

**TOWN OF DUBACH
LOUISIANA**

**FINANCIAL STATEMENTS
JUNE 30, 2015**

TOWN OF DUBACH, LOUISIANA
FINANCIAL STATEMENTS
JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dubach, Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Dubach's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dubach, Louisiana, as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and on pages 30 through 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated January 18, 2016, on my consideration of the Town of Dubach's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Dubach, Louisiana's internal control over financial reporting and compliance.



Don M. McGehee
Certified Public Accountant
January 18, 2016

**REQUIRED SUPPLEMENTAL INFORMATION
(PART I)**

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2015

The discussion and analysis of the Town of Dubach's performance provides an overview of the financial activities for the year ended June 30, 2015. It is based upon currently known facts, decisions, and conditions. Please read it in conjunction with the financial statements which begin on page 10.

Basic Financial Statements

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

Statement of Net Position and Statement of Activities

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

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

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

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

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

Government-Wide Financial Analysis

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

Table 1
Total Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 636,502	\$ 558,180	\$ 408,249	\$ 352,873	\$ 1,044,751	\$ 911,053
Capital Assets	<u>430,515</u>	<u>473,125</u>	<u>1,276,739</u>	<u>1,346,619</u>	<u>1,707,254</u>	<u>1,819,744</u>
Total Assets	<u>1,067,017</u>	<u>1,031,305</u>	<u>1,684,988</u>	<u>1,699,492</u>	<u>2,752,005</u>	<u>2,730,797</u>
Liabilities	<u>12,193</u>	<u>10,115</u>	<u>49,327</u>	<u>47,602</u>	<u>61,520</u>	<u>57,717</u>
Net Position:						
Investment in Capital Assets	430,515	473,125	1,276,739	1,346,619	1,707,254	1,819,744
Restricted	12,896	12,896	0	0	12,896	12,896
Unrestricted	<u>611,413</u>	<u>535,169</u>	<u>358,922</u>	<u>305,271</u>	<u>970,335</u>	<u>840,440</u>
Total Net Position	<u>\$ 1,054,824</u>	<u>\$ 1,021,190</u>	<u>\$ 1,635,661</u>	<u>\$ 1,651,890</u>	<u>\$ 2,690,485</u>	<u>\$ 2,673,080</u>

The largest portion of the Town's net position (63% for 2015 and 68% for 2014) is invested in capital assets. The net position invested in capital assets consist of land, buildings, water and sewer system, and equipment. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

Total unrestricted net position for 2015 and 2014 are 36% and 31%, respectively. Nearly all unrestricted net position is composed of cash and investments. Unrestricted net position can be used to finance the day-to-day operations of the Town without constraints.

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

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for Services	\$ 107,662	\$ 96,446	\$ 197,560	\$ 208,733	\$ 305,222	\$ 305,179
Operating Grants and Contributions	89,657	82,894	4,550	6,590	94,207	89,484
Capital Grants and Contributions	1,620	0	0	0	1,620	0
General Revenues:						
Taxes	181,448	160,714	0	0	181,448	160,714
Licenses	40,367	40,902	0	0	40,367	40,902
Other	4,155	6,335	1,283	1,727	5,438	8,062
Total Revenues	<u>424,909</u>	<u>387,291</u>	<u>203,393</u>	<u>217,050</u>	<u>628,302</u>	<u>604,341</u>
Program Expenses						
General Government	144,213	183,467	0	0	144,213	183,467
Police	133,797	142,184	0	0	133,797	142,184
Highways and Streets	20,372	19,790	0	0	20,372	19,790
Sanitation	92,231	93,235	0	0	92,231	93,235
Cemetery	662	2,215	0	0	662	2,215
Water and Sewer	<u>0</u>	<u>0</u>	<u>219,622</u>	<u>243,224</u>	<u>219,622</u>	<u>243,224</u>
Total Expenses	<u>391,275</u>	<u>440,891</u>	<u>219,622</u>	<u>243,224</u>	<u>610,897</u>	<u>684,115</u>
Decrease in Net Position	33,634	(53,600)	(16,229)	(26,174)	17,405	(79,774)
Net Position-Beginning	<u>1,021,190</u>	<u>1,074,790</u>	<u>1,651,890</u>	<u>1,678,064</u>	<u>2,673,080</u>	<u>2,752,854</u>
Net Position-Ending	<u>\$ 1,054,824</u>	<u>\$ 1,021,190</u>	<u>\$ 1,635,661</u>	<u>\$ 1,651,890</u>	<u>\$ 2,690,485</u>	<u>\$ 2,673,080</u>

Governmental financial activities changed the Town's net position for the years ending June 20, 2015 and 2014, by a 3% increase and a 5% decrease (\$33,634 and \$53,600, respectively). Governmental activities 2015 revenues increased 10% (\$9,945) from the prior year. Expenses decreased about 11% (\$49,616) from the prior year with a decrease of \$39,254 in the general government expenses, a decrease of \$8,387 in the police department, an increase of \$582 in the street department, a decrease of \$1,004 in the garbage department, and a decrease of \$1,553 in the cemetery.

Business-type activities decreased net position by 1% (\$16,229) for the year ended June 30, 2015, compared to a 2% (\$26,174) decrease in the prior year. Charges for services revenue decreased 5% (\$11,173) in 2015 compared to the prior year. Expenses decreased 10% (\$23,602) in 2015 compared to the prior year.

Fund Financial Statements

As of June 30, 2015, the governmental funds reported a fund balance of \$623,090, which is about a (14)% (\$76,343) increase in the total fund balance from the previous year. Included in this year's total change in fund balance is a revenue surplus of \$62,164 in the Town's general fund and of \$14,017 in the Town's garbage fund compared to a \$8,211 revenue surplus in the prior year general fund and a \$15,443 revenue deficit in the prior year garbage fund. Thirty percent (30%) of the total fund balance is restricted due to external limitations on its use. These uses include garbage fund restrictions for \$176,772 and the cemetery fund for \$7,219. Four percent (4%) is considered unspendable because it has been used for prepaid items (\$13,700) and perpetual care of the cemetery (\$12,896). The remaining sixty-six percent (66%) or \$412,503 is unassigned.

The general fund is the main operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$412,503, while total fund balance was \$421,526. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance exceeds total general fund expenditures by \$144,312 and total fund balance exceeds it by \$153,335.

The key elements for the change in 2015 compared to the prior year are as follows:

- (1) Sales tax revenues in the general fund increased \$19,990 from the prior year.
- (2) Fine revenue increased \$9,254 compared to the prior year.
- (3) Sales tax revenue in the garbage fund increased \$25,430 from the prior year.
- (4) The Town received a general fund grant to fund the purchase of police equipment, but it was a decrease of \$18,438 in grant revenue compared to the prior year. This also resulted in a decrease in general fund expenditures for repairs to the Town Hall of \$38,327, since the previous year grant was funding these expenditures.

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

General Fund Budgetary Highlights

The budget is amended when it is determined that there are unexpected differences between actual and anticipated revenues and/or expenditures. There were no budget amendments adopted for 2015.

The significant variances between actual results compared to the general fund budget, as reported on page 30, were that sales tax revenues were \$32,656 more than budgeted, franchise taxes were \$8,080 more than budgeted, licensees were \$5,367 more than budgeted, fines were \$8,644 more than budgeted, supplemental police pay was \$6,000 less than budgeted, general government expenditures were \$4,750 more than budgeted, and police expenditures were \$21,079 less than budgeted.

Capital Assets

The Town invested \$1,694 in capital assets during the fiscal year ending June 30, 2015. This investment was funded through a grant in the general fund. For the upcoming year, the Town plans to continue to make water improvements for \$12,000, financed primarily by a state grant and acquire various equipment, financed by the Town's general fund. There are no plans to issue debt to finance any projects. More detailed information about the Town's capital assets is presented in the notes to the financial statements.

Currently Known Facts, Decisions, or Conditions

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

Requests for Additional Information

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

GOVERNMENT WIDE FINANCIAL STATEMENTS

TOWN OF DUBACH, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
ASSETS			
Cash	\$ 241,555	\$ 221,063	\$ 462,618
Investments	276,110	160,338	436,448
Receivables--Net	41,081	16,461	57,542
Due from Other Governments	19,963	0	19,963
Internal Balances	43,678	(43,678)	0
Accrued Interest	415	394	809
Prepaid Insurance	13,700	9,779	23,479
Restricted Assets			
Cash-Customers' Deposits	0	18,935	18,935
Investments-Customers' Deposits	0	24,957	24,957
Capital Assets--Net	<u>430,515</u>	<u>1,276,739</u>	<u>1,707,254</u>
TOTAL ASSETS	<u>1,067,017</u>	<u>1,684,988</u>	<u>2,752,005</u>
LIABILITIES			
Accounts Payable	5,177	2,585	7,762
Accrued Expenses	7,016	2,850	9,866
Customers' Deposits	<u>0</u>	<u>43,892</u>	<u>43,892</u>
TOTAL LIABILITIES	<u>12,193</u>	<u>49,327</u>	<u>61,520</u>
NET POSITION			
Invested in Capital Assets	430,515	1,276,739	1,707,254
Restricted for--			
Perpetual Care of Cemetery	12,896	0	12,896
Unrestricted	<u>611,413</u>	<u>358,922</u>	<u>970,335</u>
TOTAL NET POSITION	<u>\$ 1,054,824</u>	<u>\$ 1,635,661</u>	<u>\$ 2,690,485</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
PRIMARY GOVERNMENT							
GOVERNMENTAL ACTIVITIES:							
General Government	\$ 144,213	\$ 10,183	\$ 9,170	\$ 1,620	\$ (123,240)	\$ 0	\$ (123,240)
Police	133,797	68,644	12,000	0	(53,153)	0	(53,153)
Highways and Streets	20,372	3,050	0	0	(17,322)	0	(17,322)
Sanitation	92,231	25,785	68,075	0	1,629	0	1,629
Cemetery	<u>662</u>	<u>0</u>	<u>412</u>	<u>0</u>	<u>(250)</u>	<u>0</u>	<u>(250)</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>391,275</u>	<u>107,662</u>	<u>89,657</u>	<u>1,620</u>	<u>(192,336)</u>	<u>0</u>	<u>(192,336)</u>
BUSINESS-TYPE ACTIVITIES:							
Water and Sewer	<u>219,622</u>	<u>197,560</u>	<u>4,550</u>	<u>0</u>	<u>0</u>	<u>(17,512)</u>	<u>(17,512)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 610,897</u>	<u>\$ 305,222</u>	<u>\$ 94,207</u>	<u>\$ 1,620</u>	<u>(192,336)</u>	<u>(17,512)</u>	<u>(209,848)</u>
GENERAL REVENUES:							
Taxes							
Ad Valorem					23,712	0	23,712
Sales and Use					122,656	0	122,656
Franchise					35,080	0	35,080
Licenses					40,367	0	40,367
Investment Earnings					1,136	1,283	2,419
Other Revenue					<u>3,019</u>	<u>0</u>	<u>3,019</u>
TOTAL GENERAL REVENUES AND TRANSFERS					<u>225,970</u>	<u>1,283</u>	<u>227,253</u>
CHANGE IN NET POSITION					33,634	(16,229)	17,405
NET POSITION-BEGINNING					<u>1,021,190</u>	<u>1,651,890</u>	<u>2,673,080</u>
NET POSITION-ENDING					<u>\$ 1,054,824</u>	<u>\$ 1,635,661</u>	<u>\$ 2,690,485</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

TOWN OF DUBACH, LOUISIANA

BALANCE SHEETS

GOVERNMENTAL FUNDS

JUNE 30, 2015

	General Fund	Garbage Fund	Other Governmental Fund Permanent Fund	Total Governmental Funds
ASSETS				
Cash	\$ 174,079	\$ 63,055	\$ 4,421	\$ 241,555
Investments	205,954	54,573	15,583	276,110
Receivables--Net	41,081	0	0	41,081
Receivable from Other Governments	3,283	16,680	0	19,963
Due from Other Funds	0	45,870	0	45,870
Accrued Interest	0	304	111	415
Prepaid Insurance	9,023	4,677	0	13,700
TOTAL ASSETS	<u>\$ 433,420</u>	<u>\$ 185,159</u>	<u>\$ 20,115</u>	<u>\$ 638,694</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts Payable	\$ 4,905	\$ 272	\$ 0	\$ 5,177
Accrued Expenses	3,578	3,438	0	7,016
Due to Other Funds	2,192	0	0	2,192
Deferred Revenue	1,219	0	0	1,219
TOTAL LIABILITIES	<u>11,894</u>	<u>3,710</u>	<u>0</u>	<u>15,604</u>
FUND BALANCES:				
Nonspendable--				
Prepaid Insurance	9,023	4,677	0	13,700
Perpetual Care of Cemetery	0	0	12,896	12,896
Restricted for--				
Garbage	0	176,772	0	176,772
Cemetery	0	0	7,219	7,219
Unassigned	412,503	0	0	412,503
TOTAL FUND BALANCE	<u>421,526</u>	<u>181,449</u>	<u>20,115</u>	<u>623,090</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 433,420</u>	<u>\$ 185,159</u>	<u>\$ 20,115</u>	<u>\$ 638,694</u>

**RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total Fund Balances-Governmental Funds \$ 623,090

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. 430,515

Certain ad valorem taxes receivable are not available to pay current period expenditures and therefore are recognized as deferred revenues in the governmental funds. 1,219

Net Position of Governmental Activities \$ 1,054,824

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General</u> <u>Fund</u>	<u>Garbage</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Fund</u> <u>Permanent</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES				
Taxes				
Ad Valorem	\$ 23,810	\$ 0	\$ 0	\$ 23,810
Franchise	35,080	0	0	35,080
Sales and Use	122,656	0	0	122,656
Licenses	40,367	0	0	40,367
Intergovernmental				
Hotel Tax	8,479	0	0	8,479
Supplemental Pay - Police	12,000	0	0	12,000
Right-of-Way Maintenance	3,050	0	0	3,050
Town's Portion of 1/2% Tax	0	68,075	0	68,075
Grants	1,620	0	0	1,620
Charges for Services	7,737	25,725	0	33,462
Fines	68,644	0	0	68,644
Investment Earnings	755	381	117	1,253
Contributions and Donations	692	0	295	987
Other Revenues				
Rent	2,050	0	0	2,050
Royalties and Gas Lease	3,019	0	0	3,019
Miscellaneous	396	60	0	456
TOTAL REVENUES	<u>330,355</u>	<u>94,241</u>	<u>412</u>	<u>425,008</u>
EXPENDITURES				
General Government	117,950	0	0	117,950
Police	129,707	0	0	129,707
Highways and Streets	18,840	0	0	18,840
Sanitation	0	80,224	0	80,224
Cemetery	0	0	250	250
Capital Outlay	1,694	0	0	1,694
TOTAL EXPENDITURES	<u>268,191</u>	<u>80,224</u>	<u>250</u>	<u>348,665</u>
NET CHANGES IN FUND BALANCES	62,164	14,017	162	76,343
FUND BALANCES-BEGINNING	<u>359,362</u>	<u>167,432</u>	<u>19,953</u>	<u>546,747</u>
FUND BALANCES-ENDING	<u>\$ 421,526</u>	<u>\$ 181,449</u>	<u>\$ 20,115</u>	<u>\$ 623,090</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

NET CHANGE IN FUND BALANCES-GOVERNMENTAL FUNDS	\$ 76,343
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. An adjustment is required for the amount by which depreciation expense exceeded capital outlay in the current period.	(42,610)
Governmental Funds report ad valorem taxes as revenue when collected or available to fund current period expenses. Revenue in the statement of activities is recognized when the taxes become due. An adjustment is required for ad valorem taxes that do not provide current resources:	
Accrued revenue for ad valorem taxes that were not received within sixty days of year end, net of amounts received for the previous year not recognized as revenue in that year due to non-collection within sixty days of year end.	_____(99)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 33,634</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

	<u>Water and Sewer Enterprise Fund</u>
ASSETS	
CURRENT ASSETS:	
Cash	\$ 221,063
Investments	160,338
Accounts Receivable--Net of Allowance of \$1,703	16,461
Accrued Interest	394
Prepaid Insurance	<u>9,779</u>
TOTAL CURRENT ASSETS	<u>408,035</u>
NON-CURRENT ASSETS:	
Restricted Assets	
Cash-Customers' Deposits	18,935
Investments-Customers' Deposits	<u>24,957</u>
Total Restricted Assets	<u>43,892</u>
Capital Assets--Net of Accumulated Depreciation	<u>1,276,739</u>
TOTAL NON-CURRENT ASSETS	<u>1,320,631</u>
TOTAL ASSETS	<u>1,728,666</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	2,585
Accrued Expenses	
Accrued Payroll	750
Accrued Vacation	2,100
Due to Garbage Fund	38,780
Due to General Fund	<u>4,898</u>
TOTAL CURRENT LIABILITIES	<u>49,113</u>
NON-CURRENT LIABILITIES	
Customers' Deposits Payable	<u>43,892</u>
TOTAL NON-CURRENT LIABILITIES	<u>43,892</u>
TOTAL LIABILITIES	<u>93,005</u>
NET POSITION	
Invested in Capital Assets	1,276,739
Unrestricted	<u>358,922</u>
TOTAL NET POSITION	<u>\$ 1,635,661</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Water and Sewer Enterprise Fund</u>
OPERATING REVENUES	
Water Sales	\$ 141,920
Sewer Fees	48,207
Delinquent Fees	5,833
Connecting and Re-connecting Fees	1,600
Grant Revenue	<u>4,550</u>
TOTAL OPERATING REVENUES	<u>202,110</u>
OPERATING EXPENSES	
Depreciation	76,067
Insurance-Utility Fund	11,944
Legal and Accounting Fees	4,600
Miscellaneous	300
Operations and Maintenance of System	16,290
Office Supplies, Postage, and Printing	3,414
Outside Services	17,040
Safe Drinking Water Fee	1,172
Salaries	51,721
Sewer Pond Inspection	3,510
Taxes-Payroll	3,971
Travel	13,870
Truck Maintenance and Operations	3,781
Utilities	<u>11,942</u>
TOTAL OPERATING EXPENSES	<u>219,622</u>
OPERATING LOSS	<u>(17,512)</u>
NON-OPERATING REVENUES	
Interest Income	<u>1,283</u>
TOTAL NON-OPERATING REVENUES	<u>1,283</u>
CHANGE IN NET POSITION	(16,229)
TOTAL NET POSITION-BEGINNING	<u>1,651,890</u>
TOTAL NET POSITION-ENDING	<u>\$ 1,635,661</u>

See accompanying notes to financial statements.

TOWN OF DUBACH, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Water and Sewer Enterprise Fund</u>
Cash Flows From Operating Activities	
Cash Received from Customers and Users	\$ 198,938
Proceeds from Operating Grant	4,550
Cash Payments for Goods and Services	(95,091)
Cash Payments to Employees	<u>(51,659)</u>
Net Cash Provided By Operating Activities	<u>56,738</u>
Cash Flows From Noncapital Financing Activities	
Operating Transfers from Other Funds	<u>(7,676)</u>
Net Cash Used By Noncapital Financing Activities	<u>(7,676)</u>
Cash Flows From Capital Financing Activities	
Purchase of Fixed Assets	<u>(6,188)</u>
Net Cash Used By Capital Financing Activities	<u>(6,188)</u>
Cash Flows From Investing Activities	
Maturity of Certificates of Deposit Investments	183,583
Purchase of Certificate of Deposit Investments	(185,295)
Interest Received	<u>1,726</u>
Net Cash Provided By Investing Activities	<u>14</u>
Net Increase In Cash	42,888
Cash At Beginning Of Year	<u>197,110</u>
Cash At End Of Year	<u>\$ 239,998</u>
Reconciliation Of Operating Loss To Net Cash Provided By Operating Activities:	
Operating Loss	\$ (17,512)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities--	
Depreciation	76,067
(Increase) Decrease in Net Accounts Receivable	189
(Increase) Decrease in Prepaid Insurance	(3,731)
Increase (Decrease) in Accounts Payable	542
Increase (Decrease) in Accrued Expenses	(5)
Increase (Decrease) in Customers' Deposits	<u>1,188</u>
Total Adjustments	<u>74,250</u>
Net Cash Provided By Operating Activities	<u>\$ 56,738</u>
Cash Per Statement of Net Position:	
Current Cash	\$ 221,063
Restricted Cash	<u>18,935</u>
Total Cash at End of Year	<u>\$ 239,998</u>

See accompanying notes to financial statements.
(18)

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Basic Financial Statements--Government-Wide Statements

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

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

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

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basic Financial Statements--Fund Financial Statements

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

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

The following funds are used by the Town of Dubach:

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

General Fund

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

Special Revenue Funds

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

Permanent Fund

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

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

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

Enterprise Funds

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

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

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

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

Accrual

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

Modified Accrual

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

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

E. Cash Deposits and Investments

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

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

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Restricted Assets

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

G. Compensated Absences

Employees earn either one or two weeks of vacation time each year, depending upon years of service. Employees earn 12 days of sick leave each year. Vacation can be accumulated. The Town accrues accumulated unpaid vacation when earned by the employee. There were \$6,664 in accrued vacation benefits at year end. There were no accumulated and vested sick leave benefits at year end.

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

H. Use of Estimates

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

I. Interfund Activity

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

J. Receivables

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

K. Deferred Outflows of Resources and Deferred Inflows of Resources

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

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Property Tax and Sales Tax Revenues

Ad Valorem taxes are levied by the Town on a calendar year basis and become delinquent on December 31. The Town bills and collects its own Ad Valorem taxes. For the 2014 Ad Valorem Taxes, one rate of tax was levied on property within the corporate limits, as follows:

7.11 mills for the general maintenance of the Town. This millage was approved by the Town Council August 18, 2014. This millage is the maximum millage that can be assessed without the approval of voters.

For the year ended June 30, 2015, taxes of \$23,297 were levied on property. Taxes receivable at June 30, 2015 consisted of the following:

Taxes Receivable	\$ 1,876
Allowance for Uncollectible Taxes	<u>(492)</u>
Net Ad Valorem Taxes Receivable	<u>\$ 1,384</u>

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

First Guaranty	\$ 1,466
DCP Assets Holding LP	885
Dubach Apartments	621
Centerpoint Energy Arkla	560
Bell South Telecommunications	<u>312</u>
Total	<u>\$ 3,844</u>

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

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

M. Capital Assets

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

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Capital Assets (continued)

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

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

N. Defining Operating Revenues and Expenses

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

O. Government-wide and Proprietary Fund Net Position

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

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

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

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

P. Governmental Fund Balance

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

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

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

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

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

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

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Governmental Fund Balance (continued)

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

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

Q. Prepaid Insurance

Payments made to insurance companies for insurance coverage that will benefit periods beyond June 30, 2015, are recorded as prepaid items in the asset section of the fund financial statements balance sheet.

R. Budget Information

The Town of Dubach prepared operating budgets on its General Fund and Special Revenue Fund for the year ended June 30, 2015. The proposed budgets were published in the official journal and made available for public inspection. A public hearing for the proposed budgets was held on June 16, 2014, and the budgets were adopted by the mayor and council members. There were no legally adopted budget amendments prior to year end. The budgets presented anticipated revenues and expenditures on a basis consistent with generally accepted accounting principles. Budgetary amounts were monitored by management and amended as deemed necessary. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

NOTE 2 - CASH AND INVESTMENTS

At June 30, 2015, the Town had cash and restricted cash (book balances) totaling \$481,553 and investments and restricted investments (book balances) totaling \$461,405, as follows:

	Cash	Investments
Cash on Hand	\$ 450	\$ 0
Demand Deposits	478,651	0
Time Deposits	<u>2,452</u>	<u>461,405</u>
Total	<u>\$ 481,553</u>	<u>\$ 461,405</u>

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

The Town maintains its cash accounts in various banks. Each bank provides Federal Deposit Insurance Corporation (FDIC) coverage of \$250,000 for all demand deposits and \$250,000 for all time deposits. At June 30, 2015, the Town had \$946,877 in deposits (collected bank balances). These deposits are secured from risk by federal deposit insurance of \$713,857 and \$233,020 of pledged securities held by custodial banks in the name of the fiscal agent banks.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 - RECEIVABLES

The receivables of \$57,542 at June 30, 2015, are as follows:

	<u>General Fund</u>	<u>Garbage Fund</u>	<u>Permanent Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Taxes					
Ad Valorem, net of allowance of \$492	\$ 1,384	\$ 0	\$ 0	\$ 0	\$ 1,384
Sales and Use	24,817	0	0	0	24,817
Franchise	7,084	0	0	0	7,084
Accounts Receivable	0	0	0	16,461	16,461
Due from Collection Agency	7,088	0	0	0	7,088
Other	<u>708</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>708</u>
Total	<u>\$ 41,081</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,461</u>	<u>\$ 57,542</u>

NOTE 4 - DUE FROM OTHER GOVERNMENTS

The amounts due from other governments of \$19,963 at June 30, 2015, are as follows:

	<u>General Fund</u>	<u>Garbage Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
Right-of-Way Maintenance	\$ 1,525	\$ 0	\$ 0	\$ 1,525
Hotel Tax	1,758	0	0	1,758
Town's Portion of 1/2% Tax	<u>0</u>	<u>16,680</u>	<u>0</u>	<u>16,680</u>
Total	<u>\$ 3,283</u>	<u>\$ 16,680</u>	<u>\$ 0</u>	<u>\$ 19,963</u>

NOTE 5 - INTERFUND RECEIVABLE/PAYABLE

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 0	\$ 2,192
Special Revenue Fund-Garbage Fund	45,870	0
Utility Fund	<u>0</u>	<u>43,678</u>
Totals	<u>\$ 45,870</u>	<u>\$ 45,870</u>

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

NOTE 6 - RESTRICTED ASSETS--PROPRIETARY FUND TYPE

Restricted assets were applicable to the following at June 30, 2015:

Customers' Deposits	<u>\$ 43,892</u>
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TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2015, for the Town of Dubach are as follows:

	Beginning Balance <u>07/01/14</u>	Additions	Deletions	Ending Balance <u>06/30/15</u>
Governmental Activities:				
Capital Assets				
Land	\$ 70,947	\$ 0	\$ 0	\$ 70,947
Buildings and Building Improvements	252,833	0	0	252,833
Improvements Other than Buildings	94,946	0	0	94,946
Streets	251,245	0	0	251,245
Machinery and Equipment	<u>352,335</u>	<u>1,694</u>	<u>0</u>	<u>354,029</u>
Total Capital Assets	<u>1,022,306</u>	<u>1,694</u>	<u>0</u>	<u>1,024,000</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	141,897	6,919	0	148,816
Improvements Other than Buildings	36,442	3,177	0	39,619
Streets	98,404	12,562	0	110,966
Machinery and Equipment	<u>272,438</u>	<u>21,646</u>	<u>0</u>	<u>294,084</u>
Total Accumulated Depreciation	<u>549,181</u>	<u>44,304</u>	<u>0</u>	<u>593,485</u>
Governmental Capital Assets, Net	<u>\$ 473,125</u>	<u>\$ (42,610)</u>	<u>\$ 0</u>	<u>\$ 430,515</u>
Business-Type Activities:				
Capital Assets				
Land	\$ 17,482	\$ 0	\$ 0	\$ 17,482
Water and Sewer Systems	3,137,358	6,187	0	3,143,545
Machinery and Equipment	<u>28,635</u>	<u>0</u>	<u>0</u>	<u>28,635</u>
Total	<u>3,183,475</u>	<u>6,187</u>	<u>0</u>	<u>3,189,662</u>
Less Accumulated Depreciation for:				
Water and Sewer Systems	1,825,886	73,592	0	1,899,478
Machinery and Equipment	<u>10,970</u>	<u>2,475</u>	<u>0</u>	<u>13,445</u>
Total Accumulated Depreciation	<u>1,836,856</u>	<u>76,067</u>	<u>0</u>	<u>1,912,923</u>
Business-Type Capital Assets, Net	<u>\$ 1,346,619</u>	<u>\$ (69,880)</u>	<u>\$ 0</u>	<u>\$ 1,276,739</u>

Depreciation expense of \$44,304 for the year ended June 30, 2015, was charged to the following governmental functions:

General Government	\$ 26,263
Police	4,090
Highways and Streets	1,532
Sanitation	12,007
Cemetery	<u>412</u>
Total Governmental Depreciation Expense	<u>\$ 44,304</u>

NOTE 8 - ON-BEHALF PAYMENTS

Employees of the Town of Dubach's Police Department received salary supplements of \$12,000 from the State of Louisiana for the year ended June 30, 2015. There were no fringe benefits paid on this supplemental salary.

TOWN OF DUBACH, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9 - COMMITMENTS

The Town of Dubach has one active project as of June 30, 2015, a business-type activity endeavor for repairs to the water and sewer system. The project is financed with a state grant. The grant has estimated remaining funds available of \$16,212, which will not be used until after June 30, 2015. There is no signed contract associated with this project.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART II)**

TOWN OF DUBACH, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
--BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES			
Taxes			
Ad Valorem	\$ 21,000	\$ 23,810	\$ 2,810
Franchise	27,000	35,080	8,080
Sales and Use	90,000	122,656	32,656
Licenses	35,000	40,367	5,367
Intergovernmental			
Hotel Tax	5,000	8,479	3,479
Supplemental Pay-Police	18,000	12,000	(6,000)
Grants	0	1,620	1,620
Right-of-Way Maintenance	3,050	3,050	0
Charges for Services	500	7,737	7,237
Fines	60,000	68,644	8,644
Investment Earnings	1,000	755	(245)
Contributions and Donations	0	692	692
Other Revenues			
Rent	4,600	2,050	(2,550)
Royalties and Gas Lease	4,500	3,019	(1,481)
Miscellaneous	0	396	396
TOTAL REVENUES	269,650	330,355	60,705
EXPENDITURES			
General Government	113,200	117,950	(4,750)
Police	150,786	129,707	21,079
Highways and Streets	19,500	18,840	660
Capital Outlay	750	1,694	(944)
TOTAL EXPENDITURES	284,236	268,191	16,045
NET CHANGE IN FUND BALANCE	(14,586)	62,164	76,750
FUND BALANCE-BEGINNING	330,000	359,362	29,362
FUND BALANCE-ENDING	\$ 315,414	\$ 421,526	\$ 106,112

TOWN OF DUBACH, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
--BUDGET AND ACTUAL - GARBAGE FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
REVENUES			
Charges for Services	\$ 24,000	\$ 25,725	\$ 1,725
Intergovernmental			
Town's Portion of 1/2% Tax	40,000	68,075	28,075
Investment Earnings	500	381	(119)
Other Revenues			
Miscellaneous	<u>0</u>	<u>60</u>	<u>60</u>
TOTAL REVENUES	<u>64,500</u>	<u>94,241</u>	<u>29,741</u>
EXPENDITURES			
Sanitation	58,000	80,224	(22,224)
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL EXPENDITURES	<u>58,000</u>	<u>80,224</u>	<u>(22,224)</u>
NET CHANGE IN FUND BALANCE	6,500	14,017	7,517
FUND BALANCE-BEGINNING	<u>165,000</u>	<u>167,432</u>	<u>2,432</u>
FUND BALANCE-ENDING	<u>\$ 171,500</u>	<u>\$ 181,449</u>	<u>\$ 9,949</u>

OTHER REPORTS

DON M. McGEHEE
(A Professional Accounting Corporation)

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

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

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Dubach, Louisiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Dubach's basic financial statements and have issued my report thereon dated January 18, 2016.

Internal Control Over Financial Reporting

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

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

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

I did identify a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as #2015-1, that I consider to be a material weakness, as described above.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described as #2015-2 and #2015-4, in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Dubach's financial statements are free from material misstatement, I performed tests on its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as #2015-3 and #2015-5.

Town of Dubach's Response to Findings

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

Purpose of this Report

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



Don M. McGehee
Certified Public Accountant
January 18, 2016

TOWN OF DUBACH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

I have audited the financial statements of the Town of Dubach, Louisiana, as of and for the year ended June 30, 2015, and have issued my report thereon dated January 18, 2016. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2015 resulted in an unqualified opinion. The following is a summary of my audit observations on internal control, tests of compliance, and findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards:

Section 1 Summary of Auditors' Reports

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

Section 2 Financial Statement Findings

Finding 2015-1. Improper Separation of Duties. The Town of Dubach's Office has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

Finding 2015-2. Inadequate Controls over Preparation of the Financial Statements. Personnel for the Town of Dubach do not have sufficient financial expertise to prepare the financial statements without some technical assistance in applying accounting principles that are in conformity with GAAP. However, they can understand the key issues identified, make any required management decisions, and fulfill the competency requirements, so that they can accept responsibility for the financial statements.

Finding 2015-3. Unfavorable Budget Variances. The garbage fund expenditures had an unfavorable budget variance in excess of 5% when compared to actual expenditures.

Finding 2015-4. Reconciliation of Water and Sewer Accounts Receivable. Accounts receivable for the water and sewer fund, per the billing system, are being reconciled on an annual basis to the general ledger balances. It would be much more effective to reconcile each month, so that any differences could be dealt with on a timely basis.

Finding 2015-5. Late Submission of Audit Report. The Town of Dubach's annual audit report was not submitted to the Legislative Auditor within six months of year end.

TOWN OF DUBACH, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2015

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2015, are discussed below with management's response for a corrective action plan.

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

2015-1. Improper Separation of Duties.

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

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

2015-2. Inadequate Controls over Preparation of the Financial Statements.

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

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

2015-3. Unfavorable Budget Variance.

Recommendation: The garbage fund had an unfavorable budget variance of 38% for expenditures. According to state law, the budget should be amended when anticipated amounts exceed budget estimates by more than 5%. I recommend that when unfavorable budget estimates in excess of 5% have been identified by the clerk, that the mayor prepare budget amendments to propose to the council for approval.

Response: The mayor will prepare proposed budget amendments upon notification by the clerk, Pamela Delp, that budget amendments are needed. The proposed budget amendments will be presented to the council for approval.

2015-4. Reconciliation of Water and Sewer Accounts Receivable.

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

Response: The Town clerk, Pamela Delp, will begin reconciling these accounts monthly beginning in 2016.

TOWN OF DUBACH, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2015
(CONTINUED)

2014-5. Late Submission of Audit

Recommendation: The Town of Dubach's annual audit was not submitted to the Legislative Auditor within six months of year end, as required by state law. The audit information received to perform and complete the audit was incomplete, and the additional information needed was not received until after the six month due date. I recommend the clerk begin compiling the audit information earlier next year to allow more time for the audit to be performed such that it can be filed on a timely basis.

Response: The clerk, Pamela Delp, plans to have the audit information available to the auditor earlier for the year ending June 30, 2016.

TOWN OF DUBACH, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

FINDINGS	MANAGEMENT'S RESPONSES
2014-1. Separation of Duties. Too few personnel involved in the accounting system to have adequate separation of duties for internal control.	Unresolved. See Finding 2015-1.
2014-2. Preparation of Financial Statements. Personnel do not have sufficient financial expertise to prepare the financial statements without some technical assistance in applying accounting principles that are in conformity with GAAP.	Unresolved. See Finding 2015-2.
2014-3. Bank Reconciliation adjustments. Monthly reconciliations for last three months of the year utilized non-specific unidentified balance adjustments for reconciliation discrepancies.	Resolved.
2014-4. Reconciliation of accounts. Monthly reconciliation of utility fund accounts receivable per billing system to the general ledger account balance needed.	Unresolved. See Finding 2015-4.
2014-5. Late submission of Audit Report. Town's annual audit report was not submitted to the Legislative Auditor within six months of year end.	Unresolved. See Finding 2015-5.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF DUBACH, LOUISIANA
SCHEDULE OF PER DIEM PAYMENTS TO COUNCIL MEMBERS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Council Members</u>	<u>Amount</u>
Vallie Carrico	\$ 600
Robert Colvin	1,200
Hattie Graham	600
Ruby Key	600
Donna Lewis	1,200
Davie Powell	600
Monique Roberts	<u>600</u>
Total	<u>\$ 5,400</u>

TOWN OF DUBACH, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO THE MAYOR
FOR THE YEAR ENDED JUNE 30, 2015

Mayor, Robert Jensen:

<u>Purpose</u>	<u>Amount</u>
Salaries	\$ 13,200
Mileage Reimbursements	2,196
Registration Fee	25
Reimbursements	19