

AGENCY FUND

Payroll fund - To account for the disbursement of all Town funds for payroll and payroll-related costs.

TOWN OF DUSON, LOUISIANA
 Agency Fund
 Payroll Fund

Statement of Changes in Assets and Liabilities
 Year Ended December 31, 1996

	<u>Balances</u> <u>01/01/96</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/96</u>
ASSETS				
Cash	\$1,198	\$239,399	\$237,639	\$2,958
	-----	-----	-----	-----
LIABILITIES				
Payroll liabilities	\$ 913	\$239,399	\$237,354	\$2,958
Other payables	285	-	285	-
	-----	-----	-----	-----
Total liabilities	\$1,198	\$239,399	\$237,639	\$2,958
	-----	-----	-----	-----

TOWN OF DUSON, LOUISIANA

Statement of General Long-Term Debt
 December 31, 1996
 With Comparative Totals for December 31, 1995

	<u>Totals</u>	
	<u>1996</u>	<u>1995</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT		
Amount available in debt service fund for debt retirement	\$ 39,438	\$ 36,894
Amount to be provided from 1969 sales and use tax and General Fund revenues	<u>43,144</u>	<u>103,024</u>
Total available and to be provided	<u>\$ 82,582</u>	<u>\$139,918</u>
GENERAL LONG-TERM DEBT PAYABLE		
Certificates of indebtedness payable	\$ 50,000	\$ 95,000
General obligation notes payable	<u>32,582</u>	<u>44,918</u>
General long-term debt payable	<u>\$ 82,582</u>	<u>\$139,918</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amounts on general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service fund.

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 1996

Records maintained by the Town indicated the following number of customers were being serviced during the month of December 31, 1996.

<u>Department</u>	<u>1996</u>
Water (metered)	550
Sewerage	532
Garbage	494

TOWN OF DUSON, LOUISIANA

Comparative Statement of General Fixed Assets
December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
General fixed assets, at cost:		
Land	\$ 14,278	\$ 14,278
Buildings	54,958	54,958
Improvements other than buildings	419,307	419,307
Equipment	<u>210,124</u>	<u>211,183</u>
Total general fixed assets	<u>\$698,667</u>	<u>\$699,726</u>
Investment in general fixed assets:		
Property acquired from -		
General Fund revenues	\$231,182	\$232,241
Sales Tax Fund revenues	10,969	10,969
General obligation bonds	347,020	347,020
Federal grants	18,666	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>\$698,667</u>	<u>\$699,726</u>

INTERNAL CONTROL
AND
COMPLIANCE

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows
Year Ended December 31, 1996 and 1995

	1996	1995
Cash flows from operating activities:		
Operating loss	\$(43,723)	\$(56,816)
Adjustments to reconcile net loss to net cash provided by operating activities -		
Depreciation	69,028	70,449
Changes in current assets and liabilities:		
Increase in accounts receivable	(3,365)	(1,746)
Decrease in other receivables	-	12,246
Increase (decrease) in accounts payable	(2,261)	4,288
Increase (decrease) in accrued liabilities	15	(780)
Total adjustments	63,417	84,457
Net cash provided by operating activities	19,694	27,641
Cash flows from noncapital financing activities:		
Operating transfers from other funds	71,928	41,000
Operating transfers to other funds	-	(6,679)
Proceeds from parish grant	-	12,500
Interest and fiscal charges paid	(30,284)	(31,413)
Net cash provided by noncapital financing activities	41,644	15,408
Cash flows from capital and related financing activities:		
Principal paid on certificates of indebtedness	(11,704)	(10,178)
Increase in customer deposits payable	1,650	1,794
Acquisition of property plant and equipment	-	(418)
Net cash used by capital and related financing activities	(10,054)	(8,802)
Cash flows from investing activities:		
Interest on investments	4,823	4,638
Net increase in cash and cash equivalents	56,107	38,885
Cash and cash equivalents, beginning of period	214,922	176,037
Cash and cash equivalents, end of period	\$271,029 =====	\$214,922 =====
Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:		
Cash and cash equivalents, beginning of period -		
Cash - unrestricted	\$ 35,907	\$ 20,968
Interest-bearing deposits - unrestricted	19,992	7,558
Interest-bearing deposits - restricted	154,071	143,949
Cash - restricted	4,952	3,562
Total cash and cash equivalents	214,922	176,037
Cash and cash equivalents, end of period -		
Cash - unrestricted	73,556	35,907
Interest-bearing deposits - unrestricted	21,001	19,992
Interest-bearing deposits - restricted	174,863	154,071
Cash - restricted	1,609	4,952
Total cash and cash equivalents	271,029	214,922
Net increase	\$ 56,107 =====	\$ 38,885 =====

GENERAL FIXED ASSETS ACCOUNT GROUP

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

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Balance Sheet
December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Current assets:		
Cash	\$ 73,556	\$ 35,907
Interest-bearing deposits	21,001	19,992
Accounts receivable	27,795	24,430
Due from other funds	30,410	30,410
Total current assets	152,762	110,739
Restricted assets:		
Revenue bond and interest sinking funds -		
Interest-bearing deposits - sewer	29,719	28,780
Interest-bearing deposits - water	18,493	12,272
Revenue bond reserve funds -		
Interest-bearing deposits - sewer	32,309	29,822
Interest-bearing deposits - water	8,827	8,629
Revenue bond depreciation and contingency funds -		
Interest-bearing deposits - sewer	60,886	55,927
Interest-bearing deposits - water	5,397	4,402
Customers' deposits -		
Cash	1,609	4,952
Interest-bearing deposits	19,232	14,239
Total restricted assets	176,472	159,023
Property, plant and equipment:		
Property, plant and equipment, at cost, net of accumulated depreciation (1996 \$1,008,390; 1995 \$939,362)	2,296,027	2,365,056
Total assets	\$2,625,261	\$2,634,818

TOWN OF DUSON, LOUISIANA
 Enterprise Fund
 Utility Fund

Schedule of Changes in Assets Restricted for Revenue Bond Debt Service
 Year Ended December 31, 1996

	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	<u>\$28,780</u>	<u>\$29,822</u>	<u>\$55,927</u>	<u>\$12,272</u>	<u>\$8,629</u>	<u>\$4,402</u>	<u>\$139,832</u>
Cash receipts:							
Transfer from Sales Tax operating account	33,906	1,698	3,324	-	-	-	38,928
Transfer from Utility Fund operating account	-	-	-	14,154	-	884	15,038
Interest on interest-bearing deposits	<u>733</u>	<u>789</u>	<u>1,635</u>	<u>354</u>	<u>198</u>	<u>111</u>	<u>3,820</u>
Total cash receipts	<u>34,639</u>	<u>2,487</u>	<u>4,959</u>	<u>14,508</u>	<u>198</u>	<u>995</u>	<u>57,786</u>
Total interest-bearing deposits available	<u>63,419</u>	<u>32,309</u>	<u>60,886</u>	<u>26,780</u>	<u>8,827</u>	<u>5,397</u>	<u>197,618</u>
Cash disbursements:							
Principal payments	10,000	-	-	1,704	-	-	11,704
Interest payments	<u>23,700</u>	-	-	<u>6,583</u>	-	-	<u>30,283</u>
Total disbursements	<u>33,700</u>	-	-	<u>8,287</u>	-	-	<u>41,987</u>
Interest-bearing deposits, end of period	<u>\$29,719</u>	<u>\$32,309</u>	<u>\$60,886</u>	<u>\$18,493</u>	<u>\$8,827</u>	<u>\$5,397</u>	<u>\$155,631</u>

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Revenues, Expenses and Changes
in Retained Earnings (Continued)
Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Operating transfers in (out):		
Transfer to Debt Service Fund	\$ -	\$ (6,679)
Transfer from Capital Projects Fund	-	403
Transfer from 1969 Sales Tax Fund	38,928	38,420
Transfer from Debt Service Funds	-	2,177
Transfer from General Fund	13,000	-
Transfer from 1983 Sales Tax Fund	<u>20,000</u>	<u>-</u>
Total operating transfers in	<u>71,928</u>	<u>34,321</u>
 Net income (loss)	 2,990	 (35,540)
 Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	 <u>40,732</u>	 <u>40,732</u>
Increase in retained earnings	43,722	5,192
Retained earnings (deficit), beginning	<u>(323,926)</u>	<u>(329,118)</u>
Retained earnings (deficit), ending	<u><u>\$ (280,204)</u></u>	<u><u>\$ (323,926)</u></u>

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, the Town of Duson, Louisiana, did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported to management of the Town of Duson, Louisiana in a separate letter dated February 21, 1997.

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

Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
February 21, 1997

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Revenues, Expenses and Changes in Retained Earnings
Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Operating revenues:		
Charges for services -		
Water charges	\$ 96,972	\$ 90,784
Sewer service charges	60,158	57,899
Sanitation charges	55,021	49,071
Miscellaneous	370	625
Total operating revenues	<u>212,521</u>	<u>198,379</u>
Operating expenses:		
Salaries	53,812	39,001
Payroll taxes	4,665	3,408
General insurance	11,823	10,720
Auto and truck expense	714	1,038
Utilities and telephone	20,156	34,802
Maintenance and repairs	15,309	21,310
Supplies and parts	18,112	18,687
Office expense	1,870	2,010
Garbage collection fees	43,392	41,985
Depreciation expense	69,028	70,449
Dues and fees	150	757
Professional fees	10,401	5,138
Engineering fees	-	100
Group health insurance	5,485	4,525
Uniforms	192	-
Miscellaneous	1,135	1,265
Total operating expenses	<u>256,244</u>	<u>255,195</u>
Operating loss	<u>(43,723)</u>	<u>(56,816)</u>
Nonoperating revenues (expenses):		
Parish grant revenue	-	12,500
Interest income	4,823	4,638
Interest expense	<u>(30,038)</u>	<u>(30,183)</u>
Total nonoperating revenues (expenses)	<u>(25,215)</u>	<u>(13,045)</u>
Loss before operating transfers	<u>(68,938)</u>	<u>(69,861)</u>

(continued)

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

Offices

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Christopher A. Miller, CPA
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Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards

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(318) 445-5564

The Honorable Gene Hernandez, 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, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 21, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Duson, Louisiana, is the responsibility of the Town's elected officials (management). As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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

Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
February 21, 1997

	<u>1996</u>	<u>1995</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Current liabilities (payable from current assets) -		
Accounts payable	\$ 9,060	\$ 11,321
Accrued liabilities	<u>323</u>	<u>308</u>
Total current liabilities (payable from current assets)	<u>9,383</u>	<u>11,629</u>
Current liabilities (payable from restricted assets) -		
Revenue bonds and notes payable	12,241	11,241
Interest payable	11,377	11,623
Customers' deposits	<u>20,841</u>	<u>19,191</u>
Total current liabilities (payable from restricted assets)	<u>44,459</u>	<u>42,055</u>
Long-term liabilities -		
Revenue bonds and notes payable	<u>584,827</u>	<u>597,531</u>
Total liabilities	<u>638,669</u>	<u>651,215</u>
Fund equity:		
Contributed capital -		
Municipality	166,851	166,851
Federal grants, net of accumulated amortization of (1996 \$304,693; 1995 \$264,195)	1,581,319	1,621,818
State grants, net of accumulated amortization of (1996, \$1,455 1995 \$1,221)	15,173	15,407
Local government grants	<u>503,453</u>	<u>503,453</u>
Total contributed capital	<u>2,266,796</u>	<u>2,307,529</u>
Retained earnings -		
Reserved for debt retirement	132,013	116,968
Unreserved	<u>(412,217)</u>	<u>(440,894)</u>
Total retained earnings (deficit)	<u>(280,204)</u>	<u>(323,926)</u>
Total fund equity	<u>1,986,592</u>	<u>1,983,603</u>
Total liabilities and fund equity	<u>\$2,625,261</u>	<u>\$2,634,818</u>

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

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Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards

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The Honorable Gene Hernandez, 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, as of and for the year ended December 31, 1996, and have issued our report thereon dated February 21, 1997.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The elected officials (management) of the Town of Duson, Louisiana, are responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Town of Duson, Louisiana, for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk 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 structure. Accordingly, we do not express such an opinion.

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

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

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.

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.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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 -

Agency Fund

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

Water		Sewerage		Sanitation		General Government	
1996	1995	1996	1995	1996	1995	1996	1995
\$ 96,972	\$ 90,784	\$ 60,158	\$ 57,899	\$55,021	\$49,071	\$ -	\$ -
402	625	-	-	-	-	-	-
<u>97,374</u>	<u>91,409</u>	<u>60,158</u>	<u>57,899</u>	<u>55,021</u>	<u>49,071</u>	<u>-</u>	<u>-</u>
26,876	20,495	23,670	15,356	3,266	2,993	-	157
2,605	2,004	1,660	1,175	401	229	-	-
10,078	17,843	5,232	3,467	-	-	-	-
3,902	100	2,845	3,050	-	-	3,654	2,088
10,474	10,974	9,682	10,839	-	-	-	12,989
4,406	5,120	7,161	5,075	-	-	256	525
2,152	1,890	2,346	2,010	986	625	-	-
1,300	1,534	23	-	-	-	547	476
14,315	13,766	3,797	4,723	-	-	-	198
-	-	-	-	43,392	41,985	-	-
357	573	357	465	-	-	-	-
31,082	31,128	37,946	39,321	-	-	-	-
150	195	-	562	-	-	-	-
64	-	64	-	-	-	64	-
951	513	-	86	-	-	41	666
<u>108,712</u>	<u>106,135</u>	<u>94,783</u>	<u>86,129</u>	<u>48,045</u>	<u>45,832</u>	<u>4,562</u>	<u>17,099</u>
\$(11,338)	\$(14,726)	\$(34,625)	\$(28,230)	\$ 6,976	\$ 3,239	\$ (4,562)	\$(17,099)
=====	=====	=====	=====	=====	=====	=====	=====

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

(10) 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 (1996 collections \$131,214) 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.

(11) Employee Retirement

All employees of the Town of Duson participate in the Social Security System. For the year ended December 31, 1996, 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, 1996, amounted to \$15,121.

(12) 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, 1996, was as follows:

	<u>Water Department</u>	<u>Sewerage Department</u>	<u>Sanitation Department</u>	<u>General Government</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$ 97,374	\$ 60,158	\$55,021	\$ -	\$212,553
Operating expenses	<u>108,712</u>	<u>94,783</u>	<u>48,045</u>	<u>4,562</u>	<u>256,102</u>
Operating income (loss)	<u>\$(11,338)</u>	<u>\$(34,625)</u>	<u>\$ 6,976</u>	<u>\$(4,562)</u>	<u>\$(43,549)</u>

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

Funds will also be set aside into a "Sewer Utility Depreciation and Contingency Fund" at the rate of \$86 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.

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.

(9) 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 (1996 collections \$131,214) 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.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

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 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 until there shall have been accumulated in the reserve account \$21,000. Such amount may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

The annual requirements to amortize all debt outstanding at December 31, 1996, including interest payments of \$528,917 are as follows:

<u>Year Ending December 31,</u>	<u>Revenue Bonds and Notes Payable</u>	<u>General Obligation Notes Payable and Certificates of Indebtedness</u>	<u>Total</u>
1997	\$ 42,487	\$66,009	\$ 108,496
1998	41,937	14,259	56,196
1999	41,387	8,436	49,823
2000	41,837	-	41,837
2001	42,237	-	42,237
2002-2006	208,085	-	208,085
2007-2011	205,435	-	205,435
2012-2016	210,535	-	210,535
2017-2021	172,135	-	172,135
2022-2026	55,085	-	55,085
2027-2031	41,437	-	41,437
2032-2033	17,266	-	17,266
	<u>\$1,119,863</u>	<u>\$88,704</u>	<u>\$1,208,567</u>

(7) Pending Litigation

There are several lawsuits pending against the Town of Duson involving monetary liability at December 31, 1996. No court dates have been set as of yet. No accruals have been made due to the uncertainty of the outcome of these lawsuits.

(8) 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:

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

Long-term debt payable at December 31, 1996, 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 \$2,000 to \$13,000 through July 3, 2022, interest at 5.0 percent	\$194,000
\$340,000 Sewer Revenue Bonds, dated July 3, 1979, due in annual installments of \$3,000 to \$20,000 through July 13, 2019, interest at 5.0 percent	270,000
\$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>133,068</u>
Total	<u>\$597,068</u>

General obligation notes payable and certificates of indebtedness:

\$360,000 Certificates of Indebtedness, Series 1987, dated April 1, 1987, due in annual installments of \$25,000 to \$50,000 through April 1, 1997, interest at 7.0 percent	\$ 50,000
\$59,944 General obligation notes payable, dated June 16, 1994 and August 17, 1994, due in annual installments of \$1,188 to \$1,183, interest at 6.0 percent	<u>32,582</u>
Total	<u>\$ 82,582</u>

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

A summary of proprietary fund type property, plant and equipment at December 31, 1996, follows:

Plant and equipment - water system	\$ 1,465,521
Plant and equipment - sewer system	1,836,076
Office equipment	<u>2,820</u>
Total	3,304,417
Less: Accumulated depreciation	<u>(1,008,390)</u>
Net Utility Fund property, plant and equipment	<u>\$ 2,296,027</u>

(5) Restricted Assets - Proprietary Fund Type

Restricted assets were applicable to the following at December 31:

	<u>1996</u>	<u>1995</u>
Revenue bond and interest sinking funds	\$ 48,212	\$ 41,052
Revenue bond reserve funds	41,136	38,451
Revenue bond depreciation and contingency funds	66,283	60,329
Customers' deposits	<u>20,841</u>	<u>19,191</u>
Total restricted assets	<u>\$176,472</u>	<u>\$159,023</u>

(6) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended December 31, 1996.

	<u>Revenue Bonds and Notes Payable</u>	<u>General Obligation Notes Payable and Certificates of Indebtedness</u>	<u>Total</u>
Long-term debt payable January 1, 1996	\$608,772	\$139,918	\$748,690
Long-term debt issued	-	-	-
Long-term debt retired	<u>11,704</u>	<u>57,336</u>	<u>69,040</u>
Long-term debt payable, December 31, 1996	<u>\$597,068</u>	<u>\$ 82,582</u>	<u>\$679,650</u>

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

(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, 1996, taxes of 7.42 mills were levied on property with assessed valuations totaling \$1,614,830 and were dedicated as follows:

General corporate purposes	7.42 mills
	=====

Total taxes levied were \$11,982. Taxes receivable at December 31, 1996, consisted of the following:

Taxes receivable - current roll	\$5,877
Taxes receivable - prior rolls	<u>1,556</u>
Total taxes receivable	<u>\$7,433</u>

(4) Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>01/01/96</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/96</u>
Land	\$ 14,278	\$ -	\$ -	\$ 14,278
Buildings	54,958	-	-	54,958
Improvements other than buildings	419,307	-	-	419,307
Equipment	<u>211,183</u>	<u>11,221</u>	<u>12,280</u>	<u>210,124</u>
Total general fixed assets	<u>\$699,726</u>	<u>\$11,221</u>	<u>\$12,280</u>	<u>\$698,667</u>

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

(2) 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, 1996, the Town had cash and interest-bearing deposits (book balances) totaling \$395,432 as follows:

Demand deposits	\$137,283
Savings and money market accounts	<u>258,149</u>
Total	\$395,432 =====

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, 1996 were secured as follows:

Bank balances	\$401,486 =====
Federal deposit insurance	\$200,000
Pledged securities (Category 3)	<u>769,866</u>
Total FDIC insurance and pledged securities	\$969,866 =====
Excess of federal insurance and pledged securities over bank balances	\$568,380 =====

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.

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.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

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, 1996 and 1995.

I. Vacation and Sick Leave

Vacation and sick leave are recorded as expenditures of the period in which paid. Vacation must be taken in the year accrued and cannot 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. Therefore, no liability has been recorded in the accounts as of December 31, 1996 and 1995.

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, 1996, 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)

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	20 - 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.
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.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

(15) Deficits in Individual Funds

The Utility Fund reflects deficit retained earnings at December 31, 1996 of \$280,204. The Town anticipates that this deficit will be funded by excess revenues in future periods.

(16) Interfund Receivables and Payables

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ -	\$28,135
Special Revenue Fund:		
1983 Sales Tax Fund	-	2,275
Enterprise Fund:		
Utility Fund	<u>30,410</u>	<u>-</u>
	<u>\$30,410</u>	<u>\$30,410</u>

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

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.

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.

SUPPLEMENTARY INFORMATION

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

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

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.

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.

TOWN OF DUSON, LOUISIANA

Comparative Statement of Cash Flows
Proprietary Fund Type
Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Cash flows from operating activities:		
Operating loss	<u>\$(43,723)</u>	<u>\$(56,816)</u>
Adjustments to reconcile net loss to net cash provided by operating activities -		
Depreciation	69,028	70,449
Changes in current assets and liabilities:		
Increase in accounts receivable	(3,365)	(1,746)
Decrease in other receivables	-	12,246
Increase (decrease) in accounts payable	(2,261)	4,288
Increase (decrease) in accrued liabilities	15	(780)
Total adjustments	<u>63,417</u>	<u>84,457</u>
Net cash provided by operating activities	<u>19,694</u>	<u>27,641</u>
Cash flows from noncapital financing activities:		
Operating transfers from other funds	71,928	41,000
Operating transfers to other funds	-	(6,679)
Proceeds from parish grant	-	12,500
Interest and fiscal charges paid	<u>(30,284)</u>	<u>(31,413)</u>
Net cash provided by noncapital financing activities	<u>41,644</u>	<u>15,408</u>
Cash flows from capital and related financing activities:		
Principal paid on certificates of indebtedness	(11,704)	(10,178)
Increase in customer deposits payable	1,650	1,794
Acquisition of property plant and equipment	-	(418)
Net cash used by capital and related financing activities	<u>(10,054)</u>	<u>(8,802)</u>
Cash flows from investing activities:		
Interest on investments	<u>4,823</u>	<u>4,638</u>
Net increase in cash and cash equivalents	56,107	38,885
Cash and cash equivalents, beginning of period	<u>214,922</u>	<u>176,037</u>
Cash and cash equivalents, end of period	<u>\$271,029</u>	<u>\$214,922</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	\$ 35,907	\$ 20,968
Interest-bearing deposits - unrestricted	19,992	7,558
Interest-bearing deposits - restricted	154,071	143,949
Cash - restricted	<u>4,952</u>	<u>3,562</u>
Total cash and cash equivalents	<u>214,922</u>	<u>176,037</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	73,556	35,907
Interest-bearing deposits - unrestricted	21,001	19,992
Interest-bearing deposits - restricted	174,863	154,071
Cash - restricted	<u>1,609</u>	<u>4,952</u>
Total cash and cash equivalents	<u>271,029</u>	<u>214,922</u>
Net increase	<u>\$ 56,107</u>	<u>\$ 38,885</u>
	=====	=====

The accompanying notes are an integral part of this statement.

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S 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
Comparative statement of revenues, expenses, and changes in retained earnings - proprietary fund type	8-9
Comparative statement of cash flows - proprietary fund type	10
Notes to financial statements	11-27
SUPPLEMENTARY INFORMATION	
SCHEDULES OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS	
General Fund:	
Comparative balance sheet	31
Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual	32
Statement of revenues compared to budget (GAAP basis)	33
Statement of expenditures compared to budget (GAAP basis)	34-37
Special Revenue Funds:	
Combining balance sheet	39
1969 Sales Tax Fund -	
Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual	40
1983 Sales Tax Fund -	
Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual	41
Debt Service Funds:	
Combining balance sheet	43
Public Improvement Bonds dated 11/01/61 -	
Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual	44

	Page
Certificates of Indebtedness dated 04/01/87 - Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual	45
Waterworks District No. 2 - Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual	46
Fire Protection District No. 2 - Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual	47
Capital Projects Fund: Sewer Construction Fund - Comparative balance sheet	49
Statement of revenues, expenditures, and changes in fund balances - budget (GAAP basis) and actual	50
Enterprise Fund: Utility Fund - Comparative balance sheet	52-53
Comparative statement of revenues, expenses and changes in retained earnings	54-55
Comparative statement of cash flows	56
Schedule of changes in assets restricted for revenue bond debt service	57
Fiduciary Fund: Payroll Agency Fund - Statement of changes in assets and liabilities	59
General Fixed Assets Account Group: Comparative statement of general fixed assets	61
General Long-Term Debt Account Group: Statement of general long-term debt	63
 INTERNAL CONTROL AND COMPLIANCE	
Independent Auditor's Report on Internal Control Structure Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	65-66
Independent Auditor's Report on Compliance Based on an Audit of General Purpose Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	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 - Utility Fund	71-72

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

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INDEPENDENT AUDITOR'S REPORT

The Honorable Gene Hernandez, 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, 1996. These general purpose financial statements are the responsibility of the Town's elected officials. 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, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 1996, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated February 21, 1997 on our consideration of the Town of Duson's internal control structure and a report dated February 21, 1997 on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Duson, Louisiana, taken as a whole. The accompanying financial information listed as "Supplementary Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Town of Duson,

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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 stated in all material respects in relation to such general purpose financial statements taken as a whole.

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 an unqualified opinion on the general purpose financial statements of the Town of Duson, Louisiana.

Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
February 21, 1997

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

TOWN OF DUSON, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1996

	Governmental Fund Types			Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Account Groups		Totals (Memorandum Only) 1996 1995
	General	Special Revenue	Debt Service			Capital Projects	General Fixed Assets	
Cash	\$18,246	\$40,914	\$ -	\$ 73,556	\$2,958	\$ -	\$ -	\$ 135,674
Interest-bearing deposits Receivables:	16,428	6,419	39,438	21,001	-	-	-	\$ 83,286
Taxes	7,433	14,896	-	-	-	-	-	25,170
Accounts	21,052	-	-	27,795	-	-	-	24,430
Other	-	-	-	-	-	-	-	20,359
Due from other funds	-	-	-	30,410	-	-	-	52,410
Restricted assets:								
Cash	-	-	-	1,609	-	-	-	4,952
Interest-bearing deposits	-	-	-	174,863	-	-	-	154,071
Land	-	-	-	-	-	-	-	14,278
Buildings	-	-	-	-	-	14,278	-	54,958
Improvements other than buildings	-	-	-	-	-	54,958	-	54,958
Equipment	-	-	-	-	-	419,307	-	419,307
Utility property, plant and equipment	-	-	-	-	-	210,124	-	211,183
Accumulated depreciation	-	-	-	3,304,417	-	-	-	3,304,418
Amount available in debt service fund	-	-	-	(1,008,390)	-	-	-	(939,362)
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	39,438	-	36,894
	-	-	-	-	-	43,144	-	103,024
Total assets and other debits	\$63,159	\$62,229	\$39,438	\$2,625,261	\$2,958	\$698,667	\$82,582	\$3,574,294

(continued)

TOWN OF DUSON, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups (Continued)
December 31, 1996

	Governmental Fund Types			Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Account Groups		Totals	
	General	Special Revenue	Debt Service			Capital Projects	General Fixed Assets	General Long-Term Debt	1996
LIABILITIES AND FUND EQUITY									
Liabilities:									
Accounts payable	\$ 10,003	\$ -	\$ -	\$ 9,060	\$ -	\$ -	\$ -	\$ 19,063	\$ 24,100
Other liabilities	388	-	-	323	2,958	-	-	3,669	3,652
Due to other funds	28,135	2,275	-	-	-	-	-	30,410	52,410
Payable from restricted assets -									
Revenue bonds	-	-	-	12,241	-	-	-	12,241	11,241
Accrued interest	-	-	-	11,377	-	-	-	11,377	11,623
Customers' deposits	-	-	-	20,841	-	-	-	20,841	19,191
Revenue bonds payable	-	-	-	584,827	-	-	-	584,827	597,531
Certificates of indebtedness payable	-	-	-	-	-	-	50,000	50,000	95,000
Notes payable	-	-	-	-	-	-	32,582	32,582	44,918
Total liabilities	<u>38,526</u>	<u>2,275</u>	<u>-</u>	<u>638,669</u>	<u>2,958</u>	<u>-</u>	<u>82,582</u>	<u>765,010</u>	<u>859,666</u>
Fund equity:									
Contributed capital	-	-	-	2,266,796	-	-	-	2,266,796	2,307,529
Investment in general fixed assets	-	-	-	-	-	698,667	-	698,667	699,726
Retained earnings -									
Reserved for debt retirement	-	-	-	132,013	-	-	-	132,013	116,968
Unreserved, (deficit)	-	-	-	(412,217)	-	-	-	(412,217)	(440,894)
Total retained earnings	-	-	-	(280,204)	-	-	-	(280,204)	(323,926)
fund balances -									
Reserved for debt service	-	-	39,438	-	-	-	-	39,438	36,894
Unreserved, undesignated	<u>24,633</u>	<u>59,954</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,587</u>	<u>50,167</u>
Total fund balances	<u>24,633</u>	<u>59,954</u>	<u>39,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,025</u>	<u>87,061</u>
Total fund equity	<u>24,633</u>	<u>59,954</u>	<u>39,438</u>	<u>1,986,592</u>	<u>-</u>	<u>698,667</u>	<u>-</u>	<u>2,809,284</u>	<u>2,770,390</u>
Total liabilities and fund equity	<u>\$63,159</u>	<u>\$62,229</u>	<u>\$39,438</u>	<u>\$2,625,261</u>	<u>\$2,958</u>	<u>\$698,667</u>	<u>\$82,582</u>	<u>\$3,574,294</u>	<u>\$3,630,056</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 -
All Governmental Fund Types
Year Ended December 31, 1996

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)	
					1996	1995
Revenues:						
Taxes	\$ 66,971	\$ 262,428	\$ -	\$ -	\$ 329,399	\$ 280,010
Licenses and permits	67,699	-	-	-	67,699	64,527
Intergovernmental	54,563	-	-	-	54,563	50,781
Charges for service	4,898	-	-	-	4,898	2,737
Fines and forfeits	17,466	-	-	-	17,466	25,875
Miscellaneous	14,128	768	652	-	15,548	14,740
Total revenues	<u>225,725</u>	<u>263,196</u>	<u>652</u>	<u>-</u>	<u>489,573</u>	<u>438,670</u>
Expenditures:						
Current -						
General government	112,805	2,240	1,070	-	116,115	116,029
Public safety:						
Police	90,283	-	-	-	90,283	105,497
Fire	6,977	-	-	-	6,977	5,696
Streets and parks and recreation	89,263	-	-	-	89,263	91,510
Debt service -						
Principal retirement	14,170	-	45,000	-	59,170	53,350
Interest	3,176	-	5,075	-	8,251	11,458
Capital outlay	10,622	-	-	-	10,622	40,113
Total expenditures	<u>327,296</u>	<u>2,240</u>	<u>51,145</u>	<u>-</u>	<u>380,681</u>	<u>423,653</u>
Excess (deficiency) of revenues over expenditures	<u>(101,571)</u>	<u>260,956</u>	<u>(50,493)</u>	<u>-</u>	<u>108,892</u>	<u>15,017</u>
Other financing sources (uses):						
Operating transfers in	110,000	-	53,037	-	163,037	257,708
Operating transfers out	(13,000)	(221,965)	-	-	(234,965)	(292,029)
Total other financing sources (uses)	<u>97,000</u>	<u>(221,965)</u>	<u>53,037</u>	<u>-</u>	<u>(71,928)</u>	<u>(34,321)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(4,571)</u>	<u>38,991</u>	<u>2,544</u>	<u>-</u>	<u>36,964</u>	<u>(19,304)</u>
Fund balances, beginning	<u>29,204</u>	<u>20,963</u>	<u>36,894</u>	<u>-</u>	<u>87,061</u>	<u>106,365</u>
Fund balances, ending	<u>\$ 24,633</u>	<u>\$ 59,954</u>	<u>\$ 39,438</u>	<u>\$ -</u>	<u>\$ 124,025</u>	<u>\$ 87,061</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, 1996

	General Fund		Special Revenue Funds		Debt Service Funds	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:						
Taxes	\$ 66,750	\$ 66,971	\$ 260,000	\$ 262,428	\$ -	\$ -
Licenses and permits	66,000	67,699	-	-	-	-
Intergovernmental	57,300	54,563	-	-	-	-
Charges for service	4,900	4,898	-	-	-	-
Fines and forfeits	20,000	17,466	-	-	-	-
Miscellaneous	14,150	14,128	700	768	600	652
Total revenues	<u>229,100</u>	<u>225,725</u>	<u>260,700</u>	<u>263,196</u>	<u>600</u>	<u>652</u>
						Variance - Favorable (Unfavorable)
Expenditures:						
Current -						
General government	112,325	112,805	3,500	2,240	1,700	1,070
Public safety:						
Police	95,375	90,283	-	-	-	-
Fire	7,500	6,977	-	-	-	-
Streets and parks and recreation	99,750	89,263	-	-	-	-
Debt service -						
Principal retirement	12,000	14,170	-	-	45,000	-
Interest	3,000	3,176	-	-	5,075	-
Capital outlay	11,100	10,622	-	-	-	-
Total expenditures	<u>341,050</u>	<u>327,296</u>	<u>3,500</u>	<u>2,240</u>	<u>51,775</u>	<u>51,145</u>
Excess (deficiency) of revenues over expenditures	<u>(111,950)</u>	<u>(101,571)</u>	<u>257,200</u>	<u>260,956</u>	<u>(51,175)</u>	<u>(50,493)</u>
Other financing sources (uses):						
Operating transfers in	110,000	110,000	-	-	53,037	53,037
Operating transfers out	<u>(13,000)</u>	<u>(13,000)</u>	<u>(221,987)</u>	<u>(221,965)</u>	-	-
Total other financing sources (uses)	<u>97,000</u>	<u>97,000</u>	<u>(221,987)</u>	<u>(221,965)</u>	<u>53,037</u>	<u>53,037</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(14,950)	(4,571)	35,213	38,991	1,862	2,544
Fund balances, beginning	<u>29,204</u>	<u>29,204</u>	<u>20,963</u>	<u>20,963</u>	<u>36,894</u>	<u>36,894</u>
Fund balances, ending	\$ <u>14,254</u>	\$ <u>24,633</u>	\$ <u>56,176</u>	\$ <u>59,954</u>	\$ <u>38,756</u>	\$ <u>39,438</u>

The accompanying notes are an integral part of this statement.

TOWN OF DUSON, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings -
 Proprietary Fund Type
 Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Operating revenues:		
Charges for services -		
Water charges	\$ 96,972	\$ 90,784
Sewer service charges	60,158	57,899
Sanitation charges	55,021	49,071
Miscellaneous	370	625
Total operating revenues	<u>212,521</u>	<u>198,379</u>
Operating expenses:		
Salaries	53,812	39,001
Payroll taxes	4,665	3,408
General insurance	11,823	10,720
Auto and truck expense	714	1,038
Utilities and telephone	20,156	34,802
Maintenance and repairs	15,309	21,310
Supplies and parts	18,112	18,687
Office expense	1,870	2,010
Garbage collection fees	43,392	41,985
Depreciation expense	69,028	70,449
Dues and fees	150	757
Professional fees	10,401	5,138
Engineering fees	-	100
Group health insurance	5,485	4,525
Uniforms	192	-
Miscellaneous	1,135	1,265
Total operating expenses	<u>256,244</u>	<u>255,195</u>
Operating loss	<u>(43,723)</u>	<u>(56,816)</u>
Nonoperating revenues (expenses):		
Parish grant revenue	-	12,500
Interest income	4,823	4,638
Interest expense	<u>(30,038)</u>	<u>(30,183)</u>
Total nonoperating revenues (expenses)	<u>(25,215)</u>	<u>(13,045)</u>
Loss before operating transfers	<u>(68,938)</u>	<u>(69,861)</u>
Operating transfers in	71,928	41,000
Operating transfers out	-	<u>(6,679)</u>
Total operating transfers in	<u>71,928</u>	<u>34,321</u>

(continued)

TOWN OF DUSON, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings -
 Proprietary Fund Type (Continued)
 Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Net income (loss)	2,990	(35,540)
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	<u>40,732</u>	<u>40,732</u>
Increase in retained earnings	43,722	5,192
Retained earnings (deficit), beginning	<u>(323,926)</u>	<u>(329,118)</u>
Retained earnings (deficit), ending	<u><u>\$(280,204)</u></u>	<u><u>\$(323,926)</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

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, 1996.

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.

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.

TOWN OF DUSON, LOUISIANA
Debt Service Fund
Public Improvement Bonds Dated 11/01/61

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual
Year Ended December 31, 1996
With Comparative Actual Amounts for Year Ended December 31, 1995

	1996			
	Budget	Actual	Variance - Favorable (Unfavorable)	1995 Actual
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Other financing sources (uses):				
Transfer to General Fund	-	-	-	(30,916)
Transfer from Utility fund	-	-	-	6,679
Total other financing sources (uses)	-	-	-	(24,237)
Excess of revenues and other sources over expenditures and other uses	-	-	-	(24,237)
Fund balances, beginning	-	-	-	24,237
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

TOWN OF DUSON, LOUISIANA
 Capital Projects Fund
 Sewer Construction Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Budget (GAAP Basis) and Actual
 Year Ended December 31, 1996
 With Comparative Actual Amounts for Year Ended December 31, 1995

	1996		Variance - Favorable	1995
	Budget	Actual	(Unfavorable)	Actual
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	-	-
Other financing sources (uses):				
Transfer to General Fund	-	-	-	(11,000)
Transfer to Utility Fund	-	-	-	(403)
Transfer from 1983 Sales Tax Fund	-	-	-	14,063
Total other financing sources (uses)	-	-	-	2,660
Excess of revenues and other sources over expenditures and other uses				2,660
Fund balances, beginning	-	-	-	(2,660)
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

TOWN OF DUSON, LOUISIANA
Capital Projects Fund
Sewer Construction Fund

Comparative Balance Sheet
December 31, 1995 and 1996

	<u>1996</u>	<u>1995</u>
ASSETS		
Cash	\$ -	\$ -
LIABILITIES AND FUND BALANCES		
Liabilities	\$ -	\$ -
Fund balances	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>

CAPITAL PROJECTS FUND

Sewer Construction Fund - To account for the financing, rehabilitation and additions to the Towns's sewer system. The project was financed by certificates of indebtedness in the amount of \$275,000.

TOWN OF DUSON, LOUISIANA
 Debt Service Fund
 Fire Protection District No. 2
 Public Improvement Bonds

Statement of Revenues, Expenditures, and Changes in Fund Balances -
 Budget (GAAP Basis) and Actual
 Year Ended December 31, 1996
 With Comparative Actual Amounts for Year Ended December 31, 1995

	1996		Variance - Favorable	1995
	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>	<u>Actual</u>
Revenues:				
Interest income	\$ -	\$ -	\$ -	\$ 93
Expenditures	-	-	-	-
Excess of revenues over expenditures				93
Other financing use:				
Transfer to Utility Fund	-	-	-	<u>(1,179)</u>
Deficiency of revenues over expenditures and other use	-	-	-	(1,086)
Fund balances, beginning	-	-	-	<u>1,086</u>
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

OTHER SUPPLEMENTARY INFORMATION

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

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MANAGEMENT LETTER

The Honorable Gene Hernandez, 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, 1996 revealed certain areas in which improvements in the accounting system and financial practices of the Town may be desirable. The following items were submitted for the year ended December 31, 1995 and are resubmitted for the year ended December 31, 1996.

1. The Town should implement a system of controls for the processing and collection of fines. The administrative staff should collect fines revenues and ticket books should be inventoried and maintained by accounting personnel in the administrative office. A log should be maintained that records disposition of each fine and total fines should be reconciled to a fines receipt book. Control over the numerical sequence of all tickets should be performed and used ticket books containing copies of the tickets issued should be filed by administrative staff at town hall. Only the magistrate should have authority to forgive fines.
2. 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.

Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
February 16, 1996

MEMBER OF
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SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

Water		Sewerage		Sanitation		General Government	
1996	1995	1996	1995	1996	1995	1996	1995
\$ 96,972	\$ 90,784	\$ 60,158	\$ 57,899	\$55,021	\$49,071	\$ -	\$ -
402	625	-	-	-	-	-	-
<u>97,374</u>	<u>91,409</u>	<u>60,158</u>	<u>57,899</u>	<u>55,021</u>	<u>49,071</u>	<u>-</u>	<u>-</u>
26,876	20,495	23,670	15,356	3,266	2,993	-	157
2,605	2,004	1,660	1,175	401	229	-	-
10,078	17,843	5,232	3,467	-	-	-	-
3,902	100	2,845	3,050	-	-	3,654	2,088
10,474	10,974	9,682	10,839	-	-	-	12,989
4,406	5,120	7,161	5,075	-	-	256	525
2,152	1,890	2,346	2,010	986	625	-	-
1,300	1,534	23	-	-	-	547	476
14,315	13,766	3,797	4,723	-	-	-	198
-	-	-	-	43,392	41,985	-	-
357	573	357	465	-	-	-	-
31,082	31,128	37,946	39,321	-	-	-	-
150	195	-	562	-	-	-	-
64	-	64	-	-	-	64	-
951	513	-	86	-	-	41	666
<u>108,712</u>	<u>106,135</u>	<u>94,783</u>	<u>86,129</u>	<u>48,045</u>	<u>45,832</u>	<u>4,562</u>	<u>17,099</u>
\$(11,338)	\$(14,726)	\$(34,625)	\$(28,230)	\$ 6,976	\$ 3,239	\$ (4,562)	\$(17,099)
=====	=====	=====	=====	=====	=====	=====	=====

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Revenues and Expenses
Years Ended December 31, 1996 and 1995

	Totals	
	1996	1995
Operating revenues:		
Customer service charges	\$ 212,151	\$ 197,754
Miscellaneous	402	625
Total operating revenues	212,553	198,379
Operating expenses:		
Salaries	53,812	39,001
Payroll taxes	4,666	3,408
Maintenance and repairs	15,310	21,310
Professional fees	10,401	5,238
Utilities and telephone	20,156	34,802
General insurance	11,823	10,720
Group health insurance	5,484	4,525
Office expense	1,870	2,010
Supplies and parts	18,112	18,687
Garbage collection fees	43,392	41,985
Auto and truck expense	714	1,038
Depreciation expense	69,028	70,449
Dues and fees	150	757
Uniforms	192	-
Miscellaneous	992	1,265
Total operating expenses	256,102	255,195
Operating loss	(43,549)	(56,816)
Nonoperating revenues (expenses):		
Interest income	4,823	4,638
Interest expense	(30,038)	(30,183)
Parish grant revenue	-	12,500
Total nonoperating revenues (expenses)	(25,215)	(13,045)
Loss before operating transfers	(68,764)	(69,861)
Operating transfers in (out):		
Transfer from General Fund	13,000	-
Transfer from 1969 Sales Tax Fund	38,928	38,420
Transfer from 1983 Sales Tax Fund	20,000	-
Transfer to Debt Service Fund	-	(6,679)
Transfer from Capital Projects Fund	-	403
Transfer from Debt Service Fund	-	2,177
Total operating transfers in (out)	71,928	34,321
Net income (loss)	3,164	(35,540)
Add: Depreciation on fixed assets acquired by federal grant revenues externally restricted for capital acquisitions and construction that reduces contributed capital	40,732	40,732
Increase in retained earnings	43,896	5,192
Retained earnings (deficit), beginning	(323,926)	(329,118)
Retained earnings (deficit), ending	\$(280,030)	\$(323,926)

TOWN OF DUSON, LOUISIANA
 Schedule of Insurance in Force
 (Unaudited)
 December 31, 1996

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's compensation: Employer's liability	Statutory \$100,000
Building and contents: Building, aggregate Contents	439,900 50,200
Automobile coverage: General liability, aggregate Auto liability, aggregate	500,000 500,000
Law enforcement and officer liability (all coverage)	500,000
Surety bonds: Mayor Town Clerk Assistant Clerk Assistants	20,000 50,000 50,000 20,000

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

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MANAGEMENT LETTER

The Honorable Gene Hernandez, 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, 1996 revealed certain areas in which improvements in the accounting system and financial practices of the Town may be desirable. The following items were submitted for the year ended December 31, 1995 and are resubmitted for the year ended December 31, 1996.

1. The Town should implement a system of controls for the processing and collection of fines. The administrative staff should collect fines revenues and ticket books should be inventoried and maintained by accounting personnel in the administrative office. A log should be maintained that records disposition of each fine and total fines should be reconciled to a fines receipt book. Control over the numerical sequence of all tickets should be performed and used ticket books containing copies of the tickets issued should be filed by administrative staff at town hall. Only the magistrate should have authority to forgive fines.
2. 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.

Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
February 16, 1996

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

TOWN OF DUSON, LOUISIANA
 Schedule of Insurance in Force
 (Unaudited)
 December 31, 1996

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's compensation: Employer's liability	Statutory \$100,000
Building and contents: Building, aggregate Contents	439,900 50,200
Automobile coverage: General liability, aggregate Auto liability, aggregate	500,000 500,000
Law enforcement and officer liability (all coverage)	500,000
Surety bonds: Mayor Town Clerk Assistant Clerk Assistants	20,000 50,000 50,000 20,000

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TOWN OF DUSON, LOUISIANA
Financial Report
Year Ended December 31, 1996

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 14 1997

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

(13) 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</u> <u>Government</u>	<u>State</u> <u>Grants</u>	<u>Municipality</u>	<u>Federal</u> <u>Grants</u>	<u>Total</u>
Total contributed capital	\$503,453	\$16,628	\$166,851	\$1,886,012	\$2,572,944
Less: Accumulated amortization	-	(1,455)	-	(304,693)	(306,148)
Net contributed capital	\$503,453	\$15,173	\$166,851	\$1,581,319	\$2,266,796

(14) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 1996 follows:

Gene Hernandez, Mayor	\$13,200
Aldermen:	
John Lee Morgan	1,200
Jimmy Champagne	1,200
Claudette and Paul Broussard	1,100
Larry Thibodeaux	1,200
Burnis Benoit	1,200
Gerald Alleman	<u>100</u>
	<u>\$19,200</u>

TOWN OF DUSON, LOUISIANA
Debt Service Fund
Certificates of Indebtedness Dated 04/01/87

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual
Year Ended December 31, 1996
With Comparative Actual Amounts for Year Ended December 31, 1995

	1996		Variance -	
	Budget	Actual	Favorable (Unfavorable)	1995 Actual
Revenues:				
Interest income	\$ 600	\$ 652	\$ 52	\$ 1,245
Expenditures:				
General government -				
Professional fees	1,000	700	300	886
Miscellaneous	700	370	330	716
Debt service -				
Principal retirement	45,000	45,000	-	40,000
Interest	<u>5,075</u>	<u>5,075</u>	<u>-</u>	<u>8,050</u>
Total expenditures	<u>51,775</u>	<u>51,145</u>	<u>630</u>	<u>49,652</u>
Deficiency of revenues over expenditures	(51,175)	(50,493)	682	(48,407)
Other financing source:				
Transfer from 1983 Sales Tax Fund	<u>53,037</u>	<u>53,037</u>	<u>-</u>	<u>51,100</u>
Excess (deficiency) of revenues and other financing source over expenditures	1,862	2,544	682	2,693
Fund balances, beginning	<u>36,894</u>	<u>36,894</u>	<u>-</u>	<u>34,201</u>
Fund balances, ending	<u>\$38,756</u>	<u>\$ 39,438</u>	<u>\$ 682</u>	<u>\$ 36,894</u>

TOWN OF DUSON, LOUISIANA
 General Fund
 Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)
 With Comparative Actual Amounts for Year Ended December 31, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	<u>Budget</u>	<u>Actual</u>		
Capital outlay:				
General government:				
Administrative -				
Equipment	4,500	9,064	(4,564)	3,844
Building improvement	5,500	-	5,500	-
Public safety -				
Police:				
Equipment	-	958	(958)	2,173
Automobiles	600	600	-	1,100
Public works:				
Streets -				
Equipment	500	-	500	1,146
Improvements	-	-	-	31,850
Total capital outlay	<u>11,100</u>	<u>10,622</u>	<u>478</u>	<u>40,113</u>
 Total expenditures	 <u>\$341,050</u>	 <u>\$327,296</u>	 <u>\$13,754</u>	 <u>\$370,874</u>

**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, 1996 and 1995

	<u>1996</u>	<u>1995</u>
ASSETS		
Cash and interest-bearing deposits	\$34,674	\$43,593
Ad valorem taxes receivable	7,433	8,312
Other receivables	<u>21,052</u>	<u>20,359</u>
Total assets	<u>\$63,159</u>	<u>\$72,264</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$10,003	\$12,779
Accrued liabilities	388	2,146
Due to other funds	<u>28,135</u>	<u>28,135</u>
Total liabilities	38,526	43,060
Fund balances:		
Unreserved, undesignated	<u>24,633</u>	<u>29,204</u>
Total liabilities and fund balances	<u>\$63,159</u>	<u>\$72,264</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, 1996

With Comparative Actual Amounts for Year Ended December 31, 1995

	1996		Variance - Favorable	1995 Actual
	Budget	Actual	(Unfavorable)	
Revenues:				
Taxes	\$ 66,750	\$ 66,971	\$ 221	\$ 62,592
Licenses and permits	66,000	67,699	1,699	64,527
Intergovernmental	57,300	54,563	(2,737)	50,781
Charges for services	4,900	4,898	(2)	2,737
Fines and forfeits	20,000	17,466	(2,534)	25,875
Miscellaneous	<u>14,150</u>	<u>14,128</u>	<u>(22)</u>	<u>12,604</u>
Total revenues	<u>229,100</u>	<u>225,725</u>	<u>(3,375)</u>	<u>219,116</u>
Expenditures:				
General government	112,325	112,805	(480)	111,300
Public safety -				
Police	95,375	90,283	5,092	105,497
Fire	7,500	6,977	523	5,696
Streets and parks and recreation	99,750	89,263	10,487	91,510
Debt service	15,000	17,346	(2,346)	16,758
Capital outlay	<u>11,100</u>	<u>10,622</u>	<u>478</u>	<u>40,113</u>
Total expenditures	<u>341,050</u>	<u>327,296</u>	<u>13,754</u>	<u>370,874</u>
Deficiency of revenues over expenditures	<u>(111,950)</u>	<u>(101,571)</u>	<u>10,379</u>	<u>(151,758)</u>
Other financing sources (uses):				
Transfer from 1969 Sales Tax Fund	60,000	60,000	-	78,250
Transfer from 1983 Sales Tax Fund	50,000	50,000	-	65,700
Transfer from Capital Projects Fund	-	-	-	11,000
Transfer from Debt Service Funds	-	-	-	30,916
Transfer to Utility Fund	<u>(13,000)</u>	<u>(13,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>97,000</u>	<u>97,000</u>	<u>-</u>	<u>185,866</u>
Excess (deficiency) of revenues and other sources over expenditures	<u>(14,950)</u>	<u>(4,571)</u>	<u>10,379</u>	<u>34,108</u>
Fund balances, beginning	<u>29,204</u>	<u>29,204</u>	<u>-</u>	<u>(4,904)</u>
Fund balances, ending	<u>\$ 14,254</u>	<u>\$ 24,633</u>	<u>\$ 10,379</u>	<u>\$ 29,204</u>

TOWN OF DUSON, LOUISIANA
General Fund

Statement of Revenues Compared to Budget (GAAP Basis)
Year Ended December 31, 1996
With Comparative Actual Amounts for Year Ended December 31, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	<u>Budget</u>	<u>Actual</u>		
Taxes:				
Ad valorem	\$ 13,750	\$ 13,745	\$ (5)	\$ 14,176
Franchise - electric	45,200	45,242	42	41,370
Franchise - gas	4,800	4,790	(10)	4,816
Franchise - cable tv	<u>3,000</u>	<u>3,194</u>	<u>194</u>	<u>2,230</u>
	<u>66,750</u>	<u>66,971</u>	<u>221</u>	<u>62,592</u>
Occupational licenses	<u>66,000</u>	<u>67,699</u>	<u>1,699</u>	<u>64,527</u>
Intergovernmental:				
State of Louisiana -				
State grants	25,000	25,000	-	15,000
Tobacco taxes	7,600	7,621	21	7,621
Beer taxes	6,000	7,430	1,430	3,321
Video poker revenue	11,700	14,512	2,812	3,308
Federal Government	7,000	-	(7,000)	7,034
Acadia Parish	-	-	-	14,497
	<u>57,300</u>	<u>54,563</u>	<u>(2,737)</u>	<u>50,781</u>
Charges for services:				
Grass cutting	<u>4,900</u>	<u>4,898</u>	<u>(2)</u>	<u>2,737</u>
Fines and forfeits:				
Fines and court costs	<u>20,000</u>	<u>17,466</u>	<u>(2,534)</u>	<u>25,875</u>
Miscellaneous:				
Oil royalties	5,700	5,745	45	5,862
Interest on interest-bearing accounts	600	764	164	20
Rent income	3,600	3,600	-	3,600
Proceeds from disposal of fixed assets	1,750	1,804	54	-
Other sources	<u>2,500</u>	<u>2,215</u>	<u>(285)</u>	<u>3,122</u>
	<u>14,150</u>	<u>14,128</u>	<u>(22)</u>	<u>12,604</u>
Total revenues	<u>\$229,100</u>	<u>\$225,725</u>	<u>\$(3,375)</u>	<u>\$219,116</u>

TOWN OF DUSON, LOUISIANA
Debt Service Fund
Waterworks District No. 2
Public Improvement Bonds

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget (GAAP Basis) and Actual
Year Ended December 31, 1996
With Comparative Actual Amounts for Year Ended December 31, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Interest income	\$ -	\$ -	\$ -	\$ 87
Expenditures	-	-	-	-
Excess of revenues over expenditures	-	-	-	87
Other financing use:				
Transfer to Utility Fund	-	-	-	(998)
Deficiency of revenues over expenditures and other use	-	-	-	(911)
Fund balances, beginning	-	-	-	911
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

TOWN OF DUSON, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)
With Comparative Actual Amounts for Year Ended December 31, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	Budget	Actual		Actual
Streets and parks and recreation:				
Streets -				
Salaries	40,000	38,102	1,898	44,381
Payroll taxes	3,100	2,915	185	3,407
General insurance	12,000	11,243	757	12,086
Group health insurance	9,000	7,738	1,262	11,321
Professional services	-	-	-	3,448
Supplies, materials and repairs	11,500	10,361	1,139	11,130
Auto and truck expenditures	1,550	1,269	281	1,588
Utilities	20,700	16,306	4,394	2,908
Miscellaneous	200	175	25	23
Uniforms	-	128	(128)	-
Total streets	98,050	88,237	9,813	90,292
Parks and recreation -				
Supplies, materials and repairs	500	402	98	-
General insurance	1,200	624	576	1,218
Total parks and recreation	1,700	1,026	674	1,218
Total streets and parks and recreation	99,750	89,263	10,487	91,510
Debt service:				
Principal payments	12,000	14,170	(2,170)	13,350
Interest paid	3,000	3,176	(176)	3,408
Total debt service	15,000	17,346	(2,346)	16,758

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.

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, 1996

With Comparative Totals for December 31, 1995

	<u>1969 Sales</u> <u>Tax Fund</u>	<u>1983 Sales</u> <u>Tax Fund</u>	<u>Totals</u>	
			<u>1996</u>	<u>1995</u>
ASSETS				
Cash and interest-bearing deposits	\$16,553	\$30,780	\$47,333	\$ 6,380
Sales tax receivable	7,448	7,448	14,896	16,858
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,000</u>
 Total assets	 <u>\$24,001</u>	 <u>\$38,228</u>	 <u>\$62,229</u>	 <u>\$45,238</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	\$ 2,275	\$ 2,275	\$24,275
Fund balances:				
Unreserved, undesignated	<u>24,001</u>	<u>35,953</u>	<u>59,954</u>	<u>20,963</u>
 Total liabilities and fund balances	 <u>\$24,001</u>	 <u>\$38,228</u>	 <u>\$62,229</u>	 <u>\$45,238</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, 1996
With Comparative Actual Amounts for Year Ended December 31, 1995

	1996		Variance - Favorable	1995
	Budget	Actual	(Unfavorable)	Actual
Revenues:				
Taxes	\$130,000	\$131,214	\$1,214	\$ 108,709
Interest	<u>430</u>	<u>472</u>	<u>42</u>	<u>440</u>
Total revenues	<u>130,430</u>	<u>131,686</u>	<u>1,256</u>	<u>109,149</u>
Expenditures:				
General government -				
Collection fees	675	670	5	564
Professional fees	<u>1,150</u>	<u>850</u>	<u>300</u>	<u>1,044</u>
Total expenditures	<u>1,825</u>	<u>1,520</u>	<u>305</u>	<u>1,608</u>
Excess of revenues over expenditures	<u>128,605</u>	<u>130,166</u>	<u>1,561</u>	<u>107,541</u>
Other financing uses:				
Transfer to General Fund	(60,000)	(60,000)	-	(78,250)
Transfer to Utility Fund	<u>(38,950)</u>	<u>(38,928)</u>	<u>22</u>	<u>(38,420)</u>
Total other financing uses	<u>(98,950)</u>	<u>(98,928)</u>	<u>22</u>	<u>(116,670)</u>
Excess (deficiency) of revenues over expenditures and other uses	29,655	31,238	1,583	(9,129)
Fund balances (deficit), beginning	<u>(7,237)</u>	<u>(7,237)</u>	<u>-</u>	<u>1,892</u>
Fund balances (deficit), ending	<u>\$ 22,418</u>	<u>\$ 24,001</u>	<u>\$1,583</u>	<u>\$ (7,237)</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, 1996
With Comparative Actual Amounts for Year Ended December 31, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Sales tax revenue	\$ 130,000	\$ 131,214	\$1,214	\$ 108,709
Interest	270	296	26	271
Total revenues	130,270	131,510	1,240	108,980
Expenditures:				
General government -				
Collection fees	675	670	5	563
Professional fees	1,000	50	950	956
Total expenditures	1,675	720	955	1,519
Excess of revenues over expenditures	128,595	130,790	2,195	107,461
Other financing uses:				
Transfer to General Fund	(50,000)	(50,000)	-	(65,700)
Transfer to Debt Service Fund	(53,037)	(53,037)	-	(51,000)
Transfer to Capital Projects Fund	-	-	-	(14,063)
Transfer to Utility Fund	(20,000)	(20,000)	-	-
Total other financing uses	(123,037)	(123,037)	-	(130,763)
Excess (deficiency) of revenues over expenditures and other uses	5,558	7,753	2,195	(23,402)
Fund balances, beginning	28,200	28,200	-	51,602
Fund balances, ending	\$ 33,758	\$ 35,953	\$2,195	\$ 28,200

DEBT SERVICE FUNDS

Public Improvement Bonds dated 11/01/61 - To accumulate monies for repayment of Waterworks bonds, of Fire Protection bonds and of Street Improvements bonds dated November 1, 1961 (original amounts totaled \$82,500) due in serial installments, plus interest, through 1991. Debt service was financed by a specific ad valorem tax and was paid off in a prior fiscal year.

Certificates of Indebtedness dated 04/01/87 - To accumulate monies for repayment of \$245,000 of Water System and Street Improvement Certificates of Indebtedness, dated April 1, 1987 (original amount of \$360,000) due in annual installments plus interest, until 1997. Debt service is financed from proceeds of the Town's 1983 1% sales and use tax.

Waterworks District No. 2 Public Improvement Bonds - To accumulate monies for repayment of Waterworks bonds dated November 1, 1961 (original amount of \$27,500) due in serial installments, plus interest, through 1991. Debt service was financed by a specific ad valorem tax and was paid off in a prior fiscal year.

Fire Protection District No. 2 Public Improvement Bonds - To accumulate monies for repayment of Fire Protection bonds dated November 1, 1961 (original amount of \$27,500) due in serial installments, plus interest, through 1991. Debt service was financed by a specific ad valorem tax and was paid off in a prior fiscal year.

TOWN OF DUSON, LOUISIANA
Debt Service Funds

Combining Balance Sheet
December 31, 1996
With Comparative Totals for December 31, 1995

	<u>11/01/61</u>	<u>04/01/87</u>	<u>No. 2 Public Improvement Bonds</u>	<u>Waterworks District No. 2 Public Improvement Bonds</u>	<u>Fire Protection District No. 2 Public Improvement Bonds</u>	<u>Totals</u>
						<u>1996</u> <u>1995</u>
Public Improvement Bonds dated 11/01/61	\$ -					
Certificates of Indebtedness dated 04/01/87		\$39,438				
Waterworks District No. 2 Public Improvement Bonds			\$ -			
Fire Protection District No. 2 Public Improvement Bonds				\$ -		
						\$39,438 \$36,894
ASSETS						
Interest-bearing deposits						
FUND BALANCES						
Fund balances:						
Reserved for debt service		\$39,438		\$ -		\$39,438 \$36,894

TOWN OF DUSON, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)
Year Ended December 31, 1996
With Comparative Actual Amounts for Year Ended December 31, 1995

	1996		Variance - Favorable	1995
	Budget	Actual	(Unfavorable)	Actual
Public safety:				
Police -				
Salaries	45,000	41,179	3,821	54,180
Payroll taxes	3,600	3,462	138	4,321
General insurance	12,300	13,018	(718)	10,473
Group health insurance	8,200	8,617	(417)	8,661
Advertising	675	582	93	259
Dues and publications	-	-	-	115
Repairs and maintenance	4,200	4,493	(293)	4,327
Supplies	1,000	673	327	1,228
Utilities	2,000	1,736	264	1,960
Telephone	3,000	2,704	296	3,286
Auto expenditures	4,500	3,256	1,244	6,263
Office supplies	900	1,106	(206)	624
Insurance claims	7,800	7,758	42	7,200
Training and education	400	100	300	1,559
Janitorial services	800	795	5	765
Miscellaneous	<u>1,000</u>	<u>804</u>	<u>196</u>	<u>276</u>
Total police	<u>95,375</u>	<u>90,283</u>	<u>5,092</u>	<u>105,497</u>
Fire -				
General insurance	2,200	1,949	251	957
Utilities	3,000	2,888	112	2,575
Telephone	800	640	160	664
Donation to volunteer fire department	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total fire	<u>7,500</u>	<u>6,977</u>	<u>523</u>	<u>5,696</u>
Total public safety	<u>102,875</u>	<u>97,260</u>	<u>5,615</u>	<u>111,193</u>

(continued)