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TOWN OF DUSON, LOUISIANA

Financial Report

Year Ended December 31, 1998

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.

AUG 04 1999

Release Date _____

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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, 1998 revealed a certain area in which improvements in the accounting system and financial practices of the Town may be desirable. The following item was submitted for the year ended December 31, 1997 and is resubmitted for the year ended December 31, 1998.

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

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

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

Lafayette, Louisiana
May 12, 1999

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INDEPENDENT AUDITORS' 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, 1998. 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.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosures of certain matters regarding the year 2000 issue. The Town has included such disclosures in Note 18. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Town's disclosures with respect to the year 2000 issue made in Note 18. Further, we do not provide assurance that the Town is or will be year 2000 ready, that the Town's year 2000 remediation efforts will be successful in whole or in part, or that the parties with which the Town does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, 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, 1998, 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.

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, 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.

In accordance with Government Auditing Standards, we have also issued a report dated May 12, 1999 on our consideration of the Town of Duson's internal control structure over financial reporting and our tests on its compliance with certain laws, regulations, contracts and grants.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed an unqualified opinion on the general purpose financial statements of the Town of Duson, Louisiana.

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

Lafayette, Louisiana
May 12, 1999

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

TOWN OF DUSON, LOUISIANA
 Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 1998

	Governmental Fund Types			Proprietary Fund Type		Fiduciary Fund Type		Account Groups			Totals	
	General	Special	Debt	Enterprise	Agency	Long-Term	Debt	General	Fixed Assets	1998	(Memorandum Only)	1997
		Revenue	Service									
ASSETS AND OTHER DEBITS												
Cash and interest-bearing deposits	\$ 22,073	\$ 3,096	\$ -	\$ 24,280	\$ 6,072	\$ -	\$ -	\$ -	\$ -	\$ 55,521	\$ 148,378	
Investments	15,907	6,950	-	8,806	-	-	-	-	-	31,663	28,998	
Receivables:												
Taxes	17,913	19,314	-	-	-	-	-	-	-	37,227	35,414	
Accounts	-	-	-	47,843	-	-	-	-	-	47,843	26,342	
Other	15,183	-	-	10,940	-	-	-	-	-	26,123	12,064	
Due from other funds	7,507	-	-	31,171	1,750	-	-	-	-	40,428	45,879	
Due from other governmental units	6,863	-	-	51,900	6,045	-	-	-	-	64,808	22,633	
Restricted assets:												
Cash and interest-bearing deposits	-	-	-	193,583	-	-	-	-	-	193,583	174,680	
Investments	-	-	-	19,146	-	-	-	-	-	19,146	19,202	
Land	-	-	-	-	-	28,827	-	-	-	28,827	14,278	
Buildings	-	-	-	-	-	58,281	-	-	-	58,281	58,281	
Improvements other than buildings	-	-	-	-	-	448,423	-	-	-	448,423	448,423	
Equipment	-	-	-	-	-	269,564	-	-	-	269,564	245,210	
Utility property, plant and equipment	-	-	-	3,962,693	-	-	-	-	-	3,962,693	3,341,894	
Accumulated depreciation	-	-	-	(1,150,832)	-	-	-	-	-	(1,150,832)	(1,078,573)	
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	4,458	-	4,458	11,657	
Total assets and other debits	\$ 85,446	\$ 29,360	\$ -	\$ 3,199,530	\$ 13,867	\$ 805,095	\$ 4,458	\$ 4,137,756	\$ 3,554,760			

(continued)

TOWN OF DUSON, LOUISIANA

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

December 31, 1998

	Governmental Fund Types			Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	Account Groups			Totals (Memorandum Only)		
	General	Special				Debt Service	General Fixed Assets	Long-Term Debt		1998	1997
		Revenue	Debt								
LIABILITIES AND FUND EQUITY											
Liabilities:											
Accounts payable	\$31,195	\$ -	\$ -	\$ 26,444	\$ -	\$ -	\$ -	\$ 57,639	\$ 55,847		
Retainage payable	-	-	-	51,900	-	-	-	51,900	-		
Accrued liabilities	1,517	-	-	774	37	-	-	2,328	1,883		
Due to other funds	24,323	2,275	-	-	13,830	-	-	40,428	45,879		
Payable from restricted assets -											
Revenue bonds	-	-	-	11,000	-	-	-	11,000	11,000		
Accrued interest	-	-	-	10,838	-	-	-	10,838	11,108		
Customers' deposits	-	-	-	24,180	-	-	-	24,180	21,825		
Revenue bonds and notes payable	-	-	-	562,003	-	-	-	562,003	573,946		
Notes payable	-	-	-	-	-	-	4,458	4,458	11,657		
Total liabilities	<u>57,035</u>	<u>2,275</u>	<u>-</u>	<u>687,139</u>	<u>13,867</u>	<u>-</u>	<u>4,458</u>	<u>764,774</u>	<u>733,145</u>		
Fund equity:											
Contributed capital	-	-	-	2,785,333	-	-	-	2,785,333	2,226,065		
Investment in general fixed assets	-	-	-	-	-	805,095	-	805,095	766,192		
Retained earnings -											
Reserved for debt retirement	-	-	-	166,711	-	-	-	166,711	149,949		
Unreserved, (deficit)	-	-	-	(439,653)	-	-	-	(439,653)	(395,021)		
Total retained earnings (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(272,942)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(272,942)</u>	<u>(245,072)</u>		
Fund balances -											
Unreserved, undesignated	28,411	27,085	-	-	-	-	-	55,496	74,430		
Total fund equity	<u>28,411</u>	<u>27,085</u>	<u>-</u>	<u>2,512,391</u>	<u>-</u>	<u>805,095</u>	<u>-</u>	<u>3,372,982</u>	<u>2,821,615</u>		
Total liabilities and fund equity	<u>\$85,446</u>	<u>\$29,560</u>	<u>\$ -</u>	<u>\$3,199,530</u>	<u>\$13,867</u>	<u>\$805,095</u>	<u>\$4,458</u>	<u>\$4,137,756</u>	<u>\$3,554,760</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, 1998

	General	Special Revenue	Debt Service	Totals (Memorandum Only)	
				1998	1997
Revenues:					
Taxes	\$ 73,513	\$ 284,008	\$ -	\$ 357,521	\$ 341,396
Licenses and permits	57,848	-	-	57,848	66,066
Intergovernmental	25,361	-	-	25,361	51,067
Charges for service	4,973	-	-	4,973	4,973
Fines and forfeits	12,813	-	-	12,813	16,894
Miscellaneous	14,022	1,441	-	15,163	12,563
Total revenues	<u>188,530</u>	<u>285,449</u>	<u>-</u>	<u>473,679</u>	<u>492,959</u>
Expenditures:					
Current -					
General government	148,870	3,868	-	152,738	134,481
Public safety:					
Police	125,611	-	-	125,611	85,423
Fire	6,910	-	-	6,910	10,034
Streets and parks and recreation	107,298	-	-	107,298	98,842
Debt service -					
Principal retirement	7,199	-	-	7,199	70,925
Interest	634	-	-	634	3,597
Capital outlay	38,903	-	-	38,903	60,206
Total expenditures	<u>435,425</u>	<u>3,868</u>	<u>-</u>	<u>439,293</u>	<u>463,508</u>
Excess (deficiency) of revenues over expenditures	<u>(246,895)</u>	<u>281,281</u>	<u>-</u>	<u>34,386</u>	<u>29,451</u>
Other financing sources (uses):					
Operating transfers in	256,050	-	-	256,050	201,828
Operating transfers out	<u>-</u>	<u>(309,370)</u>	<u>-</u>	<u>(309,370)</u>	<u>(280,874)</u>
Total other financing sources (uses)	<u>256,050</u>	<u>(309,370)</u>	<u>-</u>	<u>(53,320)</u>	<u>(79,046)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	9,155	(28,089)	-	(18,934)	(49,595)
Fund balances, beginning	<u>19,256</u>	<u>55,174</u>	<u>-</u>	<u>74,430</u>	<u>124,025</u>
Fund balances, ending	<u>\$ 28,411</u>	<u>\$ 27,085</u>	<u>\$ -</u>	<u>\$ 55,496</u>	<u>\$ 74,430</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 -
General and Special Revenue Funds
Year Ended December 31, 1998

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:						
Taxes	\$ 63,500	\$ 73,513	\$ 10,013	\$292,000	\$ 284,008	\$ (7,992)
Licenses and permits	66,000	57,848	(8,152)	-	-	-
Intergovernmental	47,121	25,361	(21,760)	-	-	-
Charges for services	4,973	4,973	-	-	-	-
Fines and forfeits	13,200	12,813	(387)	-	-	-
Miscellaneous	9,000	14,022	5,022	1,000	1,141	141
Total revenues	<u>203,794</u>	<u>188,530</u>	<u>(15,264)</u>	<u>293,000</u>	<u>285,149</u>	<u>(7,851)</u>
Expenditures:						
Current -						
General government	160,100	148,870	11,230	5,000	3,868	1,132
Public safety:						
Police	126,650	125,611	1,039	-	-	-
Fire	10,575	6,910	3,665	-	-	-
Streets and parks and recreation	110,750	107,298	3,452	-	-	-
Debt service -						
Principal retirement	7,200	7,199	1	-	-	-
Interest	650	634	16	-	-	-
Capital outlay	37,400	38,903	(1,503)	-	-	-
Total expenditures	<u>453,325</u>	<u>435,425</u>	<u>17,900</u>	<u>5,000</u>	<u>3,868</u>	<u>1,132</u>
Excess (deficiency) of revenues over expenditures	<u>(249,531)</u>	<u>(246,895)</u>	<u>2,636</u>	<u>288,000</u>	<u>281,281</u>	<u>(6,719)</u>
Other financing sources (uses):						
Operating transfers in	250,000	256,050	6,050	-	-	-
Operating transfers out	-	-	-	(295,500)	(309,370)	(13,870)
Total other financing sources (uses)	<u>250,000</u>	<u>256,050</u>	<u>6,050</u>	<u>(295,500)</u>	<u>(309,370)</u>	<u>(13,870)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	469	9,155	8,686	(7,500)	(28,089)	(20,589)
Fund balances, beginning	<u>19,256</u>	<u>19,256</u>	<u>-</u>	<u>55,174</u>	<u>55,174</u>	<u>-</u>
Fund balances, ending	<u>\$ 19,725</u>	<u>\$ 28,411</u>	<u>\$ 8,686</u>	<u>\$ 47,674</u>	<u>\$ 27,085</u>	<u>\$ (20,589)</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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for services -		
Water charges	\$110,492	\$ 93,206
Sewer service charges	59,199	56,750
Sanitation charges	63,710	56,516
Miscellaneous	1,042	705
Total operating revenues	<u>234,443</u>	<u>207,177</u>
Operating expenses:		
Salaries	76,535	62,315
Payroll taxes	5,646	5,129
General insurance	6,354	13,819
Auto and truck expense	2,244	645
Utilities and telephone	15,627	24,874
Maintenance and repairs	20,307	14,873
Supplies and parts	47,277	20,697
Office expense	3,563	4,088
Garbage collection fees	51,452	41,070
Depreciation expense	72,259	70,183
Dues and fees	560	782
Professional fees	6,039	10,022
Computer service	4,562	5,829
Engineering fees	3,735	578
Group health insurance	10,733	4,361
Uniforms	237	-
Meals, lodging and travel	1,340	977
Employee training	225	609
Contract labor	4,869	-
Miscellaneous	535	1,380
Total operating expenses	<u>334,099</u>	<u>282,231</u>
Operating loss	<u>(99,656)</u>	<u>(75,054)</u>
Nonoperating revenues (expenses):		
Parish grant revenue	-	15,000
Interest income	6,767	5,604
Interest expense	(29,033)	(30,196)
Total nonoperating revenues (expenses)	<u>(22,266)</u>	<u>(9,592)</u>
Loss before operating transfers	<u>(121,922)</u>	<u>(86,646)</u>
Operating transfers in (out):		
Transfer from 1969 Sales Tax Fund	43,370	49,046
Transfer from 1983 Sales Tax Fund	10,000	30,000
Transfer to General Fund	(50)	-
Total operating transfers in	<u>53,320</u>	<u>79,046</u>

(continued)

TOWN OF DUSON, LOUISIANA

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings - (Continued)
 Proprietary Fund Type
 Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Net loss	(68,602)	(5,600)
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 (decrease) in retained earnings	(27,870)	35,132
Retained earnings (deficit), beginning	<u>(245,072)</u>	<u>(280,204)</u>
Retained earnings (deficit), ending	<u><u>\$(272,942)</u></u>	<u><u>\$(245,072)</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF DUSON, LOUISIANA
 Comparative Statement of Cash Flows
 Proprietary Fund Type
 Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Operating loss	\$ (99,656)	\$ (75,054)
Adjustments to reconcile net loss to cash used by operating activities -		
Depreciation	72,259	70,183
Changes in current assets and liabilities:		
Decrease (increase) in accounts receivable	(21,501)	1,453
Decrease (increase) in other receivables	(10,940)	-
Decrease (increase) in due from other funds	5,306	(6,067)
Increase in due from other governmental units	(36,900)	(15,000)
Increase in retainage payable	51,900	-
Increase (decrease) in accounts payable	(307)	17,691
Increase (decrease) in accrued liabilities	470	(19)
Total adjustments	<u>60,287</u>	<u>68,241</u>
Net cash used by operating activities	<u>(39,369)</u>	<u>(6,813)</u>
Cash flows from noncapital financing activities:		
Operating transfers from other funds	53,320	79,046
Proceeds from parish grant	-	15,000
Net cash provided by noncapital financing activities	<u>53,320</u>	<u>94,046</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds and notes payable	(11,943)	(12,121)
Interest and fiscal charges paid on revenue bonds and notes payable	(29,303)	(30,465)
Increase in customer deposits payable	2,355	984
Acquisition of property, plant and equipment	(620,799)	(37,477)
Proceeds from federal grant	600,000	-
Net cash used by capital and related financing activities	<u>(59,690)</u>	<u>(79,079)</u>
Cash flows from investing activities:		
Interest on investments	6,767	5,604
Net increase (decrease) in cash and cash equivalents	(38,972)	13,758
Cash and cash equivalents, beginning of period	<u>284,787</u>	<u>271,029</u>
Cash and cash equivalents, end of period	<u>\$ 245,815</u>	<u>\$ 284,787</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	\$ 68,785	\$ 73,556
Interest-bearing deposits - unrestricted	22,120	21,001
Interest-bearing deposits - restricted	191,259	174,863
Cash - restricted	2,623	1,609
Total cash and cash equivalents	<u>284,787</u>	<u>271,029</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	9,069	68,785
Interest-bearing deposits - unrestricted	24,017	22,120
Interest-bearing deposits - restricted	207,695	191,259
Cash - restricted	5,034	2,623
Total cash and cash equivalents	<u>245,815</u>	<u>284,787</u>
Net increase (decrease)	<u>\$ (38,972)</u>	<u>\$ 13,758</u>

The accompanying notes are an integrated part of this statement.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

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

The accounting and reporting policies of the Town of Duson conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units, published by The American Institute of Certified Public Accountants.

The 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

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 Types -

Agency Funds

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

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.

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, 1998.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

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.

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.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

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.

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, 1998 and 1997.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

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, 1998 and 1997.

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, 1998, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

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.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

O. Restricted Assets

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

P. Prior Year Reclassification

Certain previously reported amounts have been reclassified to enhance comparability with 1998 report classifications.

(2) Cash and Interest-Bearing Deposits and Investments

A. Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 1998, the Town had cash and interest-bearing deposits (book balances) totaling \$249,104 as follows:

Demand deposits	\$ 44,412
Savings and money market accounts	<u>204,692</u>
Total	<u>\$249,104</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 1998 were secured as follows:

Bank balances	<u>\$308,481</u>
Federal deposit insurance	\$200,000
Pledged securities (Category 3)	<u>108,481</u>
Total FDIC insurance and pledged securities	<u>\$308,481</u>

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

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

B. Investments

Investments in the amount of \$50,809 at December 31, 1998 are in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state wide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2-a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. The fair market value of investments is determined on a weekly basis to monitor any variances between amortized cost and market value. For purposes of determining participants' shares, investments are valued at amortized cost. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

(3) Ad Valorem Taxes

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

TOWN OF DUSON, LOUISIANA
Notes to Financial Statements (Continued)

For the year ended December 31, 1998, taxes of 7.91 mills were levied on property with assessed valuations totaling \$1,909,350 and were dedicated as follows:

General corporate purposes 7.91 mills

Total taxes levied were \$15,103. Taxes receivable at December 31, 1998, consisted of the following:

Taxes receivable - current roll	\$ 15,103
Taxes payable - prior rolls	<u>2,810</u>
 Total taxes receivable	 <u><u>\$ 17,913</u></u>

(4) Interfund Receivables and Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 7,507	\$ 24,323
Special Revenue Fund:		
1983 Sales Tax Fund	-	2,275
Enterprise Fund		
Utility Fund	31,171	-
Agency Fund:		9,195
Payroll Fund	-	
Disbursement Fund	<u>1,750</u>	<u>4,635</u>
	<u><u>\$ 40,428</u></u>	<u><u>\$ 40,428</u></u>

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

(5) Due from Other Governmental Units

Amounts due from other governmental units at December 31, 1998, consisted of the following:

Amount due from the State of Louisiana Office of Financial Support Services for reimbursement of LCDBG Water System Improvements project expenditures during fiscal year ending December 31, 1998.

\$ 51,900

Amount due from the State of Louisiana for video poker receipts for the month of December 31, 1998.

2,471

Amount due from the State of Louisiana for tobacco tax revenues earned during fiscal year ending December 1, 1998.

1,905

Amount due from the Louisiana Department of Transportation and Development for grass cutting expenditures during fiscal ending December 31, 1998.

2,487

Amount due from Louisiana Department of Labor for reimbursement of over-payment of state unemployment taxes.

6,045

\$64,808

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

(6) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at December 31:

	<u>1998</u>	<u>1997</u>
Revenue bond and interest sinking funds	\$ 63,001	\$ 55,654
Revenue bond reserve funds	46,806	43,934
Revenue bond depreciation and contingency funds	78,742	72,469
Customers' deposits	<u>24,180</u>	<u>21,825</u>
 Total restricted assets	 <u>\$212,729</u>	 <u>\$193,882</u>

(7) Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>01/01/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/98</u>
Land	\$ 14,278	\$14,549	\$ -	\$ 28,827
Buildings	58,281	-	-	58,281
Improvements other than buildings	448,423	-	-	448,423
Equipment	<u>245,210</u>	<u>24,354</u>	<u>-</u>	<u>269,564</u>
 Total general fixed assets	 <u>\$766,192</u>	 <u>\$38,903</u>	 <u>\$ -</u>	 <u>\$805,095</u>

A summary of proprietary fund type property, plant and equipment at December 31, 1998, follows:

Plant and equipment - water system	\$1,471,252
Plant and equipment - sewer system	1,857,807
Office equipment	18,566
Construction in progress	<u>615,068</u>
Total	3,962,693
Less: Accumulated depreciation	<u>1,150,832</u>
 Net Utility Fund property, plant and equipment	 <u>\$2,811,861</u>

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

(8) Changes in Long-Term Debt

The following is a summary of long-term debt transactions of the Town for the year ended December 31, 1998.

	Revenue Bonds and Notes Payable	General Obligation Note Payable	Total
	<u> </u>	<u> </u>	<u> </u>
Long-term debt payable, January 1, 1998	\$584,946	\$11,657	\$596,603
Long-term debt issued	-	-	-
Long-term debt retired	<u>11,943</u>	<u>7,199</u>	<u>19,142</u>
Long-term debt payable, December 31, 1998	<u>\$573,003</u>	<u>\$ 4,458</u>	<u>\$577,461</u>

Long-term debt payable at December 31, 1998, is comprised of the following individual issues:

Utility revenue bonds and notes payable:

\$230,000 Sewer Revenue Bonds, dated February 4, 1983, due in annual installments of \$4,000 to \$13,000 through July 3, 2022, interest at 5.0 percent

\$186,000

\$340,000 Sewer Revenue Bonds, dated July 3, 1979, due in annual installments of \$7,000 to \$20,000 through July 13, 2019, interest at 5.0 percent

256,000

\$137,300 Water Note Payable, dated June 3, 1994, due in monthly installments of \$691 through June 3, 2033, interest at 5.25 percent

131,003

Total

\$573,003

TOWN OF DUSON, LOUISIANA
Notes to Financial Statements (Continued)

General obligation notes payable:

\$32,745 General obligation note payable, dated August 17, 1994, due in monthly installments of \$653, through July 17, 1999, interest at 6.0 percent

\$ 4,458

The annual requirements to amortize all debt outstanding at December 31, 1998, including interest payments of \$457,032 are as follows:

Year Ending <u>December 31,</u>	Revenue Bonds and <u>Notes Payable</u>	General Obligation Note <u>Payable</u>	<u>Total</u>
1999	\$ 41,387	\$ 4,570	\$ 45,957
2000	41,387	-	41,837
2001	42,237	-	42,237
2002	41,587	-	41,587
2003	41,937	-	41,937
2004-2008	206,737	-	206,737
2009-2013	206,287	-	206,287
2014-2018	213,287	-	213,287
2019-2023	116,587	-	116,587
2024-2028	41,437	-	41,437
2029-2033	36,603	-	36,603
	<u>\$1,029,473</u>	<u>\$ 4,570</u>	<u>\$1,034,493</u>

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

Revenue Bond

Under the terms of the Sewer Utility Revenue indenture dated February 4, 1983, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operation of the sewer utility system, are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

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. Such amount may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

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

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

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.

(10) Dedication of Proceeds and Flow of Funds - 1969 1% Sales and Use Tax

Proceeds of a 1 percent sales and use tax (accounted for in the 1969 Sales Tax Fund - a special revenue fund) levied by the Town of Duson (1998 collections \$142,004) are dedicated to the following purposes:

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

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

Proceeds of a 1 percent sales and use tax (accounted for in the 1983 Sales Tax Fund - a special revenue fund) levied by the Town of Duson (1998 collections \$142,004) 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 OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

Town; constructing, acquiring, extending, improving and maintaining the sewerage collection and disposal facilities of the Town; and maintaining and operating any other works of public improvement for the Town, and purchasing and acquiring the necessary land and equipment therefor; and shall the Town be further authorized to fund the proceeds of the tax into bonds for the purpose of constructing, acquiring, extending, and/or improving capital improvements of the Town to the extent and in the manner permitted by the laws of Louisiana.

(12) Employee Retirement

All employees of the Town of Duson participate in the Social Security System. For the year ended December 31, 1998, 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, 1998, amounted to \$21,069.

(13) Segment Information for the Enterprise Fund

The Town of Duson maintains one enterprise fund with four departments which provide water, sewerage and sanitation services. Segment information for the year ended December 31, 1998, was as follows:

	<u>Water Department</u>	<u>Sewerage Department</u>	<u>Sanitation Department</u>	<u>General Administration</u>	<u>Total Enterprise Fund</u>
Operating revenues	\$111,534	\$ 59,199	\$ 63,710	\$ -	\$234,443
Operating expenses	<u>142,206</u>	<u>114,286</u>	<u>53,187</u>	<u>24,420</u>	<u>334,099</u>
Operating income (loss)	<u><u>\$ (30,672)</u></u>	<u><u>\$ (55,087)</u></u>	<u><u>\$ 10,523</u></u>	<u><u>\$ (24,420)</u></u>	<u><u>\$ (99,656)</u></u>

(14) Contributed Capital

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

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

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

	<u>Local Government</u>	<u>State Grants</u>	<u>Municipality</u>	<u>Federal Grants</u>	<u>Total</u>
Total contributed capital	\$503,453	\$16,629	\$166,851	\$2,486,012	\$3,172,945
Less: Accumulated amortization	-	(1,922)	-	(385,690)	387,612
Net contributed capital	<u>\$503,453</u>	<u>\$18,551</u>	<u>\$166,851</u>	<u>\$2,871,702</u>	<u>\$2,785,333</u>

(15) Compensation of Town Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 1998 follows:

Gene Hernandez, Mayor	\$15,900
Aldermen:	
John Lee Morgan	2,550
Jimmy Champagne	2,100
Larry Thibodeaux	2,100
Burnis Benoit	2,100
Gerald Alleman	<u>2,100</u>
	<u>\$26,850</u>

(16) Deficits in Individual Funds

The Utility Fund reflects deficit retained earnings at December 31, 1998 of \$272,942. The Town anticipates that this deficit will be funded by excess revenues in future periods.

TOWN OF DUSON, LOUISIANA

Notes to Financial Statements (Continued)

(17) Pending Litigation

There are several lawsuits pending against the Town of Duson involving monetary liability at December 31, 1998. No court dates have been set as of yet. No accruals have been made due to the uncertainty of the outcome of these lawsuits.

(18) Year 2000 Issue (Unaudited)

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

The Town has completed a preliminary assessment of the impact of this issue. The computer programs and other electronic equipment that may be affected by the year 2000 issue have been identified and tested for compliance.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Town is or will be Year 2000 compliant, and that the Town's remediation efforts will be successful in whole or in part, or that the parties with whom the Town transacts business will be Year 2000 compliant.

SUPPLEMENTARY INFORMATION

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, 1998 and 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Cash and interest-bearing deposits	\$22,073	\$26,169
Ad valorem taxes receivable	17,913	12,118
Investments	15,907	15,090
Other receivables	15,183	12,064
Due from other funds	7,507	6,594
Due from other governmental units	6,863	7,633
Total assets	<u>\$85,446</u>	<u>\$79,668</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$31,195	\$29,096
Accrued liabilities	1,517	373
Due to other funds	24,323	30,943
Total liabilities	<u>57,035</u>	<u>60,412</u>
Fund balances:		
Unreserved, undesignated	<u>28,411</u>	<u>19,256</u>
Total liabilities and fund balances	<u>\$85,446</u>	<u>\$79,668</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, 1998
With Comparative Actual Amounts for Year Ended December 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Taxes	\$ 63,500	\$ 73,513	\$ 10,013	\$ 63,675
Licenses and permits	66,000	57,848	(8,152)	66,066
Intergovernmental	47,121	25,361	(21,760)	51,067
Charges for services	4,973	4,973	-	4,973
Fines and forfeits	13,200	12,813	(387)	16,894
Miscellaneous	9,000	14,022	5,022	11,409
Total revenues	<u>203,794</u>	<u>188,530</u>	<u>(15,264)</u>	<u>214,084</u>
Expenditures:				
General government	160,100	148,870	11,230	130,637
Public safety -				
Police	126,650	125,611	1,039	85,423
Fire	10,575	6,910	3,665	10,034
Streets and parks and recreation	110,750	107,298	3,452	98,842
Debt service	7,850	7,833	17	22,772
Capital outlay	37,400	38,903	(1,503)	60,206
Total expenditures	<u>453,325</u>	<u>435,425</u>	<u>17,900</u>	<u>407,914</u>
Deficiency of revenues over expenditures	<u>(249,531)</u>	<u>(246,895)</u>	<u>2,636</u>	<u>(193,830)</u>
Other financing sources:				
Transfer from 1969 Sales Tax Fund	110,000	107,000	(3,000)	83,200
Transfer from 1983 Sales Tax Fund	140,000	149,000	9,000	104,700
Transfer from Debt Service Fund	-	-	-	553
Transfer from Utility Fund	-	50	50	-
Total other financing sources	<u>250,000</u>	<u>256,050</u>	<u>6,050</u>	<u>188,453</u>
Excess (deficiency) of revenues and other sources over expenditures	469	9,155	8,686	(5,377)
Fund balances, beginning	<u>19,256</u>	<u>19,256</u>	<u>-</u>	<u>24,633</u>
Fund balances, ending	<u>\$ 19,725</u>	<u>\$ 28,411</u>	<u>\$ 8,686</u>	<u>\$ 19,256</u>

TOWN OF DUSON, LOUISIANA
General Fund

Statement of Revenues Compared to Budget (GAAP Basis)
Year Ended December 31, 1998
With Comparative Actual Amounts for Year Ended December 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Taxes:				
Ad valorem	\$ 15,100	\$ 15,103	\$ 3	\$ 14,729
Franchise - electric	39,500	44,765	5,265	39,387
Franchise - gas	5,700	10,815	5,115	6,318
Franchise - cable tv	3,200	2,765	(435)	3,241
Franchise - telephone	-	65	65	-
Total taxes	<u>63,500</u>	<u>73,513</u>	<u>10,013</u>	<u>63,675</u>
Occupational licenses	<u>66,000</u>	<u>57,848</u>	<u>(8,152)</u>	<u>66,066</u>
Intergovernmental:				
State of Louisiana -				
State grants	25,000	-	(25,000)	25,000
Tobacco taxes	7,621	7,621	-	7,621
Beer taxes	5,000	5,440	440	5,395
Video poker revenue	9,500	12,300	2,800	10,651
Lafayette Parish	-	-	-	2,400
Total intergovernmental	<u>47,121</u>	<u>25,361</u>	<u>(21,760)</u>	<u>51,067</u>
Charges for services:				
Grass cutting	<u>4,973</u>	<u>4,973</u>	<u>-</u>	<u>4,973</u>
Fines and forfeits	<u>13,200</u>	<u>12,813</u>	<u>(387)</u>	<u>16,894</u>
Miscellaneous:				
Oil royalties	2,000	1,966	(34)	4,888
Interest on interest-bearing accounts	900	875	(25)	848
Rent income	3,600	3,600	-	3,600
Other sources	2,500	7,581	5,081	2,073
Total miscellaneous	<u>9,000</u>	<u>14,022</u>	<u>5,022</u>	<u>11,409</u>
Total revenues	<u><u>\$203,794</u></u>	<u><u>\$188,530</u></u>	<u><u>\$ (15,264)</u></u>	<u><u>\$214,084</u></u>

TOWN OF DUSON, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis)
Year Ended December 31, 1998
With Comparative Actual Amounts for Year Ended December 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Current:				
General government -				
Salaries	\$ 80,000	\$ 81,014	\$ (1,014)	\$ 61,341
Payroll taxes	6,100	9,028	(2,928)	5,135
Group health insurance	12,500	7,415	5,085	12,447
Utilities	10,500	7,688	2,812	10,178
Telephone	5,000	2,764	2,236	5,475
Meetings and conventions	3,000	3,031	(31)	4,751
Meals, lodging and travel	1,800	1,285	515	1,197
Advertising	-	1,460	(1,460)	1,504
Repairs and maintenance	2,800	1,920	880	1,720
Auto expenditures	3,300	2,531	769	2,502
Dues and publications	300	210	90	485
Professional fees	10,000	9,546	454	7,948
Training and education	200	294	(94)	125
Office expenditures	11,800	13,283	(1,483)	11,554
Election fees	8,000	135	7,865	215
Assessor's fees	800	1,295	(495)	730
Janitorial services	1,500	1,395	105	1,625
Miscellaneous	2,500	4,576	(2,076)	1,705
Total general government	<u>160,100</u>	<u>148,870</u>	<u>11,230</u>	<u>130,637</u>
Public safety:				
Police-				
Salaries	58,000	59,567	(1,567)	42,461
Payroll taxes	5,800	5,460	340	4,033
General insurance	9,000	9,735	(735)	8,874
Group health insurance	6,500	5,714	786	6,387
Advertising	-	-	-	564
Repairs and maintenance	8,500	8,996	(496)	4,694
Professional fees	500	1,899	(1,399)	835
Supplies	2,500	1,346	1,154	2,730
Utilities	2,300	1,324	976	2,260
Telephone	2,300	1,291	1,009	2,319
Auto expenditures	3,500	2,035	1,465	3,345
Office supplies	500	461	39	759
Insurance claims	26,000	25,538	462	5,000
Tower charge	-	1,186	(1,186)	150
Training and education	200	200	-	-
Janitorial services	850	747	103	845
Miscellaneous	200	112	88	167
Total police	<u>126,650</u>	<u>125,611</u>	<u>1,039</u>	<u>85,423</u>

(continued)

TOWN OF DUSON, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)
Year Ended December 31, 1998
With Comparative Actual Amounts for Year Ended December 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Fire -				
General insurance	2,700	850	1,850	2,735
Utilities	3,800	2,555	1,245	3,885
Telephone	850	603	247	827
Supplies and materials	300	-	300	275
Professional fees	425	402	23	312
Donation to volunteer fire department	2,500	2,500	-	2,000
Total fire	<u>10,575</u>	<u>6,910</u>	<u>3,665</u>	<u>10,034</u>
Total public safety	<u>137,225</u>	<u>132,521</u>	<u>4,704</u>	<u>95,457</u>
Streets and parks and recreation:				
Streets -				
Salaries	48,000	49,365	(1,365)	35,159
Payroll taxes	4,800	3,777	1,023	2,946
General insurance	10,000	10,363	(363)	10,001
Group health insurance	4,200	3,602	598	4,167
Professional services	1,500	752	748	2,040
Supplies, materials and repairs	15,000	20,952	(5,952)	22,361
Auto and truck expenditures	7,000	5,905	1,095	1,634
Utilities	19,300	11,689	7,611	19,290
Office expenditures	400	682	(282)	434
Miscellaneous	300	115	185	567
Uniforms	50	-	50	64
Total streets	<u>110,550</u>	<u>107,202</u>	<u>3,348</u>	<u>98,663</u>
Parks and recreation -				
Utilities	200	96	104	179
Total streets and parks and recreation	<u>110,750</u>	<u>107,298</u>	<u>3,452</u>	<u>98,842</u>
Debt service:				
Principal payments	7,200	7,199	1	20,925
Interest paid	650	634	16	1,847
Total debt service	<u>7,850</u>	<u>7,833</u>	<u>17</u>	<u>22,772</u>

(continued)

TOWN OF DUSON, LOUISIANA
General Fund

Statement of Expenditures Compared to Budget (GAAP Basis) (Continued)
Year Ended December 31, 1998
With Comparative Actual Amounts for Year Ended December 31, 1997

	1998			1997 Actual
	Budget	Actual	Variance - Favorable (Unfavorable)	
Capital outlay:				
General government:				
Administrative -				
Equipment	11,500	15,404	(3,904)	4,044
Building improvement -				
Library	-	-	-	2,470
Building improvement -				
City Hall	-	-	-	4,182
Land	14,500	14,549	(49)	-
Public safety -				
Police:				
Equipment	1,400	450	950	3,741
Automobiles	-	-	-	700
Fire:				
Equipment	-	-	-	1,164
Automobiles	10,000	8,500	1,500	-
Public works:				
Streets -				
Equipment	-	-	-	18,012
Improvements	-	-	-	25,893
Total capital outlay				
Total expenditures	<u>\$37,400</u>	<u>\$38,903</u>	<u>\$ (1,503)</u>	<u>\$60,206</u>

SPECIAL REVENUE FUNDS

1969 Sales Tax Fund -

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

1983 Sales Tax Fund -

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

TOWN OF DUSON, LOUISIANA
Special Revenue Funds

Combining Balance Sheet
December 31, 1998
With Comparative Totals for December 31, 1997

	1969 Sales <u>Tax Fund</u>	1983 Sales <u>Tax Fund</u>	<u>Totals</u>	
			1998	1997
ASSETS				
Interest-bearing deposits	\$ 1,739	\$ 1,357	\$ 3,096	\$27,559
Investments	6,950	-	6,950	6,594
Sales tax receivable	<u>9,657</u>	<u>9,657</u>	<u>19,314</u>	<u>23,296</u>
 Total assets	 <u>\$18,346</u>	 <u>\$11,014</u>	 <u>\$29,360</u>	 <u>\$57,449</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ -	\$ 2,275	\$ 2,275	\$ 2,275
 Fund balances:				
Unreserved, undesignated	<u>18,346</u>	<u>8,739</u>	<u>27,085</u>	<u>55,174</u>
 Total liabilities and fund balances	 <u>\$18,346</u>	 <u>\$11,014</u>	 <u>\$29,360</u>	 <u>\$57,449</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, 1998
With Comparative Actual Amounts for Year Ended December 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Sales taxes	\$ 146,000	\$ 142,004	\$(3,996)	\$138,860
Interest	500	749	249	522
Total revenues	<u>146,500</u>	<u>142,753</u>	<u>(3,747)</u>	<u>139,382</u>
Expenditures:				
General government:				
Collection fees	1,100	694	406	1,050
Professional fees	1,400	2,430	(1,030)	950
Miscellaneous	-	50	(50)	-
Total general government	<u>2,500</u>	<u>3,174</u>	<u>(674)</u>	<u>2,000</u>
Excess of revenues over expenditures	<u>144,000</u>	<u>139,579</u>	<u>(4,421)</u>	<u>137,382</u>
Other financing uses:				
Transfer to General Fund	(110,000)	(107,000)	3,000	(83,200)
Transfer to Utility Fund	(35,500)	(43,370)	(7,870)	(49,046)
Total other financing uses	<u>(145,500)</u>	<u>(150,370)</u>	<u>(4,870)</u>	<u>(132,246)</u>
Excess (deficiency) of revenues over expenditures and other uses	(1,500)	(10,791)	(9,291)	5,136
Fund balances, beginning	<u>29,137</u>	<u>29,137</u>	-	<u>24,001</u>
Fund balances, ending	<u>\$ 27,637</u>	<u>\$ 18,346</u>	<u>\$(9,291)</u>	<u>\$ 29,137</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, 1998
With Comparative Actual Amounts for Year Ended December 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Sales taxes	\$ 146,000	\$ 142,004	\$ (3,996)	\$138,861
Interest	500	392	(108)	347
Total revenues	<u>146,500</u>	<u>142,396</u>	<u>(4,104)</u>	<u>139,208</u>
Expenditures:				
General government -				
Collection fees	1,100	694	406	1,049
Professional fees	1,400	-	1,400	-
Total general government	<u>2,500</u>	<u>694</u>	<u>1,806</u>	<u>1,049</u>
Excess of revenues over expenditures	<u>144,000</u>	<u>141,702</u>	<u>(2,298)</u>	<u>138,159</u>
Other financing uses:				
Transfer to General Fund	(140,000)	(149,000)	(9,000)	(104,700)
Transfer to Utility Fund	(10,000)	(10,000)	-	(30,000)
Transfer to Debt Service Fund	-	-	-	(13,375)
Total other financing uses	<u>(150,000)</u>	<u>(159,000)</u>	<u>(9,000)</u>	<u>(148,075)</u>
Excess (deficiency) of revenues over expenditures and other uses	(6,000)	(17,298)	(11,298)	(9,916)
Fund balances, beginning	<u>26,037</u>	<u>26,037</u>	<u>-</u>	<u>35,953</u>
Fund balances, ending	<u>\$ 20,037</u>	<u>\$ 8,739</u>	<u>\$ (11,298)</u>	<u>\$ 26,037</u>

DEBT SERVICE FUND

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.

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

Comparative Balance Sheet
December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
ASSETS		
Interest-bearing deposits	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES		
Fund balances:		
Reserved for debt service	<u>\$ -</u>	<u>\$ -</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, 1998
With Comparative Actual Amounts for Year Ended December 31, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Interest income	\$ -	\$ -	\$ -	\$ 285
Expenditures:				
General government -				
Professional fees	-	-	-	610
Miscellaneous	-	-	-	185
Debt service -				
Principal retirement	-	-	-	50,000
Interest	-	-	-	1,750
Total expenditures	-	-	-	52,545
Deficiency of revenues over expenditures	-	-	-	(52,260)
Other financing sources (uses):				
Transfer from 1983 Sales Tax Fund	-	-	-	13,375
Transfer to General Fund	-	-	-	(553)
Total other financing sources (uses)	-	-	-	12,822
Deficiency of revenues and other sources over expenditures and other uses	-	-	-	(39,438)
Fund balances, beginning	-	-	-	39,438
Fund balances, ending	\$ -	\$ -	\$ -	\$ -

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.



	<u>1998</u>	<u>1997</u>
LIABILITIES AND FUND EQUITY		
Liabilities:		
Current liabilities (payable from current assets) -		
Accounts payable	\$ 26,444	\$ 26,751
Retainage payable	51,900	-
Accrued liabilities	774	304
Total current liabilities (payable from current assets)	<u>79,118</u>	<u>27,055</u>
Current liabilities (payable from restricted assets) -		
Revenue bonds and notes payable	11,000	11,000
Interest payable	10,838	11,108
Customers' deposits	24,180	21,825
Total current liabilities (payable from restricted assets)	<u>46,018</u>	<u>43,933</u>
Long-term liabilities:		
Revenue bonds and notes payable	<u>562,003</u>	<u>573,946</u>
Total liabilities	<u>687,139</u>	<u>644,934</u>
Fund equity:		
Contributed capital -		
Municipality	166,851	166,851
Federal grants, net of accumulated amortization of (1998 \$385,690; 1997 \$345,191)	2,100,322	1,540,821
State grants, net of accumulated amortization of (1998, \$1,922; 1997 \$1,689)	14,707	14,940
Local government grants	503,453	503,453
Total contributed capital	<u>2,785,333</u>	<u>2,226,065</u>
Retained earnings (deficit) -		
Reserved for debt retirement	166,711	149,949
Unreserved	(439,653)	(395,021)
Total retained earnings (deficit)	<u>(272,942)</u>	<u>(245,072)</u>
Total fund equity	<u>2,512,391</u>	<u>1,980,993</u>
Total liabilities and fund equity	<u>\$3,199,530</u>	<u>\$2,625,927</u>

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for services -		
Water charges	\$ 110,492	\$ 93,206
Sewer service charges	59,199	56,750
Sanitation charges	63,710	56,516
Miscellaneous	1,042	705
Total operating revenues	<u>234,443</u>	<u>207,177</u>
 Operating expenses:		
Salaries	76,535	62,315
Payroll taxes	5,646	5,129
General insurance	6,354	13,819
Auto and truck expense	2,244	645
Utilities and telephone	15,627	24,874
Maintenance and repairs	20,307	14,873
Supplies and parts	47,277	20,697
Office expense	3,563	4,088
Garbage collection fees	51,452	41,070
Depreciation expense	72,259	70,183
Dues and fees	560	782
Professional fees	6,039	10,022
Computer service	4,562	5,829
Engineering fees	3,735	578
Group health insurance	10,733	4,361
Uniforms	237	-
Meals, lodging and travel	1,340	977
Employee training	225	609
Contract labor	4,869	-
Miscellaneous	535	1,380
Total operating expenses	<u>334,099</u>	<u>282,231</u>
 Operating loss	<u>(99,656)</u>	<u>(75,054)</u>
 Nonoperating revenues (expenses):		
Parish grant revenue	-	15,000
Interest income	6,767	5,604
Interest expense	(29,033)	(30,196)
Total nonoperating expenses	<u>(22,266)</u>	<u>(9,592)</u>
 Loss before operating transfers	<u>(121,922)</u>	<u>(84,646)</u>

(continued)

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Revenues, Expenses and Changes in Retained Earnings (Continued)
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating transfers in (out):		
Transfer from 1969 Sales Tax Fund	43,370	49,046
Transfer to General Fund	(50)	-
Transfer from 1983 Sales Tax Fund	10,000	30,000
Total operating transfers in	<u>53,320</u>	<u>79,046</u>
Net loss	(68,602)	(5,600)
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 (decrease) in retained earnings	(27,870)	35,132
Retained earnings (deficit), beginning	<u>(245,072)</u>	<u>(280,204)</u>
Retained earnings (deficit), ending	<u><u>\$(272,942)</u></u>	<u><u>\$(245,072)</u></u>

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Comparative Statement of Cash Flows
Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Operating loss	\$ (99,656)	\$ (75,054)
Adjustments to reconcile net loss to cash used by operating activities -		
Depreciation	72,259	70,183
Changes in current assets and liabilities:		
Decrease (increase) in accounts receivable	(21,501)	1,453
Decrease (increase) in other receivables	(10,940)	-
Decrease (increase) in due from other funds	5,306	(6,067)
Increase in due from other governmental units	(36,900)	(15,000)
Increase in retainage payable	51,900	-
Increase (decrease) in accounts payable	(307)	17,691
Increase (decrease) in accrued liabilities	470	(19)
Total adjustments	<u>60,287</u>	<u>68,241</u>
Net cash used by operating activities	<u>(39,369)</u>	<u>(6,813)</u>
Cash flows from noncapital financing activities:		
Operating transfers from other funds	53,320	79,046
Proceeds from parish grant	-	15,000
Net cash provided by noncapital financing activities	<u>53,320</u>	<u>94,046</u>
Cash flows from capital and related financing activities:		
Principal paid on revenue bonds and notes payable	(11,943)	(12,121)
Interest and fiscal charges paid on revenue bonds and notes payable	(29,303)	(30,465)
Increase in customer deposits payable	2,355	984
Acquisition of property, plant and equipment	(620,799)	(37,477)
Proceeds from federal grant	600,000	-
Net cash used by capital and related financing activities	<u>(59,690)</u>	<u>(79,079)</u>
Cash flows from investing activities:		
Interest on investments	6,767	5,604
Net increase (decrease) in cash and cash equivalents	(38,972)	13,758
Cash and cash equivalents, beginning of period	<u>284,787</u>	<u>271,029</u>
Cash and cash equivalents, end of period	<u>\$ 245,815</u>	<u>\$ 284,787</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	\$ 68,785	\$ 73,556
Interest-bearing deposits - unrestricted	22,120	21,001
Interest-bearing deposits - restricted	191,259	174,863
Cash - restricted	2,623	1,609
Total cash and cash equivalents	<u>284,787</u>	<u>271,029</u>
Cash and cash equivalents, end of period -		
Cash - unrestricted	9,069	68,785
Interest-bearing deposits - unrestricted	24,017	22,120
Interest-bearing deposits - restricted	207,695	191,259
Cash - restricted	5,034	2,623
Total cash and cash equivalents	<u>245,815</u>	<u>284,787</u>
Net increase (decrease)	<u>\$ (38,972)</u>	<u>\$ 13,758</u>

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Changes in Assets Restricted for Revenue Bond Debt Service
Year Ended December 31, 1998

	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>\$30,380</u>	<u>\$34,907</u>	<u>\$66,055</u>	<u>\$25,274</u>	<u>\$ 9,027</u>	<u>\$ 6,414</u>	<u>\$172,057</u>
Cash receipts:							
Transfer from Sales Tax operating account	33,375	1,671	3,324	-	-	-	38,370
Transfer from Utility Fund operating account	-	-	-	13,597	-	737	14,334
Interest on interest-bearing deposits	856	996	2,058	765	205	154	5,034
Total cash receipts	<u>34,231</u>	<u>2,667</u>	<u>5,382</u>	<u>14,362</u>	<u>205</u>	<u>891</u>	<u>57,738</u>
Total interest-bearing deposits available	<u>64,611</u>	<u>37,574</u>	<u>71,437</u>	<u>39,636</u>	<u>9,232</u>	<u>7,305</u>	<u>229,795</u>
Cash disbursements:							
Principal payments	11,000	-	-	943	-	-	11,943
Interest payments	22,650	-	-	6,653	-	-	29,303
Total disbursements	<u>33,650</u>	<u>-</u>	<u>-</u>	<u>7,596</u>	<u>-</u>	<u>-</u>	<u>41,246</u>
Interest-bearing deposits, end of period	<u>\$30,961</u>	<u>\$37,574</u>	<u>\$71,437</u>	<u>\$32,040</u>	<u>\$ 9,232</u>	<u>\$ 7,305</u>	<u>\$188,549</u>

FIDUCIARY FUNDS
AGENCY FUNDS

Payroll and Disbursement Funds -

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

TOWN OF DUSON, LOUISIANA
Agency Funds

Combining Statement of Changes in Assets and Liabilities -
All Agency Funds
Year Ended December 31, 1998

	<u>Balances</u> 01/01/98	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> 12/31/98
<u>PAYROLL FUND</u>				
ASSETS				
Cash	\$ 9,516	\$287,874	\$294,203	\$ 3,187
Due from other governmental units	-	6,045	-	6,045
Total assets	<u>\$ 9,516</u>	<u>\$293,919</u>	<u>\$294,203</u>	<u>\$ 9,232</u>
LIABILITIES				
Payroll liabilities	\$ 1,206	\$293,034	\$294,203	\$ 37
Due to other funds	8,310	885	-	9,195
Total liabilities	<u>\$ 9,516</u>	<u>\$293,919</u>	<u>\$294,203</u>	<u>\$ 9,232</u>
 <u>DISBURSEMENT FUND</u>				
ASSETS				
Cash	\$ 1,543	\$231,389	\$230,047	\$ 2,885
Due from other funds	2,808	1,064	2,122	1,750
Total assets	<u>\$ 4,351</u>	<u>\$232,453</u>	<u>\$232,169</u>	<u>\$ 4,635</u>
LIABILITIES				
Due to other funds	<u>\$ 4,351</u>	<u>\$232,453</u>	<u>\$232,169</u>	<u>\$ 4,635</u>
 <u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash	\$11,059	\$519,263	\$524,250	\$ 6,072
Due from other funds	2,808	1,064	2,122	1,750
Due from other governmental units	-	6,045	-	6,045
Total assets	<u>\$13,867</u>	<u>\$526,372</u>	<u>\$526,372</u>	<u>\$13,867</u>
LIABILITIES				
Payroll liabilities	\$ 1,206	\$293,034	\$294,203	\$ 37
Due to other funds	12,661	233,338	232,169	13,830
Total liabilities	<u>\$13,867</u>	<u>\$526,372</u>	<u>\$526,372</u>	<u>\$13,867</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

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

TOWN OF DUSON, LOUISIANA

Comparative Statement of General Fixed Assets
December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
General fixed assets, at cost:		
Land	\$ 28,827	\$ 14,278
Buildings	58,281	58,281
Improvements other than buildings	448,423	448,423
Equipment	<u>269,564</u>	<u>245,210</u>
Total general fixed assets	<u>\$805,095</u>	<u>\$766,192</u>
Investment in general fixed assets:		
Property acquired from -		
General Fund revenues	\$337,610	\$298,707
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>\$805,095</u>	<u>\$766,192</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
Statement of General Long-Term Debt
December 31, 1998
With Comparative Totals for December 31, 1997

	Totals	
	1998	1997
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT		
Amount to be provided from 1969 sales and use tax and General Fund revenues	<u>\$ -</u>	<u>\$11,657</u>
GENERAL LONG-TERM DEBT PAYABLE		
General obligation bonds payable	<u>\$ -</u>	<u>\$11,657</u>

INTERNAL CONTROL

AND

COMPLIANCE

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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

The Honorable 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 (the Town) as of and for the year ended December 31, 1998, and have issued our report thereon dated May 12, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the *general purpose financial statements* and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. This reportable condition is described as 98-1 (IC) in the accompanying summary schedule of current and prior year audit findings and corrective action plan.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. *Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.* However, we believe the reportable condition described as 98-1 (IC) in the accompanying summary schedule of current and prior year audit findings and corrective action plan is a material weakness. We also noted another matter involving the internal control over financial reporting that we have reported to management of the Town in a separate letter dated May 12, 1999.

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

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

Lafayette, Louisiana
May 12, 1999

KOLDER, CHAMPAGNE, SLAVEN & RAINEY, LLC

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

The Honorable Gene Hernandez, Mayor
and Members of the Board of Aldermen
Town of Duson, Louisiana

Compliance

We have audited the compliance of the Town of Duson (the Town), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1998. The Town's major federal program is identified in the accompanying schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1998.

Internal Control Over Compliance

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

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

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

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

Lafayette, Louisiana
May 12, 1999

TOWN OF DUSON

Schedule of Expenditures of Federal Awards
Year Ended December 31, 1998

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Passed through State of Louisiana Division of Administration -		
United States Department of Housing and Urban Development:		
Community Development Block Grant (State - Administered Small Cities Program)	14.228	<u>\$600,000</u> *

*Indicates grant regarded as major federal financial assistance program.

TOWN OF DUSON
Duson, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 1998

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Duson (the Town). The Town reporting entity is defined in Note 1 to the general purpose financial statements for the year ended December 31, 1998. All federal financial assistance received directly from federal agencies is included on the schedule as well as federal financial assistance passed through other government agencies. The following program is considered a major federal program of the Town: United States Department of Housing and Urban Development Community Development Block Grant Program.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Town's general purpose financial statements for the year ended December 31, 1998.

(3) Relationship to General Purpose Financial Statements

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

From federal sources:

Utility Fund as contributions from Federal Grants	<u>\$600,000</u>
---	------------------

(4) Relationship to Federal Financial Reports

Amounts reported in the Schedule of Expenditures of Federal Awards agree with the amounts reported in the related federal financial reports except for the amounts in reports submitted as of a date subsequent to December 31, 1998, which will differ from the schedule by the amount of retainages as of December 31, 1998.

Town of Duson
Duson, Louisiana

Schedule of Findings and Questioned Costs – Federal Awards
Year Ended December 31, 1998

Part I. Summary of Auditors' Results:

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

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

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

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

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

TOWN OF DUSON, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended December 31, 1998

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR	(12/31/97)					
97-1 (ML)	1997	The Town of Duson was in noncompliance with R.S. 42:1112 regarding transactions with the Town by one of its public servants who has a substantial economic interest in that business.	Yes	N/A	Harriet O'Brien, Town Clerk	N/A
97-2 (ML)	1995	Consideration should be given to reducing costs or increasing revenues in the Utility Fund to reduce its deficit.	No	The Town has increased water and sanitation rates and is seeking ways to increase revenues.	Harriet O'Brien, Town Clerk	Long-term
97-1 (IC)	N/A	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Harriet O'Brien, Town Clerk	N/A
CURRENT YEAR	(12/31/98)					
98-1 (ML)	1995	Consideration should be given to reducing costs or increasing revenues in the Utility Fund to reduce its deficit.	No	The Town has increased water and sanitation rates and is seeking ways to increase revenues.	Harriet O'Brien, Town Clerk	Long-term
98-1 (IC)	N/A	Due to the small number of employees, the Town did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Harriet O'Brien, Town Clerk	N/A

OTHER SUPPLEMENTARY INFORMATION

TOWN OF DUSON, LOUISIANA

Enterprise Fund

Utility Fund

Schedule of Number of Utility Customers

(Unaudited)

December 31, 1998

Records maintained by the Town indicated the following number of customers were being served during the month of December, 1998.

<u>Department</u>	
Water (metered)	593
Sewer	555
Sanitation	513

TOWN OF DUSON, LOUISIANA

Schedule of Insurance in Force
(Unaudited)
December 31, 1998

<u>Description of Coverage</u>	<u>Coverage Amounts</u>
Workmen's Compensation - Employer's liability	\$ 100,000
Buildings and contents: Basic property coverage	504,803
Automobile coverage: General liability, aggregate	500,000
Auto liability, aggregate	500,000
Property coverage - Fire and light, extended coverage, vandalism and malicious mischief	20,000
Law enforcement and officer liability (all coverage)	500,000
Surety bonds:	
Mayor	20,000
Town Clerk	50,000
Assistants	20,000

TOWN OF DUSON, LOUISIANA
Enterprise Fund
Utility Fund
Comparative Departmental Analysis of Revenues and Expenses
Years Ended December 31, 1998 and 1997

	Totals	
	<u>1998</u>	<u>1997</u>
Operating revenues:		
Customer service charges	\$ 233,401	\$ 206,472
Miscellaneous	1,042	705
Total operating revenues	<u>234,443</u>	<u>207,177</u>
Operating expenses:		
Salaries	76,535	62,315
Payroll taxes	5,646	5,129
Maintenance and repairs	20,307	14,873
Professional fees	6,039	10,022
Utilities and telephone	15,627	24,874
General insurance	6,354	13,819
Group health insurance	10,733	4,361
Office expense	3,563	4,088
Supplies and parts	47,277	20,697
Garbage collection fees	51,452	41,070
Auto and truck expense	2,244	645
Depreciation expense	72,259	70,183
Dues and fees	560	782
Uniforms	237	-
Engineering fees	3,735	578
Computer service	4,562	5,829
Meals, lodging and travel	1,340	977
Employee training	225	609
Miscellaneous	535	1,380
Contract labor	4,869	-
Total operating expenses	<u>334,099</u>	<u>282,231</u>
Operating loss	<u>(99,656)</u>	<u>(75,054)</u>
Nonoperating revenues (expenses):		
Interest income	6,767	5,604
Interest expense	(29,033)	(30,196)
Parish grant revenue	-	15,000
Total nonoperating revenues (expenses)	<u>(22,266)</u>	<u>(9,592)</u>
Loss before operating transfers	<u>(121,922)</u>	<u>(84,646)</u>
Operating transfers in (out):		
Transfer from 1969 Sales Tax Fund	43,370	49,046
Transfer from 1983 Sales Tax Fund	10,000	30,000
Transfer to General Fund	(50)	-
Total operating transfers in	<u>53,320</u>	<u>79,046</u>
Net loss	(68,602)	(5,600)
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 (decrease) in retained earnings	(27,870)	35,132
Retained earnings (deficit), beginning	<u>(245,072)</u>	<u>(280,204)</u>
Retained earnings (deficit), ending	<u>\$(272,942)</u>	<u>\$(245,072)</u>

Water		Sewerage		Sanitation		General Administration	
1998	1997	1998	1997	1998	1997	1998	1997
\$110,492	\$ 93,206	\$ 59,199	\$ 56,750	\$63,710	\$56,516	\$ -	\$ -
1,042	705	-	-	-	-	-	-
<u>111,534</u>	<u>93,911</u>	<u>59,199</u>	<u>56,750</u>	<u>63,710</u>	<u>56,516</u>	<u>-</u>	<u>-</u>
39,033	31,556	33,675	27,067	-	924	3,827	2,768
2,731	2,567	2,328	2,067	-	71	587	424
14,100	8,111	6,207	5,669	-	-	-	1,093
220	904	1,339	2,666	-	-	4,480	6,452
7,534	13,870	8,093	11,004	-	-	-	-
3,213	7,301	3,141	6,338	-	-	-	180
3,826	2,521	3,035	1,057	-	-	3,872	783
2,331	1,765	49	183	-	-	1,183	2,140
31,859	14,241	15,392	6,293	-	-	26	163
-	-	-	-	51,452	41,070	-	-
456	305	1,788	340	-	-	-	-
33,757	31,722	38,502	38,461	-	-	-	-
150	220	410	562	-	-	-	-
237	-	-	-	-	-	-	-
2,000	-	-	578	1,735	-	-	-
-	-	-	-	-	-	4,563	5,829
335	488	71	111	-	-	933	378
225	295	-	175	-	-	-	139
199	1,301	256	79	-	-	80	-
-	-	-	-	-	-	4,869	-
<u>142,206</u>	<u>117,167</u>	<u>114,286</u>	<u>102,650</u>	<u>53,187</u>	<u>42,065</u>	<u>24,420</u>	<u>20,349</u>
<u>\$ (30,672)</u>	<u>\$ (23,256)</u>	<u>\$ (55,087)</u>	<u>\$ (45,900)</u>	<u>\$10,523</u>	<u>\$14,451</u>	<u>\$ (24,420)</u>	<u>\$ (20,349)</u>