

OFFICIAL  
FILE COPY  
DO NOT SEND OUT  
(Xerox necessary  
copies from this  
copy and PLACE  
BACK in FILE)

## TOWN OF DUSON, LOUISIANA

Financial Report

Year Ended December 31, 1999

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

Release Date MAY 0 5 2000 ✓

## TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)	
Combined balance sheet - all fund types and account groups	4-5
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	6
Combined statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual - all governmental fund types	7-8
Comparative statement of revenues, expenses, and changes in retained earnings - proprietary fund type	9-10
Comparative statement of cash flows - proprietary fund type	11-12
Notes to financial statements	13-28
SUPPLEMENTARY INFORMATION	
Impact of year 2000 on computer programs (unaudited)	30
SCHEDULES OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS	
General Fund:	
Comparative balance sheet	33
Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual	34
Statement of revenues compared to budget (GAAP basis)	35
Statement of expenditures compared to budget (GAAP basis)	36-38
Special Revenue Funds:	
Combining balance sheet	40
1969 Sales Tax Fund - Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual	41
1983 Sales Tax Fund - Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual	42
Capital Projects Fund:	
Street Improvements -	
Comparative balance sheet	44
Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual	45

## TABLE OF CONTENTS

	<u>Page</u>
Enterprise Fund:	
Utility Fund -	
Comparative balance sheet	47-48
Comparative statement of revenues, expenses, and changes in retained earnings	49-50
Comparative statement of cash flows	51-52
Schedule of changes in assets restricted for revenue bond debt service	53
 Fiduciary Funds:	
Agency Funds -	
Combining statement of changes in assets and liabilities - all agency funds	55
 General Fixed Assets Account Group:	
Comparative statement of general fixed assets	57
 INTERNAL CONTROL AND COMPLIANCE	
 Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	59-60
 Report on Compliance with Requirements Applicable to the Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	61-62
 Schedule of expenditures of federal awards	63
 Notes to schedule of expenditures of federal awards	64
 Schedule of findings and questioned costs - federal awards	65
 Summary schedule of current and prior year audit findings and corrective action plan	66-67
 OTHER SUPPLEMENTARY INFORMATION	
Schedule of number of utility customers (unaudited)	69
Schedule of insurance in force (unaudited)	70
Comparative departmental analysis of revenues and expenses - enterprise fund	71-72

# KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA  
Russell F. Champagne, CPA  
Victor R. Slaven, CPA  
Chris Rainey, CPA  
Conrad O. Chapman, CPA  
P. Troy Courville, CPA

P.O. Box 82329  
234 Rue Beauregard  
Lafayette, LA 70598

WEB SITE:  
WWW.KCSRPCAS.COM

Phone (337) 232-4141  
Fax (337) 232-8660

MEMBER OF:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

Allen J. LaBry, CPA  
Penny Angelle Scruggins, CPA  
Mary T. Thibodeaux, CPA  
Gerald A. Thibodeaux, Jr., CPA  
Kelly M. Doucet, CPA  
Kenneth J. Rachal, CPA  
Lisa G. Spain, CPA

## INDEPENDENT AUDITORS' REPORT

The Honorable John Lagneaux, Mayor  
and Members of the Board of Aldermen  
Town of Duson, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Duson, Louisiana, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Duson, Louisiana's, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Duson, Louisiana, as of December 31, 1999, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The year 2000 supplemental information presented on page 30 is not a required part of the general purpose financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the Town of Duson is or will become year 2000 compliant, that the Town's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Town does business are or will become year 2000 compliant.

The supplemental information on pages 29-72 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Town of Duson, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

234 Rue Beauregard  
Lafayette, LA 70508  
Phone (337) 232-4141  
Fax (337) 232-8660

133 East Bridge Street  
Breaux Bridge, LA 70517  
Phone (337) 332-4020  
Fax (337) 332-2867

133 East Waddil  
Marksville, LA 71351  
Phone (318) 253-9252  
Fax (318) 253-8681

1234 David Drive, Suite 105  
Morgan City, LA 70380  
Phone (504) 384-2020  
Fax (504) 384-3020

408 W. Cotton Street  
Ville Platte, LA 70586  
Phone (337) 363-2792  
Fax (337) 363-3049

332 W. Sixth Avenue  
Oberlin, LA 70655  
Phone (337) 639-4737  
Fax (337) 639-4568

200 South Main Street  
Abbeville, LA 70511  
Phone (337) 893-7944  
Fax (337) 893-7946

In accordance with Government Auditing Standards, we have also issued a report dated February 24, 2000 on our consideration of the Town of Duson's internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts and grants.

The financial information, for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed a qualified opinion on the general purpose financial statements, due to *insufficient evidence to support the Town's disclosure with respect to the year 2000 issue, of the Town of Duson, Louisiana.*

***Kolder, Champagne, Slaven & Rainey, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
February 24, 2000

**GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)**

TOWN OF DUSON, LOUISIANA  
 Combined Balance Sheet - All Fund Types and Account Groups  
 December 31, 1999

	Governmental Fund Types			Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Account Groups			Totals	
	General	Special Revenue	Capital Projects			General	Fixed Assets	Long-Term Debt	(Memorandum Only)	
									1999	1998
<b>ASSETS AND OTHER DEBITS</b>										
Cash and interest-bearing deposits	\$18,350	\$29,239	\$ -	\$ 53,890	\$7,504	\$ -	\$ -	\$ 108,983	\$ 55,521	
Investments	16,711	7,301	-	11,284	-	-	-	35,296	31,663	
Receivables:										
Taxes	14,268	20,590	-	-	-	-	-	34,858	37,227	
Accounts	-	-	-	29,622	-	-	-	29,622	47,843	
Other	21,130	-	-	-	-	-	-	21,130	26,123	
Due from other funds	10,597	-	12,000	41,861	2,175	-	-	66,633	40,428	
Due from other governmental units	5,195	-	27,140	2,396	-	-	-	34,731	64,808	
Restricted assets:										
Cash and interest-bearing deposits	-	-	-	211,571	-	-	-	211,571	193,583	
Investments	-	-	-	18,075	-	-	-	18,075	19,146	
Land	-	-	-	-	-	-	28,827	28,827	28,827	
Buildings	-	-	-	-	-	-	113,655	113,655	58,281	
Improvements other than buildings	-	-	-	-	-	-	448,423	448,423	448,423	
Equipment	-	-	-	-	-	-	281,266	281,266	269,564	
Utility property, plant and equipment	-	-	-	3,980,356	-	-	-	3,980,356	3,962,693	
Accumulated depreciation	-	-	-	(1,283,888)	-	-	-	(1,283,888)	(1,150,832)	
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	4,458	
<b>Total assets and other debits</b>	<b>\$86,251</b>	<b>\$57,130</b>	<b>\$ 39,140</b>	<b>\$3,065,167</b>	<b>\$9,679</b>	<b>\$ -</b>	<b>\$872,171</b>	<b>\$4,129,538</b>	<b>\$4,137,756</b>	

(continued)

TOWN OF DUSON, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups (Continued)

December 31, 1999

	Governmental Fund Types				Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Account Groups			Totals (Memorandum Only)		
	General	Special		Capital Projects			General Fixed Assets	General Long-Term Debt	1999		1998	
		Revenue	Projects									
<b>LIABILITIES AND FUND EQUITY</b>												
<b>Liabilities:</b>												
Accounts payable	\$ 18,368	\$ -	\$ 12,000	\$ -	\$ 27,119	\$ -	\$ -	\$ -	\$ 57,487	\$ 57,639		
Retainage payable	-	-	27,140	-	1,286	-	-	-	28,426	51,900		
Accrued liabilities	3,068	-	-	-	647	182	-	-	3,897	2,328		
Due to other funds	32,773	14,275	10,088	-	-	9,497	-	-	66,633	40,428		
Payable from restricted assets -												
Revenue bonds	-	-	-	-	12,000	-	-	-	12,000	11,000		
Accrued interest	-	-	-	-	10,568	-	-	-	10,568	10,838		
Customers' deposits	-	-	-	-	24,734	-	-	-	24,734	24,180		
Revenue bonds and notes payable	-	-	-	-	548,057	-	-	-	548,057	562,003		
Notes payable	-	-	-	-	-	-	-	-	-	4,458		
<b>Total liabilities</b>	<b>54,209</b>	<b>14,275</b>	<b>49,228</b>	<b>624,411</b>	<b>9,679</b>	<b>9,679</b>	<b>872,171</b>	<b>751,802</b>	<b>764,774</b>	<b>764,774</b>		
<b>Fund equity:</b>												
Contributed capital	-	-	-	2,693,661	-	-	-	2,693,661	2,785,333	2,785,333		
Investment in general fixed assets	-	-	-	-	-	-	872,171	872,171	805,095	805,095		
Retained earnings -												
Reserved for debt retirement	-	-	-	182,344	-	-	-	182,344	166,711	166,711		
Unreserved, (deficit)	-	-	-	(435,249)	-	-	-	(435,249)	(439,653)	(439,653)		
<b>Total retained earnings (deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(252,905)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(252,905)</b>	<b>(272,942)</b>	<b>(272,942)</b>		
<b>Fund balances -</b>												
Unreserved, undesignated	32,042	42,855	(10,088)	-	-	-	-	64,809	55,496	55,496		
<b>Total fund equity</b>	<b>32,042</b>	<b>42,855</b>	<b>(10,088)</b>	<b>2,440,756</b>	<b>-</b>	<b>-</b>	<b>872,171</b>	<b>3,377,736</b>	<b>3,372,982</b>	<b>3,372,982</b>		
<b>Total liabilities and fund equity</b>	<b>\$86,251</b>	<b>\$57,130</b>	<b>\$39,140</b>	<b>\$3,065,167</b>	<b>\$ 9,679</b>	<b>\$ 9,679</b>	<b>\$872,171</b>	<b>\$4,129,538</b>	<b>\$4,137,756</b>	<b>\$4,137,756</b>		

The accompanying notes are an integral part of this statement.



TOWN OF DUSON, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances -  
All Governmental Fund Types  
Year Ended December 31, 1999

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)	
				1999	1998
<b>Revenues:</b>					
Taxes	\$ 66,365	\$314,492	\$ -	\$380,857	\$ 357,521
Licenses and permits	74,236	-	-	74,236	78,094
Intergovernmental	77,319	-	306,999	384,318	25,361
Charges for services	4,973	-	-	4,973	4,973
Fines and forfeits	68,834	-	-	68,834	12,813
Miscellaneous	12,983	1,118	-	14,101	15,163
Total revenues	<u>304,710</u>	<u>315,610</u>	<u>306,999</u>	<u>927,319</u>	<u>493,925</u>
<b>Expenditures:</b>					
<i>Current -</i>					
General government	158,617	6,970	-	165,587	152,738
<i>Public safety:</i>					
Police	114,374	-	-	114,374	125,611
Fire	17,600	-	-	17,600	6,910
Streets and parks and recreation	84,800	-	-	84,800	107,298
<i>Debt service -</i>					
Principal retirement	4,517	-	-	4,517	7,199
Interest	113	-	-	113	634
Capital outlay	64,920	-	341,207	406,127	38,903
Total expenditures	<u>444,941</u>	<u>6,970</u>	<u>341,207</u>	<u>793,118</u>	<u>439,293</u>
Excess (deficiency) of revenues over expenditures	<u>(140,231)</u>	<u>308,640</u>	<u>(34,208)</u>	<u>134,201</u>	<u>54,632</u>
<b>Other financing sources (uses):</b>					
Operating transfers in	167,638	8,000	24,120	199,758	256,050
Operating transfers out	<u>(12,120)</u>	<u>(300,870)</u>	<u>-</u>	<u>(312,990)</u>	<u>(309,370)</u>
Total other financing sources (uses)	<u>155,518</u>	<u>(292,870)</u>	<u>24,120</u>	<u>(113,232)</u>	<u>(53,320)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses before extraordinary item	15,287	15,770	(10,088)	20,969	1,312
Extraordinary item- misappropriation of funds (see note 19)	<u>(11,656)</u>	<u>-</u>	<u>-</u>	<u>(11,656)</u>	<u>(20,246)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,631	15,770	(10,088)	9,313	(18,934)
Fund balances, beginning	<u>28,411</u>	<u>27,085</u>	<u>-</u>	<u>55,496</u>	<u>74,430</u>
Fund balances, ending	<u>\$ 32,042</u>	<u>\$ 42,855</u>	<u>\$ (10,088)</u>	<u>\$ 64,809</u>	<u>\$ 55,496</u>

The accompanying notes are an integral part of this statement.

TOWN OF DUSON, LOUISIANA

Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual - All Governmental Fund Types  
Year Ended December 31, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 65,450	\$ 66,365	\$ 915	\$282,000	\$314,492	\$ 32,492
Licenses and permits	72,000	74,236	2,236	-	-	-
Intergovernmental	76,496	77,319	823	-	-	-
Charges for services	4,973	4,973	-	-	-	-
Fines and forfeits	50,500	68,834	18,334	-	-	-
Miscellaneous	12,550	12,983	433	850	1,118	268
Total revenues	<u>281,969</u>	<u>304,710</u>	<u>22,741</u>	<u>282,850</u>	<u>315,610</u>	<u>32,760</u>
<b>Expenditures:</b>						
Current -						
General government	154,100	158,617	(4,517)	7,700	6,970	730
Public safety:						
Police	104,280	114,374	(10,094)	-	-	-
Fire	28,350	17,600	10,750	-	-	-
Streets and parks and recreation	90,000	84,800	5,200	-	-	-
Debt service -						
Principal retirement	4,500	4,517	(17)	-	-	-
Interest	113	113	-	-	-	-
Capital outlay	68,500	64,920	3,580	-	-	-
Total expenditures	<u>449,843</u>	<u>444,941</u>	<u>4,902</u>	<u>7,700</u>	<u>6,970</u>	<u>730</u>
Excess (deficiency) of revenues over expenditures	<u>(167,874)</u>	<u>(140,231)</u>	<u>27,643</u>	<u>275,150</u>	<u>308,640</u>	<u>33,490</u>
<b>Other financing sources (uses):</b>						
Operating transfers in	193,000	167,638	(25,362)	-	8,000	8,000
Operating transfers out	<u>(14,000)</u>	<u>(12,120)</u>	<u>1,880</u>	<u>(277,000)</u>	<u>(300,870)</u>	<u>(23,870)</u>
Total other financing sources (uses)	<u>179,000</u>	<u>155,518</u>	<u>(23,482)</u>	<u>(277,000)</u>	<u>(292,870)</u>	<u>(15,870)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses before extraordinary item	11,126	15,287	4,161	(1,850)	15,770	17,620
Extraordinary item- misappropriation of funds (see note 19)	<u>(21,700)</u>	<u>(11,656)</u>	<u>10,044</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(10,574)</u>	<u>3,631</u>	<u>14,205</u>	<u>(1,850)</u>	<u>15,770</u>	<u>17,620</u>
Fund balances, beginning	<u>28,411</u>	<u>28,411</u>	<u>-</u>	<u>27,085</u>	<u>27,085</u>	<u>-</u>
Fund balances, ending	<u>\$ 17,837</u>	<u>\$ 32,042</u>	<u>\$ 14,205</u>	<u>\$ 25,235</u>	<u>\$ 42,855</u>	<u>\$ 17,620</u>

The accompanying notes are an integral part of this statement.

Capital Projects Fund		
Budget	Actual	Variance - Favorable (Unfavorable)
\$ -	\$ -	\$ -
-	-	-
325,000	306,999	(18,001)
-	-	-
-	-	-
-	-	-
<u>325,000</u>	<u>306,999</u>	<u>(18,001)</u>
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
349,000	341,207	7,793
<u>349,000</u>	<u>341,207</u>	<u>7,793</u>
<u>(24,000)</u>	<u>(34,208)</u>	<u>(10,208)</u>
24,000	24,120	120
-	-	-
<u>24,000</u>	<u>24,120</u>	<u>120</u>
-	(10,088)	(10,088)
-	-	-
-	(10,088)	(10,088)
-	-	-
<u>\$ -</u>	<u>\$ (10,088)</u>	<u>\$ (10,088)</u>

TOWN OF DUSON, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings -  
 Proprietary Fund Type  
 Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Charges for services -		
Water charges	\$ 87,824	\$ 110,492
Sewer service charges	61,119	59,199
Sanitation charges	72,149	63,710
Miscellaneous	195	1,042
Total operating revenues	<u>221,287</u>	<u>234,443</u>
Operating expenses:		
Salaries	88,944	76,535
Payroll taxes	2,259	5,646
General insurance	17,558	6,354
Auto and truck expense	2,822	2,244
Utilities and telephone	21,155	15,627
Maintenance and repairs	11,826	20,307
Supplies and parts	23,554	47,277
Office expense	4,231	3,563
Garbage collection fees	56,614	51,452
Depreciation expense	133,053	72,259
Dues and fees	1,391	560
Professional fees	17,705	6,039
Computer service	4,682	4,562
Engineering fees	1,825	3,735
Group health insurance	12,356	10,733
Uniforms	-	237
Meals, lodging and travel	1,147	1,340
Employee training	125	225
Contract labor	-	4,869
Miscellaneous	339	535
Total operating expenses	<u>401,586</u>	<u>334,099</u>
Operating loss	<u>(180,299)</u>	<u>(99,656)</u>
Nonoperating revenues (expenses):		
Interest income	7,284	6,767
Interest expense	(28,860)	(29,033)
Total nonoperating revenues (expenses)	<u>(21,576)</u>	<u>(22,266)</u>
Loss before operating transfers	<u>(201,875)</u>	<u>(121,922)</u>

(continued)

TOWN OF DUSON, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings - (Continued)  
 Proprietary Fund Type  
 Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating transfers in (out):		
Transfer from 1969 Sales Tax Fund	53,232	43,370
Transfer from 1983 Sales Tax Fund	60,000	10,000
Transfer to General Fund	-	(50)
Total operating transfers in	<u>113,232</u>	<u>53,320</u>
Net loss	(88,643)	(68,602)
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>108,680</u>	<u>40,732</u>
Increase (decrease) in retained earnings	20,037	(27,870)
Retained earnings (deficit), beginning	<u>(272,942)</u>	<u>(245,072)</u>
Retained earnings (deficit), ending	<u><u>\$ (252,905)</u></u>	<u><u>\$ (272,942)</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF DUSON, LOUISIANA  
 Comparative Statement of Cash Flows  
 Proprietary Fund Type  
 Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Operating loss	<u>\$(180,299)</u>	<u>\$ (99,656)</u>
Adjustments to reconcile net loss to cash used by operating activities -		
Depreciation	133,053	72,259
Changes in current assets and liabilities:		
Decrease (increase) in accounts receivable	18,220	(21,501)
Decrease (increase) in other receivables	10,940	(10,940)
Decrease (increase) in due from other funds	(10,690)	5,306
Decrease (increase) in due from other governmental units	49,504	(36,900)
Increase (decrease) in retainage payable	(50,614)	51,900
Increase (decrease) in accounts payable	675	(307)
Increase (decrease) in accrued liabilities	<u>(127)</u>	<u>470</u>
Total adjustments	<u>150,961</u>	<u>60,287</u>
Net cash used by operating activities	<u>(29,338)</u>	<u>(39,369)</u>
Cash flows from noncapital financing activities:		
Operating transfers from other funds	<u>113,232</u>	<u>53,320</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds and notes payable	(12,946)	(11,943)
Interest and fiscal charges paid on revenue bonds and notes payable	(29,141)	(29,303)
Increase in customer deposits payable	554	2,355
Acquisition of property, plant and equipment	(17,648)	(620,799)
Proceeds from grants	<u>17,008</u>	<u>600,000</u>
Net cash used by capital and related financing activities	<u>(42,173)</u>	<u>(59,690)</u>
Cash flows from investing activities:		
Interest on investments	<u>7,284</u>	<u>6,767</u>
Net increase (decrease) in cash and cash equivalents	<u>49,005</u>	<u>(38,972)</u>
Cash and cash equivalents, beginning of period	<u>245,815</u>	<u>284,787</u>
Cash and cash equivalents, end of period	<u><u>\$ 294,820</u></u>	<u><u>\$ 245,815</u></u>

(continued)

TOWN OF DUSON, LOUISIANA

Comparative Statement of Cash Flows  
 Proprietary Fund Type (Continued)  
 Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</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	\$ 9,069	\$ 68,785
Interest-bearing deposits - unrestricted	24,017	22,120
Interest-bearing deposits - restricted	207,695	191,259
Cash - restricted	5,034	2,623
Total cash and cash equivalents	<u>245,815</u>	<u>284,787</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	40,111	9,069
Interest-bearing deposits - unrestricted	25,063	24,017
Interest-bearing deposits - restricted	222,987	207,695
Cash - restricted	6,659	5,034
Total cash and cash equivalents	<u>294,820</u>	<u>245,815</u>
Net increase (decrease)	<u>\$ 49,005</u>	<u>\$ (38,972)</u>

The accompanying notes are an integrated part of this statement.

# TOWN OF DUSON, LOUISIANA

## Notes to Financial Statements

### (1) Summary of Significant Accounting Policies

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

The accounting and reporting policies of the Town of Duson conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units, published by The American Institute of Certified Public Accountants. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements in which case, GASB prevails.

The following is a summary of certain significant accounting policies:

#### A. Financial Reporting Entity

This report includes all funds and account groups which 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. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Account groups are a reporting device used to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The various funds and account groups are grouped, in the financial statements in this report, into five generic fund types and two broad fund categories as follows:

Governmental Fund Types -

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.



## TOWN OF DUSON, LOUISIANA

### Notes to Financial Statements (Continued)

#### Special Revenue Funds

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

#### Capital Projects Funds -

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

#### Proprietary Fund Type -

##### 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.

#### Fiduciary Fund Types -

##### Agency Funds

The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, but are used to account for assets held for other funds.

#### Account Groups -

##### General Fixed Assets Account Group

This is not a fund but rather an account group that is used to account for general fixed assets acquired principally for general purposes and excludes fixed assets in the Enterprise Fund.

##### General Long-Term Debt Account Group

This is not a fund but rather an account group that is used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

C. Basis of Accounting

*Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.*

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered "measurable" when in the hands of the intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Ad valorem taxes are recognized as revenue in the year for which budgeted, that is, in the year in which such taxes are billed. Other major revenues that are considered susceptible to accrual include earned grant revenues and other intergovernmental revenues, charges for services and interest on deposits. Franchise fees, licenses and permits, and fines are recognized when received because they are not objectively measurable.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are not recorded due to immateriality at December 31, 1999.

D. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheets.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased. The Town has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems. No depreciation has been provided on general fixed assets.

## TOWN OF DUSON, LOUISIANA

### Notes to Financial Statements (Continued)

All purchased fixed assets are stated at historical cost or estimated historical costs if actual historical cost is not available. Donated fixed assets are stated at their estimated fair value on the date donated. Estimated amounts are immaterial in relation to total fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus, and all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Utility System and Improvements	10-50 years
Equipment	3-10 years

#### E. 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.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

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. Such amendments were not material in relation to the original appropriations.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town as an extension of formal budgetary integration in the funds.

G. Interest-Bearing Deposits

Interest-bearing deposits are stated at cost, which approximates market. All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date no longer than three months.

H. Bad Debts

Uncollectible amounts due for ad valorem taxes and customer's utility receivables 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, 1999 and 1998.

I. Vacation and Sick Leave

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation is normally taken in the year accrued but can be carried over. Sick leave is accumulated by employees at a rate dependent upon number of years of employment. Although sick leave is available for employees when needed, it does not vest nor is it payable at termination of employment. No liability has been recorded in the accounts as of December 31, 1999 and 1998, due to immateriality.

J. 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 fixed assets. At December 31, 1999, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

K. Total Columns and Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

L. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

M. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally separated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

N. Due To and Due From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

O. Restricted Assets

The Utility Fund based on certain bond covenants, is required to establish and maintain amounts of resources (consisting of cash and temporary investments) that can be used to service outstanding debt.

P. Prior Year Reclassification

Certain previously reported amounts have been reclassified to enhance comparability with 1999 report classifications.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits and Investments

A. 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, 1999, the Town had cash and interest-bearing deposits (book balances) totaling \$320,554 as follows:

Demand deposits	\$ 97,225
Savings and money market accounts	<u>223,329</u>
Total	<u>\$320,554</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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 1999 were secured as follows:

Bank balances	<u>\$374,805</u>
Federal deposit insurance	\$200,000
Pledged securities (Category 3)	<u>174,805</u>
Total FDIC insurance and pledged securities	<u>\$374,805</u>

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

Pledged securities in Category 3 include uninsured or unregistered investments, for which securities are held by the broker or dealer, or by its trust department or agent, but not in the Town's name. Even though the pledged securities are considered uncollateralized (Category 3), Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

B. Investments

Investments in the amount of \$53,371 at December 31, 1999 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 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. For purposes of determining participants' shares, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

(3) 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 Town bills and collects its own property taxes using the assessed values determined by the Tax Assessors of Lafayette and Acadia Parishes. Town property tax revenues are budgeted in the year billed.

For the year ended December 31, 1999, taxes of 7.91 mills were levied on property with assessed valuations totaling \$2,411,870 and were dedicated as follows:

General corporate purposes

7.91 mills

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

Total taxes levied were \$19,078. Taxes receivable at December 31, 1999, consisted of the following:

Taxes receivable - current roll	\$ 14,268
Taxes payable - prior rolls	<u>-</u>
Total taxes receivable	<u>\$ 14,268</u>

(4) Interfund Receivables and Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 10,597	\$ 32,773
Special Revenue Fund:		
1983 Sales Tax Fund	-	14,275
Capital Projects Fund	12,000	10,088
Enterprise Fund		
Utility Fund	41,861	-
Agency Fund:		
Payroll Fund	-	4,929
Disbursement Fund	<u>2,175</u>	<u>4,568</u>
	<u>\$ 66,633</u>	<u>\$ 66,633</u>

(5) Due from Other Governmental Units

Amounts due from other governmental units at December 31, 1999, consisted of the following:

Utility Fund:

Amount due from Louisiana Department of Labor for reimbursement of over-payment of state sales taxes. \$ 838

Amount due from the State of Louisiana Office of Financial Support Services for reimbursement of LCDBG Water System Improvements project expenditures during fiscal year ending December 31, 1999. 1,558

2,396

General Fund:

Amount due from the State of Louisiana for video poker receipts for the month of December 31, 1999. 804

Amount due from the State of Louisiana for tobacco tax revenues earned during fiscal year ending December 31, 1999. 1,905



TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

Amount due from the Louisiana Department of Transportation and Development for grass cutting expenditures during fiscal ending December 31, 1999.

2,486

5,195

Capital Projects Fund:

Amount due from State of Louisiana Office of Community Development for reimbursement of LCDBG Street Improvements project expenditures during fiscal year ending December 31, 1999.

27,140

\$ 34,731

(6) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at December 31:

	<u>1999</u>	<u>1998</u>
Revenue bond and interest sinking funds	\$ 69,770	\$ 63,001
Revenue bond reserve funds	49,788	46,806
Revenue bond depreciation and contingency funds	85,354	78,742
Customers' deposits	<u>24,734</u>	<u>24,180</u>
 Total restricted assets	 <u>\$229,646</u>	 <u>\$212,729</u>

(7) Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>01/01/99</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/99</u>
Land	\$ 28,827	\$ -	\$ -	\$ 28,827
Buildings	58,281	55,374	-	113,655
Improvements other than buildings	448,423	-	-	448,423
Equipment	<u>269,564</u>	<u>21,012</u>	<u>(9,310)</u>	<u>281,266</u>
 Total general fixed assets	 <u>\$805,095</u>	 <u>\$76,386</u>	 <u>\$(9,310)</u>	 <u>\$872,171</u>

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

A summary of proprietary fund type property, plant and equipment at December 31, 1999, follows:

Plant and equipment - water system	\$2,103,357
Plant and equipment - sewer system	1,857,807
Office equipment	<u>19,192</u>
Total	3,980,356
Less: Accumulated depreciation	<u>1,283,888</u>
Net Utility Fund property, plant and equipment	<u><u>\$2,696,468</u></u>

(8) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended December 31, 1999.

	Revenue Bonds and Notes Payable	General Obligation Note Payable	Total
Long-term debt payable, January 1, 1999	\$ 573,003	\$ 4,458	\$ 577,461
Long-term debt issued	-	-	-
Long-term debt retired	<u>12,946</u>	<u>4,458</u>	<u>17,404</u>
Long-term debt payable, December 31, 1999	<u><u>\$ 560,057</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 560,057</u></u>

Long-term debt payable at December 31, 1999, is comprised of the following individual issues:

Utility revenue bonds and notes payable:

\$230,000 Sewer Revenue Bonds, dated February 4, 1983, due in annual installments of \$4,000 to \$13,000 through July 3, 2022, interest at 5.0 percent	\$ 182,000
\$340,000 Sewer Revenue Bonds, dated July 3, 1979, due in annual installments of \$7,000 to \$20,000 through July 13, 2019, interest at 5.0 percent	249,000
\$137,300 Water Note Payable, dated June 3, 1994, due in monthly installments of \$691 through June 3, 2033, interest at 5.25 percent	<u>129,057</u>
Total	<u><u>\$ 560,057</u></u>

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

The annual requirements to amortize all debt outstanding at December 31, 1999, including interest payments of \$433,301 are as follows:

<u>Year Ending December 31,</u>	<u>Revenue Bonds and Notes Payable</u>
2000	\$ 41,837
2001	42,237
2002	41,587
2003	41,937
2004	41,237
2005 - 2009	206,835
2010 - 2014	207,335
2015 - 2019	213,585
2020 - 2024	82,185
2025 - 2029	41,435
2030 - 2033	<u>33,148</u>
	<u>\$ 993,358</u>

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

Revenue Bond

Under the terms of the Sewer Utility Revenue indenture dated February 4, 1983, 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" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. 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.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

There shall also be set aside into a "Sewer Utility Bond Reserve Fund" an amount equal to 5% of the amount required to be paid into the Sinking Fund during the current fiscal year until there shall have been accumulated in the reserve account \$61,350. Such amount may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Sewer Utility Depreciation and Contingency Fund" at the rate of \$277 each month. 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.

Under the terms of the Sewer Utility Revenue indenture dated July 3, 1979, 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" an amount constituting 1/12 of the next maturing installment of principal and interest on the outstanding bonds. 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" an amount equal to 5% of the amount required to be paid into the Sinking Fund during the current fiscal year. Such amount may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Funds will also be set aside into a "Sewer Utility Depreciation and Contingency Fund" each month. 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.

Under the terms of the Water Utility note payable dated June 3, 1994, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the water utility system, are pledged and dedicated to the retirement of said note payable and are to be set aside into the following special funds:

Each month, there will be a payment of \$691 made on the outstanding principal and interest of the note payable.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

Funds will also be set aside into a reserve fund at the rate of \$35 each month until there shall have been accumulated in the reserve account \$8,287. Such amounts may be used only for the payment on the note.

Funds will also be set aside into a depreciation and contingency fund at the rate of \$74 each month. 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 note at any time there is not sufficient money for payment on the note.

(10) Dedication of Proceeds and Flow of Funds - 1969 1% 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 (1999 collections \$157,246) 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.

(11) Dedication of Proceeds and Flow of Funds - 1983 1% Sales and Use Tax

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 (1999 collections \$157,246) are dedicated to the following purpose:

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.

(12) Employee Retirement

All employees of the Town of Duson participate in the Social Security System. For the year ended December 31, 1999, the Town and its employees contributed a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employee). The Town's contribution during the year ended December 31, 1999, amounted to \$19,994.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

(13) Segment Information for the Enterprise Fund

The Town of Duson maintains one enterprise fund with four departments which provide water, sewerage and sanitation services. Segment information for the year ended December 31, 1999, was as follows:

	<u>Water Department</u>	<u>Sewerage Department</u>	<u>Sanitation Department</u>	<u>General Administration</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$ 88,019	\$ 61,119	\$ 72,149	\$ -	\$ 221,287
Operating expenses	<u>185,118</u>	<u>128,614</u>	<u>56,614</u>	<u>31,240</u>	<u>401,586</u>
Operating income (loss)	<u><u>\$ (97,099)</u></u>	<u><u>\$ (67,495)</u></u>	<u><u>\$ 15,535</u></u>	<u><u>\$ (31,240)</u></u>	<u><u>\$ (180,299)</u></u>

(14) Contributed Capital

Amounts contributed to the Utility Fund for acquisition or construction of fixed assets are recognized as contributed capital. Contributed capital generated through grants externally restricted for capital acquisitions is amortized based on the depreciation recognized on that portion of the assets acquired or constructed from such grants. This depreciation is closed to the appropriate contributed capital account and is reflected as an adjustment to net income on the Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings.

The sources of contributed capital used to acquire and construct facilities of the enterprise fund are as follows:

	<u>Local Government</u>	<u>State Grants</u>	<u>Municipality</u>	<u>Federal Grants</u>	<u>Total</u>
Total contributed capital	\$503,453	\$16,629	\$166,851	\$2,503,020	\$3,189,953
Less: Accumulated amortization	<u>-</u>	<u>(2,156)</u>	<u>-</u>	<u>(494,136)</u>	<u>(496,292)</u>
Net contributed capital	<u><u>\$503,453</u></u>	<u><u>\$14,473</u></u>	<u><u>\$166,851</u></u>	<u><u>\$2,008,884</u></u>	<u><u>\$2,693,661</u></u>

TOWN OF DUSON, LOUISIANA

Notes to 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, 1999 follows:

John Lagneaux, Mayor	\$16,800
Aldermen:	
Dwayne Bowers	2,400
Jimmy Champagne	3,000
Eugene Cahanin	2,400
Alvin Felix	2,400
Gerald Alleman	<u>2,400</u>
	<u>\$29,400</u>

(16) Deficits in Individual Funds

The Utility Fund reflects deficit retained earnings at December 31, 1999 of \$252,905. The Town anticipates that this deficit will be funded by excess revenues in future periods. The Capital Projects fund reflects a deficit in fund balance at December 31, 1999 of \$10,088. The Town anticipates that this deficit will be funded by future bond proceeds.

(17) Pending Litigation

There were no lawsuits pending against the Town of Duson at December 31, 1999.

(18) Subsequent Events

The Town issued a certificate of indebtedness, Series 2000, dated February 1, 2000, in the amount of \$100,000. Proceeds from this debt issuance will be used to purchase equipment & pay for improvements on the Town's water system.

(19) Extraordinary Item

The extraordinary item of \$11,656 (\$21,656 less insurance proceeds of \$10,000) and \$20,246 for 1999 and 1998, respectively, represents a misappropriation of funds. The information concerning the misappropriation of funds has been submitted to law enforcement officials, the Lafayette Parish District Attorney and the State Legislative Auditor for investigation.

**SUPPLEMENTARY INFORMATION**



## TOWN OF DUSON, LOUISIANA

### Impact of Year 2000 on Computer Programs (Unaudited)

#### Impact of Year 2000 on Computer Programs (Unaudited)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Town of Duson's computer programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including among other things, a temporary inability to process transactions or engage in similar normal business activities.

The Town of Duson has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting Town of Duson's operations and have identified such systems as being financial reporting and payroll.

- The financial reporting and payroll systems have been assessed, remediated, and tested and validated.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Town of Duson is or will be Year 2000 ready, that the Town of Duson's remediation efforts will be successful in whole or in part, or that parties with whom the Town of Duson does business will be year 2000 ready. The Town of Duson is utilizing external resources to identify and test the systems for Year 2000 compliance.

**SCHEDULES OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS**

## **GENERAL FUND**

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

TOWN OF DUSON, LOUISIANA  
General Fund

Comparative Balance Sheet  
December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<b>ASSETS</b>		
Cash and interest-bearing deposits	\$18,350	\$22,073
Ad valorem taxes receivable	14,268	17,913
Investments	16,711	15,907
Other receivables	21,130	15,183
Due from other funds	10,597	7,507
Due from other governmental units	5,195	6,863
Total assets	<u>\$86,251</u>	<u>\$85,446</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable	\$18,368	\$31,195
Accrued liabilities	3,068	1,517
Due to other funds	32,773	24,323
Total liabilities	<u>54,209</u>	<u>57,035</u>
Fund balances:		
Unreserved, undesignated	<u>32,042</u>	<u>28,411</u>
Total liabilities and fund balances	<u>\$86,251</u>	<u>\$85,446</u>

TOWN OF DUSON, LOUISIANA  
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual  
Year Ended December 31, 1999  
With Comparative Actual Amounts for Year Ended December 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
<b>Revenues:</b>				
Taxes	\$ 65,450	\$ 66,365	\$ 915	\$ 73,513
Licenses and permits	72,000	74,236	2,236	78,094
Intergovernmental	76,496	77,319	823	25,361
Charges for services	4,973	4,973	-	4,973
Fines and forfeits	50,500	68,834	18,334	12,813
Miscellaneous	12,550	12,983	433	14,022
Total revenues	<u>281,969</u>	<u>304,710</u>	<u>22,741</u>	<u>208,776</u>
<b>Expenditures:</b>				
General government	154,100	158,617	(4,517)	148,870
Public safety -				
Police	104,280	114,374	(10,094)	125,611
Fire	28,350	17,600	10,750	6,910
Streets and parks and recreation	90,000	84,800	5,200	107,298
Debt service	4,613	4,630	(17)	7,833
Capital outlay	68,500	64,920	3,580	38,903
Total expenditures	<u>449,843</u>	<u>444,941</u>	<u>4,902</u>	<u>435,425</u>
Deficiency of revenues over expenditures	<u>(167,874)</u>	<u>(140,231)</u>	<u>27,643</u>	<u>(226,649)</u>
<b>Other financing sources:</b>				
Transfer from 1969 Sales Tax Fund	100,000	93,000	(7,000)	107,000
Transfer from 1983 Sales Tax Fund	93,000	74,638	(18,362)	149,000
Transfer to Capital Projects Fund	(12,000)	(12,120)	(120)	-
Transfer (to) from Utility Fund	(2,000)	-	2,000	50
Total other financing sources	<u>179,000</u>	<u>155,518</u>	<u>(23,482)</u>	<u>256,050</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses before extraordinary item	11,126	15,287	4,161	29,401
Extraordinary item- misappropriation of funds (see note 19)	<u>(21,700)</u>	<u>(11,656)</u>	<u>10,044</u>	<u>(20,246)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(10,574)</u>	3,631	14,205	9,155
Fund balances, beginning	<u>28,411</u>	<u>28,411</u>	<u>-</u>	<u>19,256</u>
Fund balances, ending	<u>\$ 17,837</u>	<u>\$ 32,042</u>	<u>\$ 14,205</u>	<u>\$ 28,411</u>

TOWN OF DUSON, LOUISIANA  
General Fund

Statement of Revenues Compared to Budget (GAAP Basis)  
Year Ended December 31, 1999  
With Comparative Actual Amounts for Year Ended December 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Taxes:				
Ad valorem	\$ 15,100	\$ 19,078	\$ 3,978	\$ 15,103
Franchise - electric	42,000	38,766	(3,234)	44,765
Franchise - gas	5,100	5,408	308	10,815
Franchise - cable tv	3,200	2,333	(867)	2,765
Franchise - telephone	50	780	730	65
Total taxes	<u>65,450</u>	<u>66,365</u>	<u>915</u>	<u>73,513</u>
Occupational licenses	<u>72,000</u>	<u>74,236</u>	<u>2,236</u>	<u>78,094</u>
Intergovernmental:				
State of Louisiana -				
State grants	55,375	55,374	(1)	-
Tobacco taxes	7,621	7,621	-	7,621
Beer taxes	5,000	5,722	722	5,440
Video poker revenue	8,500	8,602	102	12,300
Total intergovernmental	<u>76,496</u>	<u>77,319</u>	<u>823</u>	<u>25,361</u>
Charges for services:				
Grass cutting	<u>4,973</u>	<u>4,973</u>	<u>-</u>	<u>4,973</u>
Fines and forfeits	<u>50,500</u>	<u>68,834</u>	<u>18,334</u>	<u>12,813</u>
Miscellaneous:				
Oil royalties	2,500	2,583	83	1,966
Interest on interest-bearing accounts	850	818	(32)	875
Rent income	3,600	3,600	-	3,600
Other sources	5,600	5,982	382	7,581
Total miscellaneous	<u>12,550</u>	<u>12,983</u>	<u>433</u>	<u>14,022</u>
Total revenues	<u>\$281,969</u>	<u>\$304,710</u>	<u>\$ 22,741</u>	<u>\$208,776</u>

TOWN OF DUSON, LOUISIANA  
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis)  
Year Ended December 31, 1999  
With Comparative Actual Amounts for Year Ended December 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
<b>Current:</b>				
General government -				
Salaries	\$ 78,000	\$ 79,816	\$ (1,816)	\$ 81,014
Payroll taxes	6,200	6,608	(408)	9,028
Group health insurance	10,000	13,128	(3,128)	7,415
General insurance	12,500	13,246	(746)	-
Utilities	4,000	3,667	333	7,688
Telephone	3,500	3,570	(70)	2,764
Meetings and conventions	3,150	1,830	1,320	3,031
Meals, lodging and travel	750	4,864	(4,114)	1,285
Advertising	2,200	2,874	(674)	1,460
Repairs and maintenance	2,500	1,492	1,008	1,920
Auto expenditures	400	521	(121)	2,531
Dues and publications	300	-	300	210
Professional fees	10,000	11,448	(1,448)	9,546
Training and education	500	469	31	294
Office expenditures	7,200	7,495	(295)	13,283
Election fees	8,000	495	7,505	135
Assessor's fees	700	785	(85)	1,295
Janitorial services	1,700	1,830	(130)	1,395
Bad debt expense	-	3,626	(3,626)	-
Miscellaneous	2,500	853	1,647	4,576
Total general government	<u>154,100</u>	<u>158,617</u>	<u>(4,517)</u>	<u>148,870</u>
<b>Public safety:</b>				
Police-				
Salaries	55,000	60,470	(5,470)	59,567
Payroll taxes	5,500	6,695	(1,195)	5,460
General insurance	11,000	12,824	(1,824)	9,735
Group health insurance	6,500	6,183	317	5,714
Advertising	1,130	1,130	-	-
Repairs and maintenance	7,000	8,942	(1,942)	8,996
Professional fees	1,700	1,733	(33)	1,899
Supplies	2,300	860	1,440	1,346
Utilities	2,100	1,860	240	1,324
Telephone	2,300	2,093	207	1,291
Auto expenditures	5,000	5,483	(483)	2,035
Office supplies	200	892	(692)	461
Insurance claims	-	-	-	25,538
Tower charge	1,200	-	1,200	1,186
Training and education	2,000	1,700	300	200
Janitorial services	750	720	30	747
Uniforms	-	1,113	(1,113)	-
Miscellaneous	600	1,676	(1,076)	112
Total police	<u>104,280</u>	<u>114,374</u>	<u>(10,094)</u>	<u>125,611</u>

(continued)

TOWN OF DUSON, LOUISIANA  
General Fund

*Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)*  
Year Ended December 31, 1999  
With Comparative Actual Amounts for Year Ended December 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Fire -				
General insurance	2,700	996	1,704	850
Utilities	3,500	2,801	699	2,555
Telephone	3,000	2,973	27	603
Supplies and materials	10,000	1,820	8,180	-
Professional fees	6,650	6,510	140	402
Donation to volunteer fire department	2,500	2,500	-	2,500
Total fire	<u>28,350</u>	<u>17,600</u>	<u>10,750</u>	<u>6,910</u>
Total public safety	<u>132,630</u>	<u>131,974</u>	<u>656</u>	<u>132,521</u>
Streets and parks and recreation:				
Streets -				
Salaries	25,000	24,696	304	49,365
Payroll taxes	2,500	2,881	(381)	3,777
General insurance	10,000	7,071	2,929	10,363
Group health insurance	4,500	4,106	394	3,602
Professional services	800	726	74	752
Supplies, materials and repairs	18,000	23,570	(5,570)	20,952
Auto and truck expenditures	10,000	3,234	6,766	5,905
Utilities	18,000	17,285	715	11,689
Telephone	400	216	184	-
Office expenditures	200	-	200	682
Miscellaneous	300	828	(528)	115
Uniforms	-	-	-	-
Total streets	<u>89,700</u>	<u>84,613</u>	<u>5,087</u>	<u>107,202</u>
Parks and recreation -				
Utilities	300	187	113	96
Total streets and parks and recreation	<u>90,000</u>	<u>84,800</u>	<u>5,200</u>	<u>107,298</u>
Debt service:				
Principal payments	4,500	4,517	(17)	7,199
Interest paid	113	113	-	634
Total debt service	<u>4,613</u>	<u>4,630</u>	<u>(17)</u>	<u>7,833</u>

(continued)



TOWN OF DUSON, LOUISIANA  
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)  
Year Ended December 31, 1999  
With Comparative Actual Amounts for Year Ended December 31, 1998

	<u>1999</u>		Variance - Favorable (Unfavorable)	<u>1998 Actual</u>
	<u>Budget</u>	<u>Actual</u>		
Capital outlay:				
General government:				
Administrative -				
Equipment	-	-	-	15,404
Land	-	-	-	14,549
Public safety -				
Police:				
Equipment	-	1,152	(1,152)	450
Automobiles	13,000	-	13,000	-
Fire:				
Equipment	-	7,990	(7,990)	-
Building	55,500	55,374	126	-
Automobiles	-	-	-	8,500
Public works:				
Streets -				
Improvements	-	404	(404)	-
Total capital outlay	<u>68,500</u>	<u>64,920</u>	<u>3,580</u>	<u>38,903</u>
 Total expenditures	 <u>\$449,843</u>	 <u>\$444,941</u>	 <u>\$4,902</u>	 <u>\$435,425</u>

## **SPECIAL REVENUE FUNDS**

### **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.

TOWN OF DUSON, LOUISIANA  
Special Revenue Funds

Combining Balance Sheet  
December 31, 1999  
With Comparative Totals for December 31, 1998

	1969 Sales <u>Tax Fund</u>	1983 Sales <u>Tax Fund</u>	<u>Totals</u>	
			1999	1998
<b>ASSETS</b>				
Interest-bearing deposits	\$ 8,454	\$20,785	\$29,239	\$ 3,096
Investments	7,301	-	7,301	6,950
Sales tax receivable	<u>10,295</u>	<u>10,295</u>	<u>20,590</u>	<u>19,314</u>
 Total assets	 <u>\$26,050</u>	 <u>\$31,080</u>	 <u>\$57,130</u>	 <u>\$29,360</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Due to other funds	\$ -	\$14,275	\$14,275	\$ 2,275
 <b>Fund balances:</b>				
Unreserved, undesignated	<u>26,050</u>	<u>16,805</u>	<u>42,855</u>	<u>27,085</u>
 Total liabilities and fund balances	 <u>\$26,050</u>	 <u>\$31,080</u>	 <u>\$57,130</u>	 <u>\$29,360</u>

TOWN OF DUSON, LOUISIANA  
Special Revenue Fund  
1969 Sales Tax Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual  
Year Ended December 31, 1999  
With Comparative Actual Amounts for Year Ended December 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
<b>Revenues:</b>				
Sales taxes	\$141,000	\$157,246	\$16,246	\$142,004
Interest	400	734	334	749
Total revenues	<u>141,400</u>	<u>157,980</u>	<u>16,580</u>	<u>142,753</u>
<b>Expenditures:</b>				
General government -				
Collection fees	1,100	795	305	694
Professional fees	2,000	3,230	(1,230)	2,430
Miscellaneous	-	19	(19)	50
Total general government	<u>3,100</u>	<u>4,044</u>	<u>(944)</u>	<u>3,174</u>
Excess of revenues over expenditures	<u>138,300</u>	<u>153,936</u>	<u>15,636</u>	<u>139,579</u>
<b>Other financing sources (uses):</b>				
Transfer from General Fund	-	8,000	8,000	-
Transfer to General Fund	(100,000)	(101,000)	(1,000)	(107,000)
Transfer to Utility Fund	(55,000)	(53,232)	1,768	(43,370)
Total other financing sources (uses)	<u>(155,000)</u>	<u>(146,232)</u>	<u>8,768</u>	<u>(150,370)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(16,700)	7,704	24,404	(10,791)
Fund balances, beginning	<u>18,346</u>	<u>18,346</u>	-	<u>29,137</u>
Fund balances, ending	<u>\$ 1,646</u>	<u>\$ 26,050</u>	<u>\$24,404</u>	<u>\$ 18,346</u>

TOWN OF DUSON, LOUISIANA  
Special Revenue Fund  
1983 Sales Tax Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
Budget (GAAP Basis) and Actual  
Year Ended December 31, 1999  
With Comparative Actual Amounts for Year Ended December 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
<b>Revenues:</b>				
Sales taxes	\$ 141,000	\$ 157,246	\$ 16,246	\$ 142,004
Interest	450	384	(66)	392
Total revenues	<u>141,450</u>	<u>157,630</u>	<u>16,180</u>	<u>142,396</u>
<b>Expenditures:</b>				
General government -				
Collection fees	1,100	814	286	694
Professional fees	3,500	2,112	1,388	-
Total general government	<u>4,600</u>	<u>2,926</u>	<u>1,674</u>	<u>694</u>
Excess of revenues over expenditures	<u>136,850</u>	<u>154,704</u>	<u>17,854</u>	<u>141,702</u>
<b>Other financing uses:</b>				
Transfer to General Fund	(93,000)	(74,638)	18,362	(149,000)
Transfer to Utility Fund	(17,000)	(60,000)	(43,000)	(10,000)
Transfer to Capital Projects Fund	(12,000)	(12,000)	-	-
Total other financing uses	<u>(122,000)</u>	<u>(146,638)</u>	<u>(24,638)</u>	<u>(159,000)</u>
Excess (deficiency) of revenues over expenditures and other uses	14,850	8,066	(6,784)	(17,298)
Fund balances, beginning	<u>8,739</u>	<u>8,739</u>	-	<u>26,037</u>
Fund balances, ending	<u>\$ 23,589</u>	<u>\$ 16,805</u>	<u>\$ (6,784)</u>	<u>\$ 8,739</u>

## CAPITAL PROJECTS FUND

### Street Improvements -

To account for the resurfacing and improvement of the Town's streets. Financing is being provided by a United States Department of Housing and Urban Development Community Development Block Grant. Funds for construction payments are drawn-down as expenditures are incurred.

TOWN OF DUSON, LOUISIANA  
 Capital Projects Fund  
 Street Improvements

Comparative Balance Sheet  
 December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<b>ASSETS</b>		
Due from other governments	\$ 27,140	\$ -
Due from other funds	12,000	-
Total assets	<u>\$ 39,140</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Retainage payable	\$ 27,140	\$ -
Other payables	12,000	-
Due to other funds	10,088	-
Total liabilities	49,228	-
Fund balances (deficit):		
Designated	<u>(10,088)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 39,140</u>	<u>\$ -</u>

TOWN OF DUSON, LOUISIANA  
 Capital Projects Fund  
 Street Improvements

Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget (GAAP Basis) and Actual  
 Year Ended December 31, 1999  
 With Comparative Actual Amounts for Year Ended December 31, 1998

	1999		Variance - Favorable (Unfavorable)	1998 Actual
	Budget	Actual		
Revenues:				
Grant	\$ 325,000	\$ 306,999	\$ (18,001)	\$ -
Expenditures:				
Professional fees - engineering	34,850	34,998	(148)	-
Construction costs	289,400	271,400	18,000	-
Administration fees	24,000	24,000	-	-
Other fees	750	721	29	-
Capital outlay	-	10,088	(10,088)	-
Total expenditures	<u>349,000</u>	<u>341,207</u>	<u>7,793</u>	<u>-</u>
Deficiency of revenues over expenditures	<u>(24,000)</u>	<u>(34,208)</u>	<u>(10,208)</u>	<u>-</u>
Other financing sources:				
Transfer from General Fund	12,000	12,120	120	-
Transfer from Sales Tax Fund	12,000	12,000	-	-
Total other financing sources	<u>24,000</u>	<u>24,120</u>	<u>120</u>	<u>-</u>
Deficiency of revenues and other sources over expenditures	-	(10,088)	(10,088)	-
Fund balances, beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ (10,088)</u>	<u>\$ (10,088)</u>	<u>\$ -</u>



## **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  
Enterprise Fund  
Utility Fund

Comparative Balance Sheet  
December 31, 1999 and 1998

	1999	1998
<b>ASSETS</b>		
Current assets:		
Cash and interest-bearing deposits	\$ 53,890	\$ 24,280
Investments	11,284	8,806
Accounts receivable	29,622	47,843
Other receivables	-	10,940
Due from other funds	41,861	31,171
Due from other governmental units	2,396	51,900
Total current assets	139,053	174,940
Restricted assets:		
Revenue bond and interest sinking funds -		
Interest-bearing deposits - sewer	31,949	30,961
Interest-bearing deposits - water	37,821	32,040
Revenue bond reserve funds -		
Interest-bearing deposits - sewer	40,346	37,574
Interest-bearing deposits - water	9,442	9,232
Revenue bond depreciation and contingency funds -		
Interest-bearing deposits - sewer	77,063	71,437
Interest-bearing deposits - water	8,291	7,305
Customers' deposits -		
Cash	6,659	5,034
Investments	18,075	19,146
Total restricted assets	229,646	212,729
Property, plant and equipment:		
Property, plant and equipment, at cost, net of accumulated depreciation (1999 \$1,283,888; 1998 \$1,150,832)	2,696,468	2,811,861
Total assets	\$3,065,167	\$3,199,530

	<u>1999</u>	<u>1998</u>
<b>LIABILITIES AND FUND EQUITY</b>		
Liabilities:		
Current liabilities (payable from current assets) -		
Accounts payable	\$ 27,119	\$ 26,444
Retainage payable	1,286	51,900
Accrued liabilities	647	774
Total current liabilities (payable from current assets)	<u>29,052</u>	<u>79,118</u>
Current liabilities (payable from restricted assets) -		
Revenue bonds and notes payable	12,000	11,000
Interest payable	10,568	10,838
Customers' deposits	24,734	24,180
Total current liabilities (payable from restricted assets)	<u>47,302</u>	<u>46,018</u>
Long-term liabilities -		
Revenue bonds and notes payable	548,057	562,003
Total liabilities	<u>624,411</u>	<u>687,139</u>
Fund equity:		
Contributed capital -		
Municipality	166,851	166,851
Federal grants, net of accumulated amortization of (1999 \$494,136; 1998 \$385,690)	2,008,884	2,100,322
State grants, net of accumulated amortization of (1999, \$2,156; 1998 \$1,922)	14,473	14,707
Local government grants	503,453	503,453
Total contributed capital	<u>2,693,661</u>	<u>2,785,333</u>
Retained earnings (deficit) -		
Reserved for debt retirement	182,344	166,711
Unreserved	(435,249)	(439,653)
Total retained earnings (deficit)	<u>(252,905)</u>	<u>(272,942)</u>
Total fund equity	<u>2,440,756</u>	<u>2,512,391</u>
Total liabilities and fund equity	<u>\$3,065,167</u>	<u>\$3,199,530</u>

TOWN OF DUSON, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings  
Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Operating revenues:		
Charges for services -		
Water charges	\$ 87,824	\$ 110,492
Sewer service charges	61,119	59,199
Sanitation charges	72,149	63,710
Miscellaneous	195	1,042
Total operating revenues	<u>221,287</u>	<u>234,443</u>
 Operating expenses:		
Salaries	88,944	76,535
Payroll taxes	2,259	5,646
General insurance	17,558	6,354
Auto and truck expense	2,822	2,244
Utilities and telephone	21,155	15,627
Maintenance and repairs	11,826	20,307
Supplies and parts	23,554	47,277
Office expense	4,231	3,563
Garbage collection fees	56,614	51,452
Depreciation expense	133,053	72,259
Dues and fees	1,391	560
Professional fees	17,705	6,039
Computer service	4,682	4,562
Engineering fees	1,825	3,735
Group health insurance	12,356	10,733
Uniforms	-	237
Meals, lodging and travel	1,147	1,340
Employee training	125	225
Contract labor	-	4,869
Miscellaneous	339	535
Total operating expenses	<u>401,586</u>	<u>334,099</u>
 Operating loss	 <u>(180,299)</u>	 <u>(99,656)</u>

(continued)

TOWN OF DUSON, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Statement of Revenues, Expenses and Changes in Retained Earnings (Continued)  
Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Nonoperating revenues (expenses):		
Interest income	7,284	6,767
Interest expense	<u>(28,860)</u>	<u>(29,033)</u>
Total nonoperating expenses	<u>(21,576)</u>	<u>(22,266)</u>
Loss before operating transfers	<u>(201,875)</u>	<u>(121,922)</u>
Operating transfers in (out):		
Transfer from 1969 Sales Tax Fund	53,232	43,370
Transfer to General Fund	-	(50)
Transfer from 1983 Sales Tax Fund	<u>60,000</u>	<u>10,000</u>
Total operating transfers in	<u>113,232</u>	<u>53,320</u>
Net loss	(88,643)	(68,602)
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>108,680</u>	<u>40,732</u>
Increase (decrease) in retained earnings	20,037	(27,870)
Retained earnings (deficit), beginning	<u>(272,942)</u>	<u>(245,072)</u>
Retained earnings (deficit), ending	<u><u>\$ (252,905)</u></u>	<u><u>\$ (272,942)</u></u>

TOWN OF DUSON, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Statement of Cash Flows  
Years Ended December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
<i>Cash flows from operating activities:</i>		
Operating loss	<u>\$ (180,299)</u>	<u>\$ (99,656)</u>
<i>Adjustments to reconcile net loss to cash used by operating activities -</i>		
Depreciation	133,053	72,259
<i>Changes in current assets and liabilities:</i>		
Decrease (increase) in accounts receivable	18,220	(21,501)
Decrease (increase) in other receivables	10,940	(10,940)
Decrease (increase) in due from other funds	(10,690)	5,306
Decrease (increase) in due from other governmental units	49,504	(36,900)
Increase (decrease) in retainage payable	(50,614)	51,900
Increase (decrease) in accounts payable	675	(307)
Increase (decrease) in accrued liabilities	(127)	470
Total adjustments	<u>150,961</u>	<u>60,287</u>
Net cash used by operating activities	<u>(29,338)</u>	<u>(39,369)</u>
<i>Cash flows from noncapital financing activities:</i>		
Operating transfers from other funds	<u>113,232</u>	<u>53,320</u>
<i>Cash flows from capital and related financing activities:</i>		
Principal paid on revenue bonds and notes payable	(12,946)	(11,943)
Interest and fiscal charges paid on revenue bonds and notes payable	(29,141)	(29,303)
Increase in customer deposits payable	554	2,355
Acquisition of property, plant and equipment	(17,648)	(620,799)
Proceeds from grants	17,008	600,000
Net cash used by capital and related financing activities	<u>(42,173)</u>	<u>(59,690)</u>
<i>Cash flows from investing activities:</i>		
Interest on investments	<u>7,284</u>	<u>6,767</u>
Net increase (decrease) in cash and cash equivalents	49,005	(38,972)
Cash and cash equivalents, beginning of period	<u>245,815</u>	<u>284,787</u>
Cash and cash equivalents, end of period	<u>\$ 294,820</u>	<u>\$ 245,815</u>

(continued)

TOWN OF DUSON, LOUISIANA  
Enterprise Fund  
Utility Fund

Comparative Statement of Cash Flows (Continued)  
Years Ended December 31, 1999 and 1998

	1999	1998
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 9,069	\$ 68,785
Interest-bearing deposits - unrestricted	24,017	22,120
Interest-bearing deposits - restricted	207,695	191,259
Cash - restricted	5,034	2,623
Total cash and cash equivalents	245,815	284,787
 Cash and cash equivalents, end of period -		
Cash - unrestricted	40,111	9,069
Interest-bearing deposits - unrestricted	25,063	24,017
Interest-bearing deposits - restricted	222,987	207,695
Cash - restricted	6,659	5,034
Total cash and cash equivalents	294,820	245,815
 Net increase (decrease)	\$ 49,005	\$ (38,972)

TOWN OF DUSON, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Changes in Assets Restricted for Revenue Bond Debt Service  
Year Ended December 31, 1999

	Interest Sinking - Sewer	Reserve - Sewer	Depreciation and Contingency - Sewer	Interest Sinking - Water	Reserve - Water	Depreciation and Contingency - Water	Total
Interest-bearing deposits, beginning of period	\$ 30,961	\$37,574	\$71,437	\$32,040	\$ 9,232	\$ 7,305	\$188,549
Cash receipts:							
Transfer from Sales Tax operating account	33,275	1,662	3,324	-	-	-	38,261
Transfer from Utility Fund operating account	-	-	-	14,010	-	737	14,747
Interest on interest-bearing deposits	813	1,110	2,302	754	210	249	5,438
Total cash receipts	<u>34,088</u>	<u>2,772</u>	<u>5,626</u>	<u>14,764</u>	<u>210</u>	<u>986</u>	<u>58,446</u>
Total interest-bearing deposits available	<u>65,049</u>	<u>40,346</u>	<u>77,063</u>	<u>46,804</u>	<u>9,442</u>	<u>8,291</u>	<u>246,995</u>
Cash disbursements:							
Principal payments	11,000	-	-	1,946	-	-	12,946
Interest payments	22,100	-	-	7,037	-	-	29,137
Total disbursements	<u>33,100</u>	<u>-</u>	<u>-</u>	<u>8,983</u>	<u>-</u>	<u>-</u>	<u>42,083</u>
Interest-bearing deposits, end of period	\$ 31,949	\$40,346	\$77,063	\$37,821	\$ 9,442	\$ 8,291	\$204,912



**FIDUCIARY FUNDS  
AGENCY FUNDS**

**Payroll and Disbursement Funds -**

To account for the centralization of the clearing accounts which are used for the disbursements of all Town funds, including those for purchases, payroll and payroll-related costs.

TOWN OF DUSON, LOUISIANA  
Agency Funds

Combining Statement of Changes in Assets and Liabilities -  
All Agency Funds  
Year Ended December 31, 1999

	Balances 01/01/99	Additions	Deductions	Balances 12/31/99
<u>PAYROLL FUND</u>				
ASSETS				
Cash	\$ 3,187	\$294,498	\$292,574	\$5,111
Due from other governmental units	6,045	-	6,045	-
Total assets	\$ 9,232	\$294,498	\$298,619	\$5,111
LIABILITIES				
Payroll liabilities	\$ 37	\$294,498	\$294,353	\$ 182
Due to other funds	9,195	-	4,266	4,929
Total liabilities	\$ 9,232	\$294,498	\$298,619	\$5,111
<u>DISBURSEMENT FUND</u>				
ASSETS				
Cash	\$ 2,885	\$236,719	\$237,211	\$2,393
Due from other funds	1,750	425	-	2,175
Total assets	\$ 4,635	\$237,144	\$237,211	\$4,568
LIABILITIES				
Due to other funds	\$ 4,635	\$237,144	\$237,211	\$4,568
<u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$ 6,072	\$531,217	\$529,785	\$7,504
Due from other funds	1,750	425	-	2,175
Due from other governmental units	6,045	-	6,045	-
Total assets	\$13,867	\$531,642	\$535,830	\$9,679
LIABILITIES				
Payroll liabilities	\$ 37	\$294,498	\$294,353	\$ 182
Due to other funds	13,830	237,144	241,477	9,497
Total liabilities	\$13,867	\$531,642	\$535,830	\$9,679

## **GENERAL FIXED ASSETS ACCOUNT GROUP**

To account for fixed assets not used in proprietary fund operations.

TOWN OF DUSON, LOUISIANA

Comparative Statement of General Fixed Assets  
December 31, 1999 and 1998

	<u>1999</u>	<u>1998</u>
General fixed assets, at cost:		
Land	\$ 28,827	\$ 28,827
Buildings	113,655	58,281
Improvements other than buildings	448,423	448,423
Equipment	<u>281,266</u>	<u>269,564</u>
Total general fixed assets	<u>\$ 872,171</u>	<u>\$ 805,095</u>
Investment in general fixed assets:		
Property acquired from -		
General Fund revenues	\$ 357,890	\$ 337,610
Sales Tax Fund revenues	10,969	10,969
Certificates of indebtedness	10,088	-
General obligation bonds	347,020	347,020
Federal grants	55,374	18,666
State grants	7,039	7,039
Federal revenue sharing funds	<u>83,791</u>	<u>83,791</u>
Total investment in general fixed assets	<u>\$ 872,171</u>	<u>\$ 805,095</u>

**INTERNAL CONTROL**

**AND**

**COMPLIANCE**

# KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA  
Russell F. Champagne, CPA  
Victor Slaven, CPA  
Chris Rainey, CPA  
Conrad D. Chapman, CPA  
P. Troy Courville, CPA

P.O. Box 82329  
234 Rue Beauregard  
Lafayette, LA 70598

Phone (337) 232-4141  
Fax (337) 232-8660

WEB SITE  
WWW.KSRCPAS.COM

Allen J. LaBry, CPA  
Penny Angelle Scruggins, CPA  
Mary T. Thibodeaux, CPA  
Gerald A. Thibodeaux, Jr., CPA  
Kelly M. Doucet, CPA  
Kenneth J. Rachal, CPA  
Lisa G. Spain, CPA

MEMBER OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable John Lagneaux, Mayor  
and members of the Board of Aldermen  
Town of Duson, Louisiana

We have audited the general purpose financial statements of the Town of Duson, Louisiana (the Town) as of and for the year ended December 31, 1999, and have issued our report thereon dated February 24, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Town's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 that is described in the accompanying schedule of current and prior year audit findings and corrective action plan as 99-1 (CF).

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. These reportable conditions are described as 99-1 (IC) and 99-1 (CF) in the accompanying summary schedule of current and prior year audit findings and corrective action plan.

234 Rue Beauregard  
Lafayette, LA 70508  
Phone (337) 232-4141  
Fax (337) 232-8660

113 East Bridge Street  
Breaux Bridge, LA 70517  
Phone (337) 332-4020  
Fax (337) 332-2867

133 East Waddil  
Marksville, LA 71351  
Phone (318) 253-9252  
Fax (318) 253-8681

1234 David Drive, Suite 105  
Morgan City, LA 70380  
Phone (504) 384-2020  
Fax (504) 384-3020

408 W. Cotton Street  
Ville Platte, LA 70586  
Phone (337) 363-2792  
Fax (337) 363-3049

332 W. Sixth Avenue  
Oberlin, LA 70655  
Phone (337) 639-4737  
Fax (337) 639-4568

200 South Main Street  
Abbeville, LA 70511  
Phone (337) 893-7944  
Fax (337) 893-7946

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described as 99-1 (IC) and 99-1 (CF) in the accompanying summary schedule of current and prior year audit findings and corrective action plan are material weaknesses. We also noted another matter involving the internal control over financial reporting that we have reported to management of the Town in a separate letter dated February 24, 2000.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.

***Kolder, Champagne, Slaven & Rainey, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
February 24, 2000

# KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA  
Russell F. Champagne, CPA  
Victor R. Slaven, CPA  
Chris Rainey, CPA  
Conrad O. Chapman, CPA  
P. Troy Courville, CPA

P.O. Box 82329  
234 Rue Beauregard  
Lafayette, LA 70598

WEB SITE:  
WWW.KSRCPAS.COM

Allen J. LaBry, CPA  
Penny Angelle Scruggins, CPA  
Mary T. Thibodeaux, CPA  
Gerald A. Thibodeaux, Jr., CPA  
Kelly M. Doucet, CPA  
Kenneth J. Rachal, CPA  
Lisa G. Spain, CPA

Phone (337) 232-4141  
Fax (337) 232-8660

MEMBER OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable John Lagneaux, Mayor  
and Members of the Board of Aldermen  
Town of Duson, Louisiana

### Compliance

We have audited the compliance of the Town of Duson, Louisiana (the Town), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 1999. The Town's major federal program is identified in the accompanying schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999.

### Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

234 Rue Beauregard  
Lafayette, LA 70508  
Phone (337) 232-4141  
Fax (337) 232-8660

113 East Bridge Street  
Breaux Bridge, LA 70517  
Phone (337) 332-4020  
Fax (337) 332-2867

133 East Waddil  
Marksville, LA 71351  
Phone (318) 253-9252  
Fax (318) 253-8681

1234 David Drive, Suite 105  
Morgan City, LA 70380  
Phone (504) 384-2020  
Fax (504) 384-3020

408 W. Cotton Street  
Ville Platte, LA 70586  
Phone (337) 363-2792  
Fax (337) 363-3049

332 W. Sixth Avenue  
Oberlin, LA 70655  
Phone (337) 639-4737  
Fax (337) 639-4568

200 South Main Street  
Abbeville, LA 70511  
Phone (337) 893-7944  
Fax (337) 893-7946



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We have audited the general purpose financial statements of the Town of Duson, Louisiana as of and for the year ended December 31, 1999, and have issued our report thereon dated February 24, 2000. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose statements of the Town of Duson, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended for the information of the Town, the Town's management, and federal awarding agencies. However, this report is a matter of public record and its distribution is not limited.

***Kolder, Champagne, Slaven & Rainey, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
February 24, 2000

TOWN OF DUSON

Schedule of Expenditures of Federal Awards  
Year Ended December 31, 1999

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Passed through State of Louisiana Division of Administration -		
United States Department of Housing and Urban Development: Community Development Block Grant (State - Administered Small Cities Program)*	14.228	<u>\$306,999</u>

\*Indicates grant regarded as major federal financial assistance program.

TOWN OF DUSON, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards  
Year Ended December 31, 1999

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Duson (the Town). The Town reporting entity is defined in Note 1 to the general purpose financial statements for the year ended December 31, 1999. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The following program is considered a major federal program of the Town: United States Department of Housing and Urban Development Community Development Block Grant Program.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Town's general purpose financial statements for the year ended December 31, 1999.

(3) Relationship to General Purpose Financial Statements

Federal financial assistance revenues are reported in the Town's general purpose financial statements as follows:

From federal sources:

Capital Projects Fund as revenue from grants	<u>\$306,999</u>
--	------------------

(4) Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports except for the amounts in the reports submitted as of a date subsequent to December 31, 1999, which will differ from the schedule by the amount of retainages as of December 31, 1999.

TOWN OF DUSON, LOUISIANA

Schedule of Findings and Questioned Costs – Federal Awards  
Year Ended December 31, 1999

Part I. Summary of Auditors' Results:

1. An unqualified opinion was issued on the financial statements.
2. Reportable conditions in internal control were disclosed by the audit of the financial statements. The reportable conditions were considered to be material weaknesses.
3. A material instance of noncompliance was disclosed by the audit of the financial statements.
4. No reportable conditions in internal control over the major program were disclosed by the audit of the financial statements.
5. An unqualified opinion was issued on compliance for the major program.
6. The audit disclosed no audit findings required to be reported under Section 510(a) of Circular A-133.
7. The major program was:  
U. S. Department of Housing and Urban Development/CFDA #14.228.
8. The dollar threshold used to distinguish between Type A and Type B programs, as described in Section 520(b) of Circular A-133 was \$300,000.
9. The auditee did not qualify as a low-risk auditee under Section 530 of Circular A-133.

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

See summary schedule of current and prior year audit findings and corrective action plan.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in Section 510(a) of Circular A-133:

There are no findings that are required to be reported under the above guidance.

TOWN OF DUSON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended December 31, 1999

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (12/31/99) --						
99-1 (CF)	1997	Upon examination of occupational license revenues and transactions in the General Fund for 1999, a misappropriation of funds was discovered as follows: 1997 - \$3,188; 1998 - \$17,058; 1999 - \$21,656 less insurance proceeds \$10,000 net loss \$11,656.	Yes	The Town has taken several actions in regards to this matter. This matter was reported to law enforcement officials, the District Attorney and the State Legislative Auditor for investigation. The Town has implemented the following procedures to strengthen internal controls and prevent an occurrence of this kind in the future: 1) Recording of financial data has been improved with the implementation of a new software system that records occupational license revenue and the data necessary to track future receipts, i.e., name and address of company, amount paid and date paid. 2) Personnel involved in recording this data are not involved in cash receipts or deposits. 3) Deposits are made daily and bank certified deposit tickets are cross-checked by accounting personnel with documents recording daily cash receipts. 4) The Town's elected officials have implemented these procedures and are actively involved in monitoring compliance with these procedures on a daily basis.	John Lagneaux, Mayor	4/30/00
99-1 (IC)	N/A	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	Yes	The Town is implementing the following procedures: 1) Separating cash receipts and deposit functions from recording functions. 2) Reviewing current personnel and implementing thorough background checks on the hiring of all personnel. 3) Assessing the cost of adding additional surety bond coverage for additional personnel. 4) The Town's elected officials are actively involved in monitoring daily operations of the accounting staff.	Harriet O'Brien, Town Clerk	Long-term
99-1 (ML)	1995	Consideration should be given to reducing costs or increasing revenues in the Utility Fund to reduce its deficit.	Yes	The Town is monitoring expenses monthly and intends to eliminate the deficit.	Harriet O'Brien, Town Clerk	Long-term

(continued)

TOWN OF DUSON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan (Continued)  
Year Ended December 31, 1999

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 (12/31/98) --						
98-1 (ML)	1995	Consideration should be given to reducing costs or increasing revenues in the Utility Fund to reduce its deficit.	Yes	The Town has increased water and sanitation rates and is seeking ways to increase revenues.	Harriet O'Brien, Town Clerk	Long-term
98-1 (IC)	N/A	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

**OTHER SUPPLEMENTARY INFORMATION**

TOWN OF DUSON, LOUISIANA  
Enterprise Fund  
Utility Fund

Schedule of Number of Utility Customers  
(Unaudited)  
December 31, 1999

Records maintained by the Town indicated the following number of customers were being served during the month of December, 1999.

<u>Department</u>	
Water (metered)	588
Sewer	551
Sanitation	486



TOWN OF DUSON, LOUISIANA

Schedule of Insurance in Force

(Unaudited)

December 31, 1999

Description of Coverage	Coverage Amounts
Workmen's Compensation - Employer's liability	\$ 100,000
Buildings and contents: Basic property coverage	1,204,803
Automobile coverage: General liability, aggregate	500,000
Auto liability, aggregate	500,000
Property coverage - Fire and light, extended coverage, vandalism and malicious mischief	18,735
Law enforcement and officer liability (all coverage)	500,000
Surety bonds:	
Mayor	20,000
Town Clerk	50,000
Assistants	10,000

TOWN OF DUSON, LOUISIANA  
Enterprise Fund  
Utility Fund  
Comparative Departmental Analysis of Revenues and Expenses  
Years Ended December 31, 1999 and 1998

	Totals	
	<u>1999</u>	<u>1998</u>
Operating revenues:		
Customer service charges	\$ 221,092	\$ 233,401
Miscellaneous	195	1,042
Total operating revenues	<u>221,287</u>	<u>234,443</u>
Operating expenses:		
Salaries	88,944	76,535
Payroll taxes	2,259	5,646
Maintenance and repairs	11,826	20,307
Professional fees	17,705	6,039
Utilities and telephone	21,155	15,627
General insurance	17,558	6,354
Group health insurance	12,356	10,733
Office expense	4,231	3,563
Supplies and parts	23,554	47,277
Garbage collection fees	56,614	51,452
Auto and truck expense	2,822	2,244
Depreciation expense	133,053	72,259
Dues and fees	1,391	560
Uniforms	-	237
Engineering fees	1,825	3,735
Computer service	4,682	4,562
Meals, lodging and travel	1,147	1,340
Employee training	125	225
Miscellaneous	339	535
Contract labor	-	4,869
Total operating expenses	<u>401,586</u>	<u>334,099</u>
Operating loss	<u>\$ (180,299)</u>	<u>(99,656)</u>
Nonoperating revenues (expenses):		
Interest income	7,284	6,767
Interest expense	(28,860)	(29,033)
Total nonoperating revenues (expenses)	<u>(21,576)</u>	<u>(22,266)</u>
Loss before operating transfers	<u>(201,875)</u>	<u>(121,922)</u>
Operating transfers in (out):		
Transfer from 1969 Sales Tax Fund	53,232	43,370
Transfer from 1983 Sales Tax Fund	60,000	10,000
Transfer to General Fund	-	(50)
Total operating transfers in	<u>113,232</u>	<u>53,320</u>
Net loss	<u>(88,643)</u>	<u>(68,602)</u>
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>108,680</u>	<u>40,732</u>
Increase (decrease) in retained earnings	20,037	(27,870)
Retained earnings (deficit), beginning	<u>(272,942)</u>	<u>(245,072)</u>
Retained earnings (deficit), ending	<u>\$ (252,905)</u>	<u>\$ (272,942)</u>

Water		Sewerage		Sanitation		General Administration	
1999	1998	1999	1998	1999	1998	1999	1998
\$ 87,824	\$ 110,492	\$ 61,119	\$ 59,199	\$ 72,149	\$ 63,710	\$ -	\$ -
195	1,042	-	-	-	-	-	-
<u>88,019</u>	<u>111,534</u>	<u>61,119</u>	<u>59,199</u>	<u>72,149</u>	<u>63,710</u>	<u>-</u>	<u>-</u>
39,425	39,033	41,882	33,675	-	-	7,637	3,827
663	2,731	1,363	2,328	-	-	233	587
4,416	14,100	7,365	6,207	-	-	45	-
1,357	220	5,823	1,339	-	-	10,525	4,480
9,549	7,534	11,606	8,093	-	-	-	-
10,244	3,213	3,579	3,141	-	-	3,735	-
6,902	3,826	3,534	3,035	-	-	1,920	3,872
1,616	2,331	152	49	-	-	2,463	1,183
13,150	31,859	10,404	15,392	-	-	-	26
-	-	-	-	56,614	51,452	-	-
1,044	456	1,778	1,788	-	-	-	-
95,271	33,757	37,782	38,502	-	-	-	-
180	150	1,211	410	-	-	-	-
-	237	-	-	-	-	-	-
371	2,000	1,454	-	-	1,735	-	-
-	-	-	-	-	-	4,682	4,563
466	335	681	71	-	-	-	933
125	225	-	-	-	-	-	-
339	199	-	256	-	-	-	80
-	-	-	-	-	-	-	4,869
<u>185,118</u>	<u>142,206</u>	<u>128,614</u>	<u>114,286</u>	<u>56,614</u>	<u>53,187</u>	<u>31,240</u>	<u>24,420</u>
<u>\$ (97,099)</u>	<u>\$ (30,672)</u>	<u>\$ (67,495)</u>	<u>\$ (55,087)</u>	<u>\$ 15,535</u>	<u>\$ 10,523</u>	<u>\$ (31,240)</u>	<u>\$ (24,420)</u>

# KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA  
Russell F. Champagne, CPA  
Victor R. Steven, CPA  
Chris Rainey, CPA  
Conrad O. Chapman, CPA  
P. Troy Courville, CPA

Penny Angelle Scruggins, CPA  
Mary T. Thibodeaux, CPA  
Gerald A. Thibodeaux, Jr., CPA  
Katy M. Doucet, CPA  
Kenneth J. Rachal, CPA

RECEIVED  
LEGISLATIVE AUDITOR

00 MAY -4 AM 11:10

234 Rue Beauregard  
Lafayette, LA 70508  
Phone (318) 232-4141  
Fax (318) 232-8660

113 East Bridge Street  
Breaux Bridge, LA 70517  
Phone (318) 332-4020  
Fax (318) 332-2867

133 East Waddil  
Merksville, LA 71351  
Phone (318) 253-9252  
Fax (318) 253-8581

1234 David Drive, Suite 105  
Morgan City, LA 70380  
Phone (504) 384-2020  
Fax (504) 384-3020

408 W. Cotton Street  
Ville Platte, LA 70586  
Phone (318) 363-2792  
Fax (318) 363-3049

332 W. Sixth Avenue  
Oberlin, LA 70655  
Phone (318) 639-4737  
Fax (318) 639-4568

## MANAGEMENT LETTER

The Honorable John Lagneaux, Mayor  
and Members of the Board of Aldermen  
Town of Duson, Louisiana

Our examination of the general purpose financial statements of the Town of Duson as of and for the year ended December 31, 1999 revealed a certain area in which improvements in the accounting system and financial practices of the Town may be desirable. The following item was submitted for the year ended December 31, 1998 and is resubmitted for the year ended December 31, 1999.

The Town should increase revenues and/or decrease expenditures in the Utility Fund to avoid operating losses and reduce its deficit.

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

*Kolder, Champagne, Slaven & Rainey, LLC*  
Certified Public Accountants

Lafayette, Louisiana  
February, 24 2000