

Town of Chatham

Chatham, Louisiana

Annual Financial Statements
with Independent Auditor's Report

As of and For the Year Ended
June 30, 2019
with Supplemental Information Schedules

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Independent Auditor's Report

Town of Chatham
Chatham, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Chatham, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Chatham's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Town of Chatham, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Chatham's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 31, 2019, on our consideration of the Town of Chatham's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Chatham's internal control over financial reporting and compliance.

Kenneth D. Folden & Co., CPAs

Jonesboro, Louisiana
December 31, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Town of Chatham
Chatham, Louisiana

Statement of Net Position
As of June 30, 2019

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 74,735	\$ 120,762	\$ 195,497
Investments	-	79,893	79,893
Accounts receivable	5,419	48,486	53,905
Cash and equivalents - restricted	-	156,377	156,377
Capital assets (net of accumulated depreciation)	<u>303,873</u>	<u>2,431,975</u>	<u>2,735,848</u>
Total Assets	<u>384,027</u>	<u>2,837,493</u>	<u>3,221,520</u>
Liabilities			
Accounts payable	5,431	9,279	14,710
Payroll liabilities	14	-	14
Customer meter deposits	-	104,671	104,671
Long-term liabilities			
Due within one year	12,308	17,102	29,410
Due in more than one year	<u>-</u>	<u>124,000</u>	<u>124,000</u>
Total Liabilities	<u>17,753</u>	<u>255,052</u>	<u>272,805</u>
Net Position			
Net investment in capital assets	291,565	2,294,975	2,586,540
Restricted	-	234,006	234,006
Unrestricted	<u>74,709</u>	<u>53,460</u>	<u>128,169</u>
Total Net Position	<u>\$ 366,274</u>	<u>\$ 2,582,441</u>	<u>\$ 2,948,715</u>

The accompanying notes are an integral part of these financial statements.

Town of Chatham
Chatham, Louisiana

Statement of Activities
For the Year Ended June 30, 2019

Expenses	Major Funds			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>Functions/Programs</u>						
Primary government						
Governmental activities						
General government	\$ 115,372	\$ -	\$ -	\$ (115,372)	\$ -	(115,372)
Police	85,722	38,828	-	(46,894)	-	(46,894)
Highways and streets	19,958	4,920	-	(15,038)	-	(15,038)
Community development	6,645	-	-	(6,645)	-	(6,645)
Total governmental activities	<u>227,697</u>	<u>43,748</u>		<u>(183,949)</u>	<u>-</u>	<u>(183,949)</u>
Business-type activities						
Public utility services	<u>445,428</u>	<u>342,812</u>	<u>-</u>	<u>591,141</u>	<u>488,525</u>	<u>488,525</u>
Total primary government	<u>\$ 673,125</u>	<u>\$ 386,560</u>	<u>\$ 591,141</u>	<u>(183,949)</u>	<u>488,525</u>	<u>304,576</u>
<u>General Revenues</u>						
Taxes:						
Property taxes, levied for general purposes				17,849	-	17,849
Sales taxes				49,764	-	49,764
Franchise taxes				9,132	-	9,132
Other taxes				893	-	893
Licenses				33,102	-	33,102
Intergovernmental				5,515	-	5,515
Investment earnings				217	2,428	2,645
Rental income				24,000	-	24,000
Other revenue				9,475	25,776	35,251
Operating transfers				13,863	(13,863)	-
Total general revenues and transfers				<u>163,810</u>	<u>14,341</u>	<u>178,151</u>
Change in net position				(20,139)	502,866	482,727
Prior period adjustment				34,872	-	34,872
Net position - June 30, 2018				<u>351,540</u>	<u>2,079,573</u>	<u>2,431,113</u>
Net position - June 30, 2019				<u>\$ 366,273</u>	<u>\$ 2,582,439</u>	<u>\$ 2,948,712</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

Town of Chatham
Chatham, Louisiana

Balance Sheet - Governmental Funds
As of June 30, 2019

		Major Funds
		General Fund
Assets		
Cash and equivalents	\$	74,735
Accounts receivable		5,419
Total Assets	\$	80,154
Liabilities & Fund Balances		
Liabilities:		
Accounts payable	\$	5,431
Payroll liabilities		14
Total Liabilities		5,445
Fund balances:		
Unassigned		74,709
Total Fund Balances		74,709
Total Liabilities and Fund Balances	\$	80,154

The accompanying notes are an integral part of these financial statements.

Town of Chatham
Chatham, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of June 30, 2019

Total Fund Balances at June 30, 2019 - Governmental Funds (Statement C)	\$	74,709
Total Net Position reported for governmental activities in the Statement of Net Position (Statement A) are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds, net of depreciation.		303,873
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Long-term obligation		(12,308)
Net Position at June 30, 2019	\$	366,274

The accompanying notes are an integral part of these financial statements.

Town of Chatham
Chatham, Louisiana

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2019

	General Fund
Revenues	
Taxes:	
Ad valorem tax	\$ 17,849
Franchise tax	9,132
Sales tax	49,764
Other tax	893
Licenses and permits	33,282
Intergovernmental	5,515
Fines, forfeitures, and court costs	38,828
Rent, royalty, and commission	24,000
Charges for services	4,920
Miscellaneous	9,475
Total revenues	193,658
Expenditures	
Current:	
General government	68,905
Public safety	
Police	78,343
Streets	18,099
Parks and recreation	6,637
Capital outlay	34,872
Total expenditures	206,856
Excess (deficiency) of revenues over (under) expenditures	(13,198)
Other financing sources (uses)	
Debt principal payments	(56,872)
Debt interest payments	(3,140)
Proceeds from debt	34,872
Interest earnings	37
Operating transfers in (out)	13,863
Total other financing sources (uses)	(11,240)
Net changes in fund balances	(24,438)
Prior period adjustment	11,308
Fund balances - June 30, 2018	87,838
Fund balances - June 30, 2019	\$ 74,708

The accompanying notes are an integral part of these financial statements.

Town of Chatham
Chatham, Louisiana

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Funds Balances to the Statement of Activities
For the Year Ended June 30, 2019

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	(24,436)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets capitalized over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differs from depreciation for the period.</p>		
Depreciation		(16,702)
Debt principal expense, which is considered an other financing use on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), is a reduction of debt payable on the Government-Wide statements.		56,872
Debt principal proceeds, which is considered an other financing source on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), is an increase of debt payable on the Government-Wide statements.		(34,872)
Other adjustment		<u>(1,000)</u>
Change in net position of governmental activities (Statement B)	\$	<u><u>(20,138)</u></u>

The accompanying notes are an integral part of these financial statements.

Town of Chatham
Chatham, Louisiana

Statement of Net Position - Proprietary Fund
As of June 30, 2019

		Public Utility Fund
Assets		
Current Assets:		
Cash and equivalents	\$	120,762
Investments		79,893
Accounts receivable		48,486
Total Current Assets		249,141
Noncurrent Assets:		
Cash and equivalents - restricted		156,377
Capital assets (net of accumulated depreciation)		2,431,975
Total Noncurrent Assets		2,588,352
Total Assets	\$	2,837,493
Liabilities		
Current Liabilities:		
Accounts payable	\$	9,279
Total Current Liabilities		9,279
Current liabilities payable from restricted assets		
Customer meter deposits		104,671
Long-Term Liabilities:		
Due within one year		17,102
Due in more than one year		124,000
Total Long-Term Liabilities		141,102
Total Liabilities		255,052
Net Position		
Net investment in capital assets		2,294,975
Restricted		234,006
Unrestricted		53,460
Total Net Position	\$	2,582,441

The accompanying notes are an integral part of these financial statements.

Town of Chatham
Chatham, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
For the Year Ended June 30, 2019

	Public Utility Fund
Operating Revenues	
Water sales	\$ 121,232
Sewer fees	95,496
Other utility fees	126,085
Miscellaneous income	25,776
Total operating revenues	368,589
Operating Expenses	
Personnel services	114,321
Supplies	51,978
Utilities	18,400
Repairs and maintenance	106,181
Contractual services	25,507
Miscellaneous	11,854
Depreciation	117,188
Total operating expenses	445,429
Operating Income (Loss)	(76,840)
Non-operating Revenues (Expenses)	
Interest earnings	2,428
Capital grant	591,141
Total non-operating revenues (expenses)	593,569
Income (loss) before transfers	516,729
Transfers in (out)	(13,863)
Change in net position	502,866
Total Net Position - June 30, 2018	2,079,573
Total Net Position - June 30, 2019	\$ 2,582,439

The accompanying notes are an integral part of these financial statements.

Town of Chatham
Chatham, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2019

	Public Utility Fund
Cash flows from operating activities	
Cash received from customers	\$ 342,812
Cash payments to suppliers for goods and services	(192,052)
Cash payments to employees	<u>(121,527)</u>
Net cash provided by (used for) operating activities	<u>29,233</u>
Cash flows from non-capital financing	
Transfers from (to) other funds	(13,863)
Other income	<u>4,986</u>
Net cash provided by (used for) non-capital financing activities	<u>(8,877)</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(602,250)
Proceeds from bonds payable	-
Bond principal payments	(13,000)
Bond interest payments	(2,154)
Capital grant	<u>591,141</u>
Net cash provided by (used for) capital and related financing activities	<u>(26,263)</u>
Cash flows from investing activities	
Interest earnings	<u>263</u>
Net cash provided by (used for) investing activities	<u>263</u>
Net increase (decrease) in cash and cash equivalents	(5,644)
Cash and cash equivalents - June 30, 2018	<u>282,783</u>
Cash and cash equivalents - June 30, 2019	<u><u>\$ 277,139</u></u>
Reconciliation of operating income to net provided by operating activities	
Operating income	\$ (76,839)
Adjustments	
Depreciation	117,188
Net changes in assets and liabilities	
Accounts receivable	(9,130)
Customers' meter deposits	840
Accounts payable	<u>(2,826)</u>
Net cash provided for (used for) operating activities	<u><u>\$ 29,233</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE
FINANCIAL STATEMENTS

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2019

INTRODUCTION

The Town of Chatham, Louisiana (Town) was incorporated under the provisions of the Lawrason Act and has a current population of approximately 635. The Town operates under the Mayor-Town Council form of government. The Town Council consists of five council members who are elected and compensated. Services provided by the Town include public safety (police), highway and streets, gas, water, sewer, and sanitation facilities, culture and recreation, and general administrative services. The Town is located in Jackson Parish, Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town applies all relevant GASB pronouncements, as applicable to governmental entities. Also, the Town's financial statements are prepared in accordance with the requirements of Louisiana R.S. 24:513, the Louisiana Audit and Accounting Guide and to the industry guide, Audits of State and Local Government Units, published by the American Institute of Certified Public Accountants.

B. Reporting Entity

GASB Statement No. 14, The Financial Reporting Entity, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a general purpose local government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, establishes criteria for determining which, if any, component units should be considered part of the Town for financial reporting purposes. GASB Statement No. 61 provides additional criteria for classifying entities as component units. The basic criterion for including a potential component unit within the reporting entity is financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and:
 - i. The ability of the government to impose its will on that organization and/or
 - ii. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the government.
2. Organizations for which the government does not appoint a voting majority but are fiscally dependent on the government and there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2019

3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria, no component units were identified for the Town of Chatham.

C. Government-Wide Financial Statements

The Town's government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements present summaries of the governmental activities and the business-type activities for the Town. Fiduciary activities of the Town are not included in these statements.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town of Chatham's governmental activities.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the Town's taxpayers or citizenry, including (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; program revenues reduce the cost of the function to be financed from the Town's general revenues.

Direct Expenses - The Town reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function.

Indirect Expenses - The Town reports all indirect expenses separately on the Statement of Activities (Statement B). Indirect expenses are those expenses that are not clearly identifiable with a function. Interest on long-term debt is considered an indirect expense.

General revenues are taxes and other items that are not properly included among program revenues. The effect of interfund activity has been removed from the government-wide financial statements.

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2019

D. Fund Financial Statements

The accounts of the Town of Chatham are organized on the basis of funds, 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, expenditures or expenses, as appropriate, additions, and deductions. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements. Funds of the Town are classified into two categories: governmental and proprietary.

Governmental Funds

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide financial statements. The Town has presented all major funds.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheets. Amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. Long-term debts are reported as an other financing source, and repayment of long-term debt is reported as an expenditure. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. Accordingly, revenues are recorded when received in cash and when collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized when due.

The Town of Chatham reports the following major governmental funds:

General Fund - The primary operating fund of the Town, the General Fund, accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Town policy.

Revenues

The governmental funds use the following practices in recording revenues:

Those revenues susceptible to accrual are property taxes, franchise taxes, and charges for services. Fines and permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2019

Entitlements and shared revenues are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred, all other grant requirements have been met, and the susceptible-to-accrual criteria have been met.

Interest earnings are recorded when the investments have matured and the interest is available.

Expenditures

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

Purchases of various operating supplies, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death.

Principal and interest on long-term debt are recognized when due.

Other Financing Sources (Uses)

The governmental funds use the following practices in recording other financing sources (uses):

Transfers between funds that are not expected to be repaid, sales of fixed assets, and long-term debt proceeds and payments, are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Proprietary Funds

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (net total position) is segregated into three components-net investment in capital assets, restricted net position, and unrestricted net position. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total position. The proprietary funds use the accrual basis of accounting, where revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of the related cash flows.

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed 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 purpose.

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2019

The Enterprise Fund of the Town of Chatham is the Public Utility Fund, which accounts for the operations of the waterworks and sewerage systems, gas system, and sanitation facility. The intent of the Town for these facilities is (a) that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Revenues and Expenses

Operating revenues in the proprietary fund are those that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

E. Equity Classifications

The Town of Chatham has implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.

In the Government-Wide Financial Statements and the Proprietary Fund Financial Statements, the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources is classified as net position and reported in three components:

Net investment in capital assets: This classification consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted net position: This classification consists of net position with constraints placed on its use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provision or enabling legislation.

Unrestricted net position: Any other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

The Governmental Fund Financial Statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town did not have any nonspendable funds for the year ended June 30, 2019.

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Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town did not have any restricted funds for the year ended June 30, 2019.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council typically establishes commitments through the adoption and amendment of the budget. The Town did not have any committed funds for the year ended June 30, 2019.

Assigned: This classification includes amounts that are constrained by the Town intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Council delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town did not have any assigned funds for year ended June 30, 2019.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The Town has \$74,709 of unassigned funds in the General Fund.

The Town would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

F. Budgets

The Town Clerk prepares a proposed budget and submits it to the Town Council in accordance with the Town Charter and the Local Government Budget Act. The budget is presented to the Council for review, and public hearings are held to address priorities and the allocation of resources. In June, the Town Council adopts the annual fiscal year budget for the General Fund. Once approved, the Town Council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. The original and amended budgets for the current fiscal year are presented in the Budgetary Comparison Schedule - General Fund (Schedule 1). Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: general government, public safety, public works, and parks and recreation. Budget revisions at this level are subject to final review by the Town Council. The budget for the General Fund is prepared on the GAAP basis. Revenues are budgeted in the year receipt is expected; and expenditures, the year that the applicable purchase orders are expected to be issued. Public hearings are held to obtain public taxpayer comments.

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Notes to the Financial Statements
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The 2018-2019 general fund budget was published in the official journal and made available for public inspection. A public hearing for the proposed budget was held on June 25, 2018, and the budget was adopted by the Mayor and Town Council. The budget was legally amended on June 11, 2019.

G. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town of Chatham may deposit funds in demand deposits in stock-owned federally insured depository institutions organized under the laws of the state of Louisiana or of any other state of the United States, or under the laws of the United States. The Town may invest in certificates and time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

For the purposes of the statement of cash flows, cash equivalents include all highly liquid investments with a maturity date of 90 days or less when purchased.

Under state law, the Town may invest in United States bonds, treasury notes, or certificates. Those with maturities of 90 days or less would be classified as cash equivalents and all other reported as investments.

The Town reports restricted assets on the Statement of Net Position (Statement A), which includes restricted cash (customer deposits) that is collected by the Water and Sewer Department.

H. Investments

The Town of Chatham's investments comply with Louisiana Revised Statute 33:2955. Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, or government-backed agency securities or certificates, and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. These deposits are classified as investments if their original maturities exceed 90 days. Investments are stated at fair value except for those which are permitted under GASB Statement No. 31 to use a different valuation measurement.

In accordance with paragraph 69 of GASB Statement No. 72, the Town reports at amortized cost money market investments and participating interest-bearing investment contracts that have a remaining maturity at the time of purchase of one year or less. Money market investments are short-term, highly liquid debt instruments that include U.S. Treasury obligations.

I. Interfund Receivables and Payables

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" on the fund financial statements balance sheets, as well as all other outstanding balances between funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

J. Inventories

Inventories of supplies in the Proprietary Fund are not material and are charged to operations as purchased.

Town of Chatham
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Notes to the Financial Statements
As of and For the Year Ended June 30, 2019

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are recorded in the applicable governmental or business-type activities columns of the government-wide financial statements, but are not reported in the governmental fund financial statements. Acquisitions of property and equipment are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

Improvements and replacements of property and equipment are capitalized. Maintenance and repairs that do not improve or extend the lives of property and equipment are charged to expense as incurred. When assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and any gain or loss is reported in the Statement of Activities.

Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Depreciation is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. The estimated useful life for classes of assets are as follows:

Description	Estimated Lives
Buildings and building improvements	40 years
Water and sewer systems	10-40 years
Furniture and fixtures	7 years
Vehicles	5 years
Equipment	5 years

In accordance with GASB Statement No. 34, general infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets.

L. Deferred Outflows of Resources

The Town reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town reported no deferred outflows of resources.

M. Compensated Absences

The Town has the following policy relating to vacation and sick leave:

The employees of the Town are entitled to 10 days of compensated absences and 10 days vacation with pay. However, neither compensated absences nor vacations pay or accumulate and both are recorded as expenditures.

There is no provision to pay for accumulated sick or annual leave.

Town of Chatham
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Notes to the Financial Statements
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N. Deferred Inflows of Resources

The Town reports increases in net position that relate to future periods as deferred inflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The Town will not recognize the related revenues until a future event occurs. The Town reported no deferred inflows of resources.

O. Interfund Transactions

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements are when a fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or enterprise funds are netted as part of the reconciliation to the government-wide financial statements.

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

Activity between funds that is representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as "due from other funds" or "due to other funds" on the Fund Financial Statements Balance Sheet (Statement C), as well as all other outstanding balances between funds.

In the process of aggregating data for the Statement of Net Position (Statement A) and the Statement of Activities (Statement B), some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

P. Estimates

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

2. Ad Valorem Tax

All ad valorem tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts through the establishment of an allowance account. Ad valorem taxes are levied on a calendar year basis and become delinquent on December 31. The Town bills and collects its own ad valorem taxes. For the 2018 ad valorem taxes, one rate of tax was levied on property within the corporate limits, as follows:

7.81 mills for the general maintenance of the Town

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Notes to the Financial Statements
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This millage was approved by the Town Council on June 12, 2018. This millage is the maximum millage that can be assessed without the approval of the voters of the Town.

3. Sales Tax

The Town of Chatham currently has an authorized sales tax of 1% for all taxable sales and use of goods and services within the Town. The tax is to be used for the general operations of the Town as approved by the mayor and Town Council for an undefined period of time. The tax was first levied on January 8, 2008.

4. Cash, Cash Equivalents, and Investments

At June 30, 2019, the Town had cash and cash equivalents (book balances) totaling \$351,874, including interest bearing demand deposits of \$177,043 and restricted cash deposits of \$174,831. 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.

At June 30, 2019, the Town had \$361,438 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$111,438 in pledged securities.

Cash and investments are categorized to give an indication of the level of risk assumed by the Town at June 30, 2019. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the the pledging financial institution's trust department or agent but not in the depositor-government's name. The Town of Chatham has cash and cash equivalents that are covered by federal depository insurance and pledged securities.

At June 30, 2019, the Town had investments of \$79,582. These deposits are covered by \$189,270 in pledged securities. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Town of Chatham has complied with these requirements of state law.

Town of Chatham
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Notes to the Financial Statements
As of and For the Year Ended June 30, 2019

5. Receivables

The receivables of \$36,779 at June 30, 2019, are as follows:

	Fund		Total
	General	Enterprise	
Taxes:			
Franchise fees	\$ 1,923	\$ -	\$ 1,923
Sales and use	3,495	-	3,495
Other	-	-	-
Other revenues	-	-	-
Accounts	-	50,735	50,735
Allowance for uncollectible accounts	-	(2,249)	(2,249)
Total	<u>\$ 5,419</u>	<u>\$ 48,486</u>	<u>\$ 53,904</u>

6. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2019, is as follows:

A. Capital Assets - Governmental Activities

	Balance, July 01, 2018	Additions	Deletions	Balance, June 30, 2019
Capital assets not depreciated				
Land	\$ 32,700	\$ -	\$ -	\$ 32,700
Total capital assets not being depreciated	<u>32,700</u>	<u>-</u>	<u>-</u>	<u>32,700</u>
Capital assets being depreciated				
Buildings	418,268	-	-	418,268
Equipment and vehicles	329,763	34,872	-	364,635
Total capital assets being depreciated	<u>748,031</u>	<u>34,872</u>	<u>-</u>	<u>782,903</u>
Less accumulated depreciation				
Buildings	184,355	8,006	-	192,361
Equipment and vehicles	310,674	8,696	-	319,370
Total accumulated depreciation	<u>495,029</u>	<u>16,702</u>	<u>-</u>	<u>511,731</u>
Capital assets, net	<u>253,002</u>	<u>18,170</u>	<u>-</u>	<u>271,172</u>
Governmental capital assets - net	<u>\$ 285,702</u>	<u>\$ 18,170</u>	<u>\$ -</u>	<u>\$ 303,872</u>

Town of Chatham
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Notes to the Financial Statements
As of and For the Year Ended June 30, 2019

Functional Allocation of Depreciation Expense

General government	\$	7,456
Public safety		7,379
Public works		1,859
Culture and recreation		8
Total	\$	<u>16,702</u>

B. Capital Assets - Proprietary Funds

	Balance, July 01, 2018	Additions	Deletions	Balance, June 30, 2019
Capital assets not depreciated				
Land	\$ 4,064	\$	\$	4,064
Construction in progress	54,928	593,841	-	648,769
Total capital assets not being depreciated	<u>58,992</u>	<u>593,841</u>	-	<u>652,833</u>
Capital assets being depreciated				
Water System	2,331,818	8,409	-	2,340,227
Sewer System	1,257,399	-	-	1,257,399
Natural Gas System	593,399	-	-	593,399
Equipment and vehicles	264,027	-	-	264,027
Improvements	283,645	-	-	283,645
Total capital assets being depreciated	<u>4,730,289</u>	<u>8,409</u>	<u>-</u>	<u>4,738,697</u>
Less accumulated depreciation				
Water System	1,375,612	59,041	-	1,434,653
Sewer System	486,260	38,183	-	524,443
Natural Gas System	457,287	14,835	-	472,122
Equipment and vehicles	250,065	3,879	-	253,944
Improvements	273,145	1,250	-	274,395
Total accumulated depreciation	<u>2,842,368</u>	<u>117,188</u>	<u>-</u>	<u>2,959,557</u>
Capital assets, net	<u>1,887,921</u>	<u>(108,779)</u>	<u>-</u>	<u>1,779,140</u>
Business-type activities capital assets - net	<u>\$ 1,946,913</u>	<u>\$ 485,062</u>	<u>\$ -</u>	<u>\$ 2,431,973</u>

Town of Chatham
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Notes to the Financial Statements
As of and For the Year Ended June 30, 2019

7. Payables

The payables of \$14,724 at June 30, 2019, are as follows:

	Fund		Total
	General	Enterprise	
Accounts	\$ 5,431	\$ 9,279	\$ 14,710
Payroll liabilities	14	-	14
Total	\$ 5,445	\$ 9,279	\$ 14,724

8. Long-Term Obligations

The Town of Chatham had the following long-term obligations.

Governmental Activities (General Fund):

Certificates of indebtedness dated March 19, 2009 due in annual installments of graduated amounts beginning July 1, 2009 at \$19,498 and increasing to \$23,089.

Lease-purchase of a 2017 Ford Police Interceptor due in annual installments beginning August 17, 2017. Annual payments are \$12,308 with an interest rate of 6.00%.

Business-Type Activities (Public Utility Fund):

Certificates of indebtedness dated January 26, 2018 due in annual installments of graduated amounts beginning August 1, 2018 at \$15,425 and increasing to \$18,574.

The following schedule is a summary of the long-term obligations transactions for the year ended June 30, 2019.

Long-term obligation	Balance, July 01, 2018	Additions	Deletions	Balance, June 30, 2019
<u>Governmental Activities (General Fund):</u>				
Certificates of Indebtedness, Series 2009	\$ 22,000	\$ -	\$ 22,000	\$ -
2017 Ford Police Interceptor	-	34,872	23,261	11,611
Total	\$ 22,000	\$ 34,872	\$ 45,261	\$ 11,611
<u>Business-Type Activities (Public Utility Fund):</u>				
Utility Revenue Bonds, Series 2017	\$ 150,000	\$ -	\$ 13,000	\$ 137,000
Total	\$ 150,000	\$ -	\$ 13,000	\$ 137,000

Town of Chatham
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Notes to the Financial Statements
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The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2019:

Long-term obligation	Current portion	Long-term portion	Total
<u>Governmental Activities (General Fund):</u>			
Certificates of Indebtedness, Series 2009	\$ -	\$ -	-
2017 Ford Police Interceptor	11,611	-	11,611
Total	<u>\$ 11,611</u>	<u>\$ -</u>	<u>11,611</u>
<u>Business-Type Activities (Public Utility Fund):</u>			
Utility Revenue Bonds, Series 2017	\$ 13,000	\$ 124,000	\$ 137,000
Total	<u>\$ 13,000</u>	<u>\$ 124,000</u>	<u>\$ 137,000</u>

The following schedule is a summary of the maturing principal and interest of the Certificates of Indebtedness, Series 2009.

Annual Payment Dates	Annual Payment Amount	Interest	Annual Principal Paid	Remaining Balance	Accumulated Interest
Balance at July 1, 2018				\$ 22,000	
January 01, 2019	23,089	1,089	22,000	-	21,533
Total	<u>\$ 23,089</u>	<u>\$ 1,089</u>	<u>\$ 22,000</u>	<u>\$ -</u>	

The following schedule is a summary of the maturing principal and interest of the Utility Revenue Bonds, Series 2017.

Annual Payment Dates	Annual Payment Amount	Interest	Annual Principal Paid	Remaining Balance	Accumulated Interest
Balance at February 1, 2019				\$ 137,000	
August 01, 2019	17,308	4,308	13,000	124,000	6,734
2020	17,895	3,895	14,000	110,000	10,628
2021	17,446	3,446	14,000	96,000	14,075
2022	17,016	3,016	14,000	82,000	17,090
2023	17,585	2,585	15,000	67,000	19,675
2024	18,118	2,118	16,000	51,000	21,793
2025	17,616	1,616	16,000	35,000	23,409
2026	18,113	1,113	17,000	18,000	24,521
2027	18,574	574	18,000	-	25,096
Total	<u>\$ 159,671</u>	<u>\$ 22,671</u>	<u>\$ 137,000</u>	<u>\$ -</u>	

Town of Chatham
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Notes to the Financial Statements
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The following schedule is a summary of the maturing principal and interest of the 2017 Ford Police Interceptor.

Year ending June 30:	
2020	<u>12,308</u>
Total minimum lease payments	12,308
Less amounts representing interest	<u>697</u>
Present value of net minimum lease payments	<u>\$ 11,611</u>

9. Retirement Systems

The Town pays matching funds toward social security benefits for employees as required by federal law. No other retirement system is available to the employees of the Town.

10. Grants

During the year ended June 30, 2019, the Town of Chatham received grant funds from the Louisiana Community Development Block Grant of \$591,141 for sewer system improvements. This project is in-progress as of the end of the audit period.

11. Risk Management

The Town is exposed to various risk of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, and injuries to employees. To handle such risk of loss, the Town maintains commercial insurance policies covering automobile liability and uninsured motorist, surety bond coverage, flood insurance, and property insurance. In addition to the above policies, the Town maintains a general liability policy and an errors and omissions policy. No claims were paid on any of the policies during the past three years, which exceeded the policies' coverage amount.

12. Litigation and Claims

At June 30, 2019, the Town was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

13. Prior Period Adjustment

The Town of Chatham shows a prior period adjustment for the lease-purchase proceeds and lease payments on the 2017 Ford Police Interceptor. This capital outlay and lease-purchase was not accounted for in the year ended June 30, 2017.

14. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 31, 2019, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

REQUIRED SUPPLEMENTARY
INFORMATION

Town of Chatham
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Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2019

	Budget - Original	Budget - Final	Actual	Variance - Favorable (Unfavorable)
Revenues				
Taxes:				
Ad valorem tax	\$ 15,500	\$ 17,849	\$ 17,849	\$ -
Franchise tax	11,000	8,977	9,132	155
Sales tax	48,000	49,690	49,764	74
Other tax	1,000	893	893	-
Licenses and permits	27,380	23,735	33,282	9,547
Intergovernmental	2,400	5,515	5,515	-
Fines, forfeitures, and court costs	30,000	37,277	38,828	1,551
Rent, royalty, and commission	24,000	24,000	24,000	-
Charges for services	5,000	3,088	4,920	1,832
Miscellaneous	1,000	7,523	9,475	1,952
Total revenues	<u>165,280</u>	<u>178,547</u>	<u>193,658</u>	<u>15,111</u>
Expenditures				
Current:				
General government	91,209	108,950	68,905	40,045
Public safety				
Police	44,965	39,803	78,343	(38,540)
Streets	55,852	54,657	18,099	36,558
Parks and recreation	550	383	6,637	(6,254)
Capital outlay	-	-	34,872	(34,872)
Total expenditures	<u>192,576</u>	<u>203,793</u>	<u>206,856</u>	<u>(3,063)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,296)</u>	<u>(25,246)</u>	<u>(13,198)</u>	<u>12,048</u>
Other financing sources (uses)				
Bond principal payments	-	-	(56,872)	(56,872)
Bond interest payments	-	-	(3,140)	(3,140)
Proceeds from debt	-	-	34,872	34,872
Interest earnings	-	-	37	37
Operating transfers in (out)	-	242	13,863	13,621
Total other financing sources (uses)	<u>-</u>	<u>242</u>	<u>(11,240)</u>	<u>(11,482)</u>
Net changes in fund balances	(27,296)	(25,004)	(24,438)	566
Prior period adjustment	-	-	11,308	566
Fund balances - June 30, 2018	99,145	99,145	87,838	(11,307)
Fund balances - June 30, 2019	<u>\$ 71,849</u>	<u>\$ 74,141</u>	<u>\$ 74,708</u>	<u>\$ (10,175)</u>

The accompanying notes are an integral part of these financial statements.

Kenneth D. Folden & Co.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Town of Chatham
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We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Chatham, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Chatham's basic financial statements and have issued our report thereon dated December 31, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Kenneth D. Felden & Co., CPAs

Jonesboro, Louisiana
December 31, 2019

SUPPLEMENTAL INFORMATION

Town of Chatham
Chatham, Louisiana

Schedule of Findings and Questioned Costs
For the year ended June 30, 2019

We have audited the basic financial statements of the Town of Chatham as of and for the year ended June 30, 2019 and have issued our report thereon dated December 31, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2019 resulted in an unqualified opinion.

A. Summary of Auditor's Report

Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

B. Findings - Financial Statements Audit

Current Year

No current year findings.

Prior Year

No prior year findings.

Town of Chatham
Chatham, LouisianaSchedule of Compensation Paid Council
For the year ended June 30, 2019

	2019
Marvin Davis	\$ 100
Greg Harris	600
Frank Horrell	450
Toni Malone	600
Laverne Mixon	600
Sue Ann Proffer	600
	\$ 2,950

Town of Chatham
Chatham, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended June 30, 2019

Dwight Cooper Mayor	
Salary	\$ 6,000
Benefits - Insurance	186
Telephone	480
Reimbursement - supplies	<u>8</u>
	<u>\$ 6,674</u>

Kenneth D. Folden & Co.

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Independent Accountant's Report on Applying Agreed-Upon Procedures

To the Town Council of Town of Chatham
Chatham, Louisiana
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the Town of Chatham and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 01, 2018 through June 30, 2019. The Town's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a. Budgeting, including preparing, adopting, monitoring, and amending the budget,
 - b. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c. Disbursements, including processing, reviewing, and approving,
 - d. Receipts, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.
 - e. Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked,
 - f. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process,
 - g. Credit Cards (and debit cards, fuel cards, P-Cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage,
 - h. Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers,

i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy, and

j. Debt Service, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

k. Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Exception: The Town does not have a policy or procedures regarding receipts or disaster recovery/business continuity.

Management's Response: The Town will adopt a policy and procedure for receipts and disaster recovery/business continuity.

Board

2. Obtain and review the board/committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Response: The Town Council met monthly with a quorum.

b. For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Response: Monthly budget-to-actual comparisons on the general fund and major proprietary funds were referenced in the meeting minutes.

c. For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Response: The Town did not have a negative ending unrestricted fund balance.

Exception: See above responses.

Management's Response: None.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Response: Management provided us with a list of bank accounts and representation that the list is complete.

a. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Response: Reconciliations were completed within 2 months of statement closing date on four of the five bank accounts.

b. Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Response: A member of the Town Council who does not handle cash, post ledgers, or issue checks reviewed the bank reconciliations.

c. Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Response: There were no outstanding checks older than 12 months from the statement closing date.

Exception: See above responses.

Management's Response: None.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Response: Management provided us with a list of deposit sites and representation that the list is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Response: Management provided us with a list of collection locations and representation that the list is complete. Written job duties are provided in the personnel policy.

a. Employees that are responsible for cash collections do not share cash drawers/registers.

Response: The Town Clerk, the assistant clerk, and another employee collect cash. All three employees share a cash drawer.

b. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Response: The Town Clerk and the other employee collect most of the payments from customers. These two employees prepare the deposit slips.

c. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Response: The Assistant Clerk records the deposit to the accounting system, and the Town Clerk reconciles the bank statements to the general ledger.

d. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Response: The Town Clerk is responsible for reconciling the cash collections to the general ledger. A member of the Town Council reviews the bank account reconciliations monthly.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Response: All employees who collect payments from customers are bonded.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

a. Observe that receipts are sequentially pre-numbered.

Response: Out of 17 deposits traced, four of the deposits did not have receipts. Seven of the deposits did not have receipts but did have daily system reports showing the deposits.

b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Response: Two of the 17 collections could not be traced from the receipts or system reports to the deposit slip because they were direct deposits from LCDBG.

c. Trace the deposit slip total to the actual deposit per the bank statement.

Response: All deposit slips were traced to the bank statements.

d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Response: All deposits were made within one business day of the receipt.

e. Trace the actual deposit per the bank statement to the general ledger.

Response: All deposits from the bank statement were traced to the general ledger.

Exception: See above responses.

Management's Response: The Town will develop a policy for collecting, depositing, and reconciling cash to achieve segregation of duties. In addition, the policy should include steps needed to insure that all receipts or system reports can be traced to the deposit slips.

Disbursements - General

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Response: Management provided a listing of locations that process payments and representation that the listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

a. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Response: All employees can make purchase requests/purchase orders. The Maintenance Supervisor, the Town Clerk, and the Assistant Clerk can make purchases.

b. At least two employees are involved in processing and approving payments to vendors.

Response: Payments to vendors are processed by the Town Clerk or the Assistant Clerk through the accounting system. The Town Clerk or the Assistant Clerk sign the check once processed, and the Mayor is the second signer on the check. The Mayor and the Town Council approve the payments to vendors at the monthly meetings.

c. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Response: The Town Clerk and the Assistant Clerk can add vendors and processes payments; however, the Mayor and the Town Council must approve the purchase and confirm by signature that the vendor has been approved.

d. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Response: The other employee mails payments and does not process payments.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Response: Management provided the disbursement transaction population and representation that the population is complete.

a. Observe that the disbursement matched the related original invoice/billing statement.

Response: Out of 60 disbursements tested, all disbursements included a related invoice or billing statement.

b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Response: All disbursements followed the segregation of duties as stated.

Exception: See above responses.

Management's Response: None.

Credit Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Response: Management provided a listing of credit cards, bank debit cards, fuel cards, and P-cards and representation that the listing is completed.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Response: Three cards were tested, and the monthly statements were not reviewed and approved, in writing, by someone other than the authorized card holder on two of the credit cards.

- b. Observe that finance charges and late fees were not assessed on the selected statements.

Response: There were no finance charges or late fees on any of the selected statements.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing).

- a. For each transaction, observe that it is supported by:

- i. An original itemized receipt that identifies precisely what was purchased,

Response: All other charges were evidenced by an original itemized receipt.

- ii. Written documentation of the business/public purpose, and

Response: Transactions for all three cards did not include the business/public purpose.

- iii. Documentation of the individuals participating in meals (for meal charges only).

Response: There were no meal charges for any of the cards.

Exception: See above responses.

Management's Response: Management will follow its policy to list the business/public purposes for charges on each card.

Travel and Expense Reimbursement

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Response: Management provided a listing of travel and related expense reimbursements and representation that the listing is complete.

- a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Response: There was one reimbursement, and it was not for per diem.

- b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Response: The reimbursement was for mileage, and the IRS business mileage rate was used.

- c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Response: The travel reimbursement was supported by documentation of the business/public purpose.

- d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Response: Each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Exception: See above responses.

Management's Response: None.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period.

Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Response: Management provided representation of new contracts that were initiated or renewed during the fiscal period.

- a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Response: The contract was for professional services and was not required to be bid in accordance with Louisiana Public Bid Law.

- b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Response: The contract was signed by the Mayor; however, there is no reference in the meeting minutes that the Mayor was authorized by the Town Council.

- c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

Response: The contract was not amended.

- d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Response: The supporting invoices agrees with the contract terms and conditions.

Exception: See above responses.

Management's Response: Management will follow its policy in reviewing and approving contracts.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Response: Management provided a listing of employees/elected officials and representation that the listing is complete. Of the five files reviewed, all the salaries listed in the personnel files agreed to the paid salaries.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Response: All employees selected documented their daily attendance and leave.

- b. Observe that supervisors approved the attendance and leave of the selected employees/officials.

Response: All seven employees had attendance and leave that was approved by a supervisor.

c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Response: Leave taken during the pay period was reflected in the cumulative leave records for six of seven employees.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Response: Employees that were terminated during the audit year did not receive any termination payments.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Response: Management provided representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid.

Exception: See above responses.

Management's Response: Leave records for all employees will be updated to current accumulated amounts.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Response: Ethics training was completed by all seven employees selected.

b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Response: The ethics policy was read by all employees as attested by signature verification.

Exception: See above responses.

Management's Response: None.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Response: Management has provided representation that one bond/note was issued during the fiscal period.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Response: Management has provided representation that the listing of bonds/notes outstanding is complete. One bond debt covenant was inspected and the actual reserve balances and payments required were made.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Response: Management has provided representation that there were no misappropriations of public funds and assets during the fiscal period.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Response: We observed the notice posted in the Town Hall.

We were not engaged to and did not perform an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kenneth D. Felden & Co., CPAs

Jonesboro, Louisiana
December 31, 2019

Police Chief
Brandon Myers

Clerks
Lynette Roberts
Bobbi Chatham

Town of Chatham

Dwight Cooper, Mayor

Board of Aldermen
Marvin Davis
Gregory Harris
Toni Malone
Laverne Mixon
Sue Proffer

December 31, 2019

Kenneth D. Folden & Co., CPAs
302 Eighth Street
Jonesboro, Louisiana

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period July 1, 2018 through June 30, 2019, we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; disbursements; credit/debit/fuel/purchasing cards; travel and expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas as applicable.

Yes No

2. For the fiscal period July 1, 2018 through June 30, 2019, the C/C areas were administered in accordance with the best practice criteria presented in the SAUPs.

Yes No

3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.

Yes No

4. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.

Yes No

5. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between June 30, 2019, and December 31, 2019.

Yes No

6. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.

Yes No

7. We represent that the listing of bank accounts provided to you is complete.

Yes No

8. We represent that the listing of cash/check/money order (cash) collection locations provided to you is complete.

Yes No

9. We represent that the listing of entity disbursements or the general ledger population of entity disbursements provided to you is complete.

Yes No

10. We represent that the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards, provided to you is complete.

Yes No

11. We represent that the listing of all travel and related expense reimbursements, by person, during the fiscal period or the general ledger population of travel and related expense reimbursements provided to you is complete.

Yes No

12. We represent that the listing of all contracts in effect during the fiscal period or the general ledger population of contract payments provided to you is complete.

Yes No

13. We represent that the listing of employees (and elected officials, if applicable) with their related salaries provided to you is complete.

Yes No

-
14. We represent that the listing of employees (and elected officials, if applicable) that terminated during the fiscal period provided to you is complete.
- Yes No
15. We have disclosed to you other data you deemed necessary to complete SAUPs.
- Yes No
16. We have responded fully to all inquiries made by you during the engagement.
- Yes No
17. We are not aware of any events that have occurred subsequent to June 30, 2019, that would require adjustment to or modification of the results of the agreed-upon procedures.
- Yes No

The previous responses have been made to the best of our belief and knowledge.

Signature Dwight Cooper Date December 31, 2019

Title Mayor

Signature Lynette Roberts Date December 31, 2019

Title Clerk