobile	25,000	38,330	25,400	12,930	-
Fire:					
Equipment	30,000	-	-	-	26,428
Streets -					
Equipment	-	8,318	3,095	5,223	10,616
Vehicles	-	-	600	(600)	-
Community center -					
Equipment	-	-	549	(549)	27,902
Total capital outlay	<u>55,000</u>	<u>60,648</u>	<u>34,094</u>	<u>26,554</u>	<u>102,633</u>
Total expenditures	<u>\$1,124,271</u>	<u>\$1,260,230</u>	<u>\$1,262,862</u>	<u>\$ (2,632)</u>	<u>\$1,237,197</u>

TOWN OF DUSON, LOUISIANA
1969 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2012
With Actual Amounts for the Year Ended December 31, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual		
	Original	Final			
Revenues:					
Sales taxes	\$250,000	\$267,240	\$274,887	\$ 7,647	\$243,358
Interest	250	148	149	1	140
Total revenues	<u>250,250</u>	<u>267,388</u>	<u>275,036</u>	<u>7,648</u>	<u>243,498</u>
Expenditures:					
General government -					
Collection fees	1,400	1,280	1,136	144	1,186
Professional fees	2,500	5,620	5,895	(275)	3,114
Miscellaneous	500	-	-	-	28
Total general government	<u>4,400</u>	<u>6,900</u>	<u>7,031</u>	<u>(131)</u>	<u>4,328</u>
Excess of revenues over expenditures	<u>245,850</u>	<u>260,488</u>	<u>268,005</u>	<u>7,517</u>	<u>239,170</u>
Other financing uses:					
Transfer to General Fund	(100,000)	(160,000)	(160,000)	-	(131,701)
Transfer to Utility Fund	(150,000)	(103,700)	(103,700)	-	(128,943)
Total other financing uses	<u>(250,000)</u>	<u>(263,700)</u>	<u>(263,700)</u>	<u>-</u>	<u>(260,644)</u>
Net change in fund balance	(4,150)	(3,212)	4,305	7,517	(21,474)
Fund balance, beginning	50,146	50,146	50,146	-	71,620
Fund balance, ending	<u>\$ 45,996</u>	<u>\$ 46,934</u>	<u>\$ 54,451</u>	<u>\$ 7,517</u>	<u>\$ 50,146</u>

TOWN OF DUSON, LOUISIANA
1983 Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
For the Year Ended December 31, 2012
With Actual Amounts for the Year Ended December 31, 2011

	2012			Variance with Final Budget Positive (Negative)	2011
	Budget		Actual		
	Original	Final			
Revenues:					
Sales taxes	\$250,000	\$267,240	\$274,887	\$ 7,647	\$243,546
Interest	250	132	135	3	129
Total revenues	<u>250,250</u>	<u>267,372</u>	<u>275,022</u>	<u>7,650</u>	<u>243,675</u>
Expenditures:					
General government -					
Collection fees	1,400	1,280	1,136	144	1,186
Professional fees	3,000	5,620	5,895	(275)	3,114
Total general government	<u>4,400</u>	<u>6,900</u>	<u>7,031</u>	<u>(131)</u>	<u>4,300</u>
Excess of revenues over expenditures	<u>245,850</u>	<u>260,472</u>	<u>267,991</u>	<u>7,519</u>	<u>239,375</u>
Other financing uses:					
Transfer to General Fund	(100,000)	(168,000)	(168,000)	-	(162,000)
Transfer to Utility Fund	(150,000)	(110,000)	(110,000)	-	(146,075)
Total other financing uses	<u>(250,000)</u>	<u>(278,000)</u>	<u>(278,000)</u>	<u>-</u>	<u>(308,075)</u>
Net change in fund balance	(4,150)	(17,528)	(10,009)	7,519	(68,700)
Fund balance, beginning	<u>45,038</u>	<u>45,038</u>	<u>45,038</u>	<u>-</u>	<u>113,738</u>
Fund balance, ending	<u>\$ 40,888</u>	<u>\$ 27,510</u>	<u>\$ 35,029</u>	<u>\$ 7,519</u>	<u>\$ 45,038</u>

OTHER SUPPLEMENTARY INFORMATION

TOWN OF DUSON, LOUISIANA

Statement of Net Position
December 31, 2012
With Comparative Totals for December 31, 2011

	2012			2011 Total
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current assets:				
Cash and interest-bearing deposits	\$ 25,357	\$ 63,820	\$ 89,177	\$ 137,148
Investments	18,580	1,102	19,682	33,635
Receivables, net	102,944	66,141	169,085	148,060
Internal balances	(66,003)	66,003	-	-
Due from other governmental units	92,915	-	92,915	80,839
Prepaid items	22,911	45,742	68,653	84,375
Total current assets	196,704	242,808	439,512	484,057
Noncurrent assets:				
Restricted assets:				
Cash and interest-bearing deposits	-	172,184	172,184	159,027
Investments	-	26,107	26,107	26,069
Capital assets:				
Land and construction in progress	62,827	63,130	125,957	125,957
Capital assets, net	2,345,547	5,053,163	7,398,710	7,683,293
Total noncurrent assets	2,408,374	5,314,584	7,722,958	7,994,346
Total assets	2,605,078	5,557,392	8,162,470	8,478,403
LIABILITIES				
Current liabilities:				
Accounts and other payables	49,078	62,440	111,518	102,404
Deferred revenue	2,084	-	2,084	2,719.0
Revenue bonds payable	-	19,125	19,125	18,285
Accrued interest	-	247	247	251
Total current liabilities	51,162	81,812	132,974	123,659
Noncurrent liabilities:				
Customer deposits payable	-	44,240	44,240	42,980
Revenue bonds payable	-	1,247,395	1,247,395	1,266,520
Total noncurrent liabilities	-	1,291,635	1,291,635	1,309,500
Total liabilities	51,162	1,373,447	1,424,609	1,433,159
NET POSITION				
Invested in capital assets, net of related debt	2,408,374	3,868,898	6,277,272	6,542,730
Restricted for debt service	-	134,679	134,679	123,580
Unrestricted	145,542	180,368	325,910	378,934
Total net position	\$2,553,916	\$4,183,945	\$6,737,861	\$ 7,045,244

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

TOWN OF DUSON

Comparative Balance Sheet
General and Special Revenue Funds
December 31, 2012 and 2011

	General		1969 Sales Tax Special Revenue		1983 Sales Tax Special Revenue	
	2012	2011	2012	2011	2012	2011
ASSETS						
Cash and interest-bearing deposits	\$ 10,998	\$ 48,449	\$ 265	\$ 3,427	\$ 13,984	\$ 17,834
Investments	8,677	22,646	9,903	9,888	-	-
Receivables:						
Taxes	53,956	53,613	24,289	14,653	24,289	14,653
Other	410	2,366	-	-	-	-
Due from other governmental units	92,915	69,134	-	-	-	-
Due from other funds	-	-	20,629	22,533	-	12,906
Prepaid items	22,911	26,616	-	-	-	-
Total assets	<u>\$ 189,867</u>	<u>\$ 222,824</u>	<u>\$ 55,086</u>	<u>\$ 50,501</u>	<u>\$ 38,273</u>	<u>\$ 45,393</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 25,272	\$ 23,594	\$ 635	\$ 355	\$ 635	\$ 355
Accrued liabilities	22,536	59,011	-	-	-	-
Deferred revenue	2,084	2,719	-	-	-	-
Due to other funds	83,913	33,644	-	-	2,609	-
Total liabilities	<u>133,805</u>	<u>118,968</u>	<u>635</u>	<u>355</u>	<u>3,244</u>	<u>355</u>
Fund balances (as restated) -						
Nonspendable - prepaid items	22,911	26,616	-	-	-	-
Restricted - sales tax dedications	-	-	54,451	50,146	35,029	45,038
Unassigned	33,151	77,240	-	-	-	-
Total fund balances	<u>56,062</u>	<u>103,856</u>	<u>54,451</u>	<u>50,146</u>	<u>35,029</u>	<u>45,038</u>
Total liabilities and fund balances	<u>\$ 189,867</u>	<u>\$ 222,824</u>	<u>\$ 55,086</u>	<u>\$ 50,501</u>	<u>\$ 38,273</u>	<u>\$ 45,393</u>

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2012 and 2011

Records maintained by the Town indicated the following number of customers were being serviced during the months of December, 2012 and 2011:

<u>Department</u>	<u>2012</u>	<u>2011</u>
Water (metered)	648	642
Sewer	593	589
Sanitation	521	523

TOWN OF DUSON, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
December 31, 2012

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's Compensation - Employer's liability	\$ 100,000
Buildings and contents - Basic property coverage:	
Buildings	2,223,957
Equipment	1,453,252
Automobile coverage -	
General liability, aggregate	500,000
Auto liability, aggregate	500,000
Physical damage coverage	246,912
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, 2012 and 2011

	2012	2011
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 63,820	\$ 67,328
Investments	1,102	1,101
Receivables:		
Accounts receivable, net	41,561	36,224
Unbilled utility receivables	24,580	26,551
Due from other funds	66,003	-
Due from other governmental units	-	11,705
Prepaid items	45,742	57,759
Total current assets	242,808	200,668
Noncurrent assets:		
Restricted assets -		
Cash and interest-bearing deposits	172,184	159,027
Investments	26,107	26,069
Capital assets:		
Land and construction in progress	63,130	63,130
Other capital assets, net of accumulated depreciation	5,053,163	5,220,153
Total noncurrent assets	5,314,584	5,468,379
Total assets	5,557,392	5,669,047
LIABILITIES		
Current liabilities:		
Accounts payable	35,760	9,911
Accrued liabilities	26,680	8,300
Due to other funds	-	2,563
Payable from restricted assets -		
Revenue bonds payable	19,125	18,285
Interest payable	247	251
Total current liabilities	81,812	39,310
Noncurrent liabilities:		
Customers' deposits	44,240	42,980
Revenue bonds payable	1,247,395	1,266,520
Total noncurrent liabilities	1,291,635	1,309,500
Total liabilities	1,373,447	1,348,810
NET POSITION		
Invested in capital assets, net of related debt	3,868,898	4,016,763
Restricted for debt service	134,679	123,580
Unrestricted	180,368	179,894
Total net position	\$4,183,945	\$4,320,237

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

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Revenues, Expenses, and Changes in Net Position -
For the Years Ended December 31, 2012 and 2011

	Total	
	2012	2011
Operating revenues:		
Customer service charges	\$ 498,302	\$ 466,432
Operating expenses:		
Salaries	169,336	161,110
Payroll taxes	13,204	13,293
Retirement	12,877	11,781
Maintenance and repairs	77,934	72,966
Professional fees	20,996	23,844
Utilities and telephone	29,562	35,076
General insurance	76,716	67,684
Group health insurance	40,618	41,013
Office expense	4,690	4,747
Supplies and parts	50,787	33,890
Garbage collection fees	99,490	104,225
Auto and truck expense	7,510	7,293
Bad debts expense	5,494	11,570
Depreciation expense	217,570	217,098
Dues and fees	1,313	1,391
Computer services	865	466
Contract services	10,565	8,559
Meals, lodging and travel	403	48
Miscellaneous	4,282	782
Allocation of general and administrative expenses	-	-
Total operating expenses	844,212	816,836
Operating loss	(345,910)	(350,404)
Nonoperating revenues (expenses):		
Interest income	319	489
Interest expense	(57,439)	(58,242)
Total nonoperating revenues (expenses)	(57,120)	(57,753)
Loss before contributions and transfers	(403,030)	(408,157)
Capital contributions	43,738	32,999
Transfers in	223,000	284,928
Change in net position	(136,292)	(90,230)
Net position, beginning	4,320,237	4,410,467
Net position, ending	\$4,183,945	\$4,320,237

<u>Water</u>		<u>Sewerage</u>		<u>Sanitation</u>		<u>General Administration</u>	
<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>\$ 213,400</u>	<u>\$ 186,423</u>	<u>\$ 148,858</u>	<u>\$ 144,748</u>	<u>\$ 136,044</u>	<u>\$ 135,261</u>	<u>\$ -</u>	<u>\$ -</u>
59,468	58,030	51,795	47,950	-	-	58,073	55,130
4,445	4,602	4,049	3,963	-	-	4,710	4,728
4,442	4,116	3,907	3,557	-	-	4,528	4,108
35,261	44,467	42,673	28,499	-	-	-	-
2,027	6,001	4,529	4,917	-	-	14,440	12,926
9,644	12,494	19,918	22,582	-	-	-	-
41,500	34,490	24,641	27,384	-	-	10,575	5,810
11,517	11,286	9,898	9,304	-	-	19,203	20,423
4,469	4,578	221	169	-	-	-	-
30,053	24,523	20,734	9,367	-	-	-	-
-	-	-	-	99,490	104,225	-	-
3,892	3,418	3,618	3,875	-	-	-	-
1,891	3,970	1,856	3,915	1,747	3,685	-	-
69,964	68,978	147,606	148,120	-	-	-	-
1,248	300	65	1,091	-	-	-	-
800	346	65	120	-	-	-	-
10,565	8,559	-	-	-	-	-	-
326	48	77	-	-	-	-	-
281	492	3,925	290	-	-	76	-
<u>47,795</u>	<u>41,217</u>	<u>33,340</u>	<u>32,003</u>	<u>30,470</u>	<u>29,905</u>	<u>(111,605)</u>	<u>(103,125)</u>
<u>339,588</u>	<u>331,915</u>	<u>372,917</u>	<u>347,106</u>	<u>131,707</u>	<u>137,815</u>	<u>-</u>	<u>-</u>
<u>\$ (126,188)</u>	<u>\$ (145,492)</u>	<u>\$ (224,059)</u>	<u>\$ (202,358)</u>	<u>\$ 4,337</u>	<u>\$ (2,554)</u>	<u>\$ -</u>	<u>\$ -</u>

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows
For the Years Ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities:		
Receipts from customers	\$ 494,936	\$ 478,193
Payments to suppliers	(376,151)	(450,066)
Payments to employees	<u>(182,540)</u>	<u>(174,403)</u>
Net cash used by operating activities	<u>(63,755)</u>	<u>(146,276)</u>
 Cash flows from noncapital financing activities:		
Cash received from other funds	-	2,563
Cash paid to other funds	(68,566)	(70,189)
Transfers from other funds	<u>223,000</u>	<u>284,928</u>
Net cash provided by noncapital financing activities	<u>154,434</u>	<u>217,302</u>
 Cash flows from capital and related financing activities:		
Principal paid on notes payable	(18,285)	(17,413)
Interest paid on notes payable	(57,435)	(58,239)
Increase in customer deposits payable	1,260	2,010
Acquisition of property, plant and equipment	(50,588)	(31,544)
Proceeds from grants	<u>43,738</u>	<u>32,999</u>
Net cash used by capital and related financing activities	<u>(81,310)</u>	<u>(72,187)</u>
 Cash flows from investing activities:		
Purchase of investments	(39)	(30)
Interest on investments	<u>319</u>	<u>489</u>
Net cash provided by investing activities	<u>280</u>	<u>459</u>
 Net increase (decrease) in cash and cash equivalents	9,649	(702)
 Cash and cash equivalents, beginning of period	<u>226,355</u>	<u>227,057</u>
 Cash and cash equivalents, end of period	<u>\$ 236,004</u>	<u>\$ 226,355</u>

(continued)

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows (Continued)
For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating loss	<u>\$(345,910)</u>	<u>\$(350,404)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	217,570	217,098
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(5,337)	11,281
Decrease in unbilled utility receivable	1,971	480
(Increase) decrease in due from other governmental units	11,705	(1,920)
Decrease in other receivables	-	7,638
Decrease in prepaid items	12,017	4,773
Increase (decrease) in accounts payable	25,849	(23,339)
Increase (decrease) in accrued liabilities	<u>18,380</u>	<u>(11,883)</u>
Total adjustments	<u>282,155</u>	<u>204,128</u>
Net cash used by operating activities	<u>\$ (63,755)</u>	<u>\$ (146,276)</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	\$ 50,571	\$ 48,364
Interest-bearing deposits - unrestricted	16,757	17,230
Cash - restricted	6,150	3,635
Interest-bearing deposits - restricted	<u>152,877</u>	<u>157,828</u>
Total cash and cash equivalents	<u>226,355</u>	<u>227,057</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	47,045	50,571
Interest-bearing deposits - unrestricted	16,775	16,757
Cash - restricted	6,460	6,150
Interest-bearing deposits - restricted	<u>165,724</u>	<u>152,877</u>
Total cash and cash equivalents	<u>236,004</u>	<u>226,355</u>
Net increase (decrease)	<u>\$ 9,649</u>	<u>\$ (702)</u>

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

**INTERNAL CONTROL, COMPLIANCE
AND
OTHER MATTERS**

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INDEPENDENT AUDITORS' 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

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, 2012, 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 20, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Duson, Louisiana'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 Town of Duson, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Duson, Louisiana'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. 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 12-1(IC), 12-2 (IC), and 12-3(IC) to be material weaknesses.

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 deficiency described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 12-2(IC) to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Duson, Louisiana'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 12-5(C).

Town'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

The purpose of this report is 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 20, 2013

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, 2012

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
CURRENT YEAR (12/31/12) --						
<u>Internal Control:</u>						
12-1(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.	Harriet O'Brien, Town Clerk	N/A
12-2(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.	Harriet O'Brien, Town Clerk	N/A
12-3(IC)	2009	Management should consider implementing policies and procedures to increase controls over cash. Specifically, the following should be addressed: (1) The number of authorized signers on all bank accounts should be restricted to the mayor, certain council members and other management officials. (2) Consideration should be given to reducing the required number of check signatures from three to two.	Partial	The Town concurs and will perform the following: (1) Limit the authorized signers on all bank accounts to the mayor, certain council members, and other management officials. (2) Management will consider reducing the number of required signatures.	Harriet O'Brien, 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, 2012

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
CURRENT YEAR (12/31/12) --						
<u>Internal Control (Continued):</u>						
12-4(IC)	2012	Management should implement policies and procedures to increase controls over traffic tickets books. Specifically, the following should be addressed: (1) Ticket books should only be issued after the previous ticket book is accounted for. (2) Ticket books should only be issued to the intended police officer of that book. (3) Ticket books should be turned in on a timely basis.	No	The Town will modify procedures to include the following: (1) Police officers will be required to turn in all outstanding citation books prior to issuance of a new book. (2) Officers will be responsible for obtaining their own ticket books. (3) Ticket log will be monitored by police clerk to verify ticket books will be turned in on a timely basis.	Harriet O'Brien, Town Clerk	Immediately
<u>Compliance:</u>						
12-5(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.	No	Town personnel will pursue collection of taxes. Unpaid taxes will be properly handled (i.e. notices, advertisements, sales, etc.)	Harriet O'Brien, Town Clerk	Immediately
<u>Management Letter:</u>						
12-6(ML)	2004	The Utility Fund water and sewerage departments experienced operating losses. The Town should consider increasing these utility rates and/or decreasing expenses in order for these departments to operate on a profitable basis.	No	During 2009, 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.	Harriet O'Brien, 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, 2012

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
CURRENT YEAR (12/31/12) –						
<u>Management Letter (Continued):</u>						
12-7(ML)	2008	Town personnel should reconcile all interfund balances on a monthly basis. All amounts due to/from other funds and transferred to/from other funds should agree with the amount in the corresponding fund.	No	In the future, town personnel will reconcile all interfund balances on a monthly basis.	Harriet O'Brien, Town Clerk	Immediately
12-8(ML)	2010	The Town should take measures to replenish the fund balance of its General Fund. Since 2008, the fund balance has been reduced by approximately \$500,000. Current fund balance is \$56,062 (less than approximately one month of expenditures of \$105,000). The Town should have a fund balance level that can sustain its operations for at least 2 months, assuming no incoming revenues could be increased or expenditures decreased in order to replenish the fund balance.	No	Town officials will closely examine current General Fund revenues and expenditures and determine where appropriate increases/decreases can be made in order to restore fund balance to an acceptable level.	Harriet O'Brien, Town Clerk	Immediately

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, 2012

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 (12/31/11) --						
<u>Internal Control:</u>						
11-1(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.	Harriet O'Brien, Town Clerk	N/A
11-2(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.	Harriet O'Brien, Town Clerk	N/A
11-3(IC)	2009	Management should consider implementing policies and procedures to increase controls over cash. Specifically, the following should be addressed: (1) The number of authorized signers on all bank accounts should be restricted to the mayor, certain council members and other management officials. (2) Management should decrease the use of signature stamps. (3) Consideration should be given to reducing the required number of check signatures from three to two.	Partial	The Town concurs and will perform the following: (1) Limit the authorized signers on all bank accounts to the mayor, certain council members, and other management officials. (2) Management will consider reducing the number of required signatures.	Harriet O'Brien, Town Clerk	Immediately
<u>Compliance:</u>						
11-4(C)	2011	The Town did not comply with the sewer bond covenants by paying for unauthorized expenses from the sewer bond reserve fund.	Yes	Town personnel will refrain from paying expenses from the sewer bond reserve funds.	Harriet O'Brien, Town Clerk	Immediately

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, 2012

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 (12/31/11) –						
<u>Compliance (Continued):</u>						
11-5(C)	2008	The Town failed to comply with Louisiana Revised Statute (R.S.) 32.398.2.F by reducing and/or dismissing fines without proper authorization/signature of the magistrate.	Yes	In the future, the following will be adhered to: (1) The magistrate will be the only person authorized to reduce fine amounts or dismiss traffic violations. (2) Any reduction in fines and/or voided violations will require an appropriate signature from the magistrate.	Harriet O'Brien, Town Clerk	Immediately
11-6(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.	No	Town personnel will pursue collection of taxes. Unpaid taxes will be properly handled (i.e. notices, advertisements, sales, etc.)	Harriet O'Brien, Town Clerk	Immediately
11-7(C)	2009	The Town violated Louisiana Revised Statute (R.S.) 47.343.B.(2) by failing to consistently enforce payment of interest and penalties for delinquent occupational licenses as of March 1st.	Yes	Town personnel will assess delinquent interest and penalty charges for any unpaid licenses as of March 1st.	Harriet O'Brien, Town Clerk	Immediately
<u>Management Letter:</u>						
11-8(ML)	2004	The Utility Fund water and sewerage departments experienced operating losses. The Town should consider increasing these utility rates and/or decreasing expenses in order for these departments to operate on a profitable basis.	No	During 2009, 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.	Harriet O'Brien, 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, 2012

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of finding</u>	<u>Corrective Action Taken</u>	<u>Corrective Action Planned</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
PRIOR YEAR (12/31/11) --						
<u>Management Letter (Continued):</u>						
11-9(ML)	2011	The Town should strictly enforce collection efforts and cutoff policies for all utility accounts.	Yes	Town personnel will strictly enforce collection efforts and cutoff policies for all utility accounts.	Harriet O'Brien, Town Clerk	Immediately
11-10(ML)	2008	Town personnel should reconcile all interfund balances on a monthly basis. All amounts due to/from other funds and transferred to/from other funds should agree with the amount in the corresponding fund.	No	In the future, town personnel will reconcile all interfund balances on a monthly basis.	Harriet O'Brien, Town Clerk	Immediately
11-11(ML)	2010	The Town should take measures to replenish the fund balance of its General Fund. Since 2008, the fund balance has been reduced by approximately \$450,000. Current fund balance is \$103,856 (approximately one month of expenditures). The Town should have a fund balance level that can sustain its operations for at least 2 months, assuming no incoming revenues could be increased or expenditures decreased in order to replenish the fund balance.	No	Town officials will closely examine current General Fund revenues and expenditures and determine where appropriate increases/decreases can be made in order to restore fund balance to an acceptable level.	Harriet O'Brien, Town Clerk	Immediately

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Retired:
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Tynes E. Mixon, Jr., CPA 2011
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MANAGEMENT LETTER

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

During our audit of the basic financial statements of the Town of Duson for the year ended December 31, 2012, we noted the following areas in which the efficiency and effectiveness of the operations of the Town could be improved. These recommendations were also included in our management letter dated June 26, 2012 relative to our audit of the December 31, 2011 basic financial statements and are mentioned again for re-emphasis.

- (1) The Utility Fund water and sewerage departments experienced operating losses. The Town should consider increasing these utility rates and/or decreasing expenses in order for the departments to operate on a profitable basis.
- (2) Town personnel should reconcile all interfund balances on a monthly basis. All amounts due to/from other funds and transferred to/from other funds should agree with the amount in the corresponding fund.
- (3) The Town management should take measures to replenish the fund balance of its General Fund. Since 2008, the fund balance has been reduced by approximately \$500,000. Current fund balance is \$56,062 (less than approximately one month of expenditures). The Town should have a fund balance level that can sustain its General Fund operations for at least 2 months, assuming no incoming revenues could be increased or expenditures decreased in order to replenish fund balance.

We would like to 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, Champagne, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
June 20, 2013

Member of:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Member of:
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS