

TOWN OF CHENEYVILLE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020



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ACCOUNTANTS

December 28, 2020

Independent Auditors' Report

The Honorable Derrick Johnson, Mayor
and the Board of Aldermen
Town of Cheneyville, Louisiana

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cheneyville, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town'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 an opinion 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 basic financial statements are free of 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 judgement, 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 auditors consider 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 assessing the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cheneyville, as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity 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 the information listed below to supplement the basic financial statements.

- Budgetary Comparison Information

Such information, although not a part of the basic financial statements, is required by the Government 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.

The Town has omitted 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 financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

OTHER SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cheneyville's basic financial statements. The other supplemental information listed below is presented for purposes of additional analysis and are not a required part of the basic financial statements.

- Schedule of Compensation Paid to Board Members

The Honorable Derrick Johnson, Mayor
and the Board of Aldermen
December 28, 2020

- Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer

The other supplementary information is the responsibility of management and is 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 other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued a report dated December 28, 2020, on our consideration of the Town of Cheneyville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cheneyville's internal control over financial reporting and compliance.



ROZIER, MCKAY & WILLIS
Certified Public Accountants
Alexandria, LA
December 28, 2020



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December 28, 2020

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*

The Honorable Derrick Johnson, Mayor
And the Board of Alderman
Town of Cheneyville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cheneyville, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Town of Cheneyville's basic financial statements, and have issued our report herein dated December 28, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Cheneyville'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 Cheneyville's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Cheneyville'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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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. Given these limitations, during our audit we did

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The Honorable Derrick Johnson, Mayor
and the Board of Aldermen
December 28, 2020

not identify any deficiencies that we consider to be a material weakness in internal control. We identified three significant deficiencies in internal control; (2020-1, 2020-7, 2020-8); described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Cheneyville'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 eight instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, (2020-2 through 2020-6, 2020-9, 2020-10, and 2020-11.)

Town of Cheneyville's Response to Findings

The Town of Cheneyville's response to the findings identified in our audit is described in the accompanying management's corrective action plan. The Town of Cheneyville's response was not subjected to the auditing procedures applied in the audit of financial statements and, accordingly, we express no opinion on it.

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



ROZIER, MCKAY & WILLIS
Certified Public Accountants
Alexandria, LA
December 28, 2020

Town of Cheneyville

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 77,406	\$ 32,358	\$ 109,764
Receivables (Net)	29,544	30,511	60,055
Internal Balances	233,430	(233,430)	-
Restricted Assets - Cash	7,778	43,548	51,326
Restricted Assets - Investments	-	116,984	116,984
Capital Assets:			
Non Depreciable Capital Assets	64,019	45,323	109,342
Depreciable Assets, Net	<u>585,772</u>	<u>2,143,342</u>	<u>2,729,114</u>
Total Assets	<u>997,949</u>	<u>2,178,636</u>	<u>3,176,585</u>
<u>LIABILITIES</u>			
Accounts Payable and other Payables	55,755	11,878	67,633
Deposits due others	-	57,669	57,669
Long-Term liabilities			
Long-Term Debt			
Due within one year	-	25,186	25,186
Due in more than one year	<u>-</u>	<u>781,898</u>	<u>781,898</u>
Total Liabilities	<u>55,755</u>	<u>876,631</u>	<u>932,386</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	649,791	2,188,665	2,838,456
Restricted	-	\$ 102,863	102,863
Unrestricted	<u>292,403</u>	<u>(989,523)</u>	<u>(697,120)</u>
Total Net Position (deficit)	<u>\$ 942,194</u>	<u>\$ 1,302,005</u>	<u>\$ 2,244,199</u>

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

Town of Cheneyville

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	Governmental Activities	Business- Type Activities	Total
<u>Governmental Activities:</u>							
General Government	\$ 210,032	\$ 12,600	\$ -	\$ -	\$ (197,432)	\$ -	\$ (197,432)
Public Safety	167,821	124,557	-	-	(43,264)	-	(43,264)
Streets and Drainage	156,579	128,535	27,325	-	(719)	-	(719)
Culture and Recreation	11,633	975	1,705	-	(8,953)	-	(8,953)
Total Governmental Activities	<u>546,065</u>	<u>266,667</u>	<u>29,030</u>	<u>-</u>	<u>(250,368)</u>	<u>-</u>	<u>(250,368)</u>
<u>Business-Type Activities:</u>							
Sewer System	181,988	95,105	-	-	-	(86,883)	(86,883)
Water System	209,045	185,658	-	-	-	(23,387)	(23,387)
Interest on Long-Term Debt	37,062	-	-	-	-	(37,062)	(37,062)
Total Business-Type Activities	<u>428,095</u>	<u>280,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(147,332)</u>	<u>(147,332)</u>
Total Primary Government	<u>\$ 974,160</u>	<u>\$ 547,430</u>	<u>\$ 29,030</u>	<u>\$ -</u>	<u>(250,368)</u>	<u>(147,332)</u>	<u>(397,700)</u>
<u>General Revenues:</u>							
Taxes:							
Ad Valorem					13,809	-	13,809
Sales Taxes					212,124	-	212,124
Franchise					26,637	-	26,637
Occupational Licenses					18,177	-	18,177
Other					15,000	2,678	17,678
Transfers					-	-	-
Total General Revenues and Transfers					<u>285,747</u>	<u>2,678</u>	<u>288,425</u>
Change in Net Assets					<u>35,379</u>	<u>(144,654)</u>	<u>(109,275)</u>
Net Position Beginning - As Originally Reported					936,303	1,420,021	2,356,324
Prior Period Adjustment					(29,488)	26,638	(2,850)
Net Position Beginning - As Restated					906,815	1,446,659	2,353,474
Net Position Ending					<u>\$ 942,194</u>	<u>\$ 1,302,005</u>	<u>\$ 2,244,199</u>

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

Town of Cheneyville

Balance Sheet

Governmental Funds - June 30, 2020

	<u>General</u>
<u>Assets</u>	
Cash and Cash Equivalents	\$ 77,406
Receivables (Net)	29,544
Interfund Due To/From	233,430
Restricted Cash	<u>7,778</u>
Total Assets	<u>\$ 348,158</u>
 <u>Liabilities and Fund Equity</u>	
<u>Liabilities:</u>	
Accounts Payable and Other Payables	<u>\$ 55,755</u>
Total Liabilities	<u>55,755</u>
 <u>Fund Equity:</u>	
Unassigned	<u>292,403</u>
Total Fund Equity	<u>292,403</u>
Total Liabilities and Fund Equity	<u>\$ 348,158</u>

Total Fund Balances - Governmental Funds	\$ 292,403
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	649,791
Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	<u>-</u>
Net Position of Governmental Activities	<u>\$ 942,194</u>

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

Town of Cheneyville

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2020

	<u>General Fund</u>
<u>Revenues:</u>	
Ad Valorem	\$ 13,809
Sales Tax	212,124
Franchise Taxes	26,637
Occupational Licenses	17,695
Charges for Services	66,610
Fines and Forfeitures	124,557
Intergovernmental	92,692
Other	<u>27,322</u>
Total Revenues	<u>581,446</u>
<u>Expenditures:</u>	
Current:	
General Government	205,116
Public Safety	156,218
Streets and Drainage	115,362
Culture and Recreation	8,263
Capital Expenditures	<u>66,947</u>
Total Expenditures	<u>551,906</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>29,540</u>
<u>Other financing sources (uses):</u>	
Operating Transfers	<u>-</u>
Total other financing sources (uses)	<u>-</u>
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>29,540</u>
<u>Fund Balance - Beginning of Year</u>	
As Originally Reported	292,351
Prior Period Adjustment	<u>(29,488)</u>
As Restated	<u>262,863</u>
Fund Balance - End of Year	<u>\$ 292,403</u>

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

Town of Cheneyville

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year Ended June 30, 2020

Net change in fund balances of Governmental Funds \$ 29,540

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital expenditures reported by Governmental Funds	66,947	
Depreciation expense reported on a government-wide basis	<u>(63,912)</u>	3,035

Compensated Absences are recorded in the governmental funds when paid, but are recorded in the statement of activities when earned. This represents the amount compensated absences earned exceed amount paid in the current period		2,804
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Change in net position of governmental activities \$ 35,379

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

Town of Cheneyville

Statement of Net Position

Proprietary Funds - Year Ended June 30, 2020

	Business-Type Activities		
	Sewer System	Water System	Total
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 5,904	\$ 26,454	\$ 32,358
Receivables (Net)	10,229	20,282	30,511
Total Current Assets	16,133	46,736	62,869
Restricted Assets:			
Cash and cash Equivalents	-	43,548	43,548
Investments	-	116,984	116,984
Total Restricted Assets	-	160,532	160,532
Noncurrent Assets:			
Land	36,075	9,248	45,323
Depreciable Capital Assets, Net	1,301,903	841,439	2,143,342
Total Noncurrent Assets	1,337,978	850,687	2,188,665
Total Assets	1,354,111	1,057,955	2,412,066
Liabilities:			
Current Liabilities:			
Accounts and Other Payables	1,875	10,003	11,878
Due to Other Funds	31,777	201,653	233,430
Deposits due others	-	57,669	57,669
Total Current Liabilities	33,652	269,325	302,977
Liabilities Payable from Restricted Assets:			
Current Portion of Long-Term Debt	-	25,186	25,186
Noncurrent Liabilities			
Long-Term Debt	-	781,898	781,898
Total Noncurrent Liabilities	-	781,898	781,898
Total liabilities	33,652	1,076,409	1,110,061
Net Position:			
Invested in capital assets, net of related debt	1,337,978	850,687	2,188,665
Restricted	-	102,863	102,863
Unrestricted	(17,519)	(972,004)	(989,523)
Total net position	\$ 1,320,459	\$ (18,454)	\$ 1,302,005

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

Town of Cheneyville

Statement of Revenues, Expenditures, and Changes in Fund Net Assets Proprietary Funds - Year Ended June 30, 2020

	Business-Type Activities		
	Sewer System	Water System	Total
<u>Operating Revenues:</u>			
Service Fees	95,105	185,658	280,763
Other	-	-	-
Total operating revenues	95,105	185,658	280,763
<u>Operating Expenses:</u>			
Salaries and wages	-	34,817	34,817
Legal and Professional	3,700	12,808	16,508
Insurance	-	5,932	5,932
Repairs and Maintenance	13,133	6,226	19,359
Supplies and Chemicals	1,813	12,679	14,492
Employee Benefits	-	2,567	2,567
Utilities and Telephone	13,364	15,802	29,166
Permits and Testings	2,730	14,453	17,183
Depreciation Expense	143,334	94,140	237,474
Other Expenses	3,914	9,621	13,535
Total operating expenses	181,988	209,045	391,033
Operating income (loss)	(86,883)	(23,387)	(110,270)
<u>Non-operating revenues (expenses):</u>			
Capital Grant Proceeds	-	-	-
Interest income	-	2,678	2,678
Interest Expense	-	(37,062)	(37,062)
Change in net assets before Contributions and transfers	(86,883)	(57,771)	(144,654)
<u>Contributions and Transfers:</u>			
Operating Transfers	-	-	-
Change in net position	(86,883)	(57,771)	(144,654)
Net Position Beginning			
As Originally Reported	1,405,976	14,045	1,420,021
Prior Period Adjustment	1,366	25,272	26,638
As Restated	1,407,342	39,317	1,446,659
Total net position - ending	\$ 1,320,459	\$ (18,454)	\$ 1,302,005

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

Town of Cheneyville

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2020

	<u>Business-Type Activities</u>		
	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
<u>Cash flow from operating activities:</u>			
Cash received from customers	\$ 93,559	\$ 190,686	\$ 284,245
Cash payments to suppliers of goods and services	(65,284)	(77,308)	(142,592)
Cash payments to employees for service	-	(35,654)	(35,654)
Net cash provided (used) by operating activities	<u>28,275</u>	<u>77,724</u>	<u>105,999</u>
<u>Cash flows from non-capital financing activities:</u>			
Interfund activity, net	(29,100)	6,294	(22,806)
Operating transfers, net	-	-	-
Net cash provided (used) by non-capital financing activities	<u>(29,100)</u>	<u>6,294</u>	<u>(22,806)</u>
<u>Cash flows from capital and related financing activities:</u>			
Interest paid on Debt	-	(37,062)	(37,062)
Principle paid on Debt	-	(24,014)	(24,014)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(61,076)</u>	<u>(61,076)</u>
<u>Cash flows from investing activities:</u>			
Purchase of Investments	-	(7,264)	(7,264)
Interest and other income	-	2,678	2,678
Net cash provided (used) by investing activities	<u>-</u>	<u>(4,586)</u>	<u>(4,586)</u>
Net increase (decrease) in cash	(825)	18,356	17,531
Beginning cash balance	<u>6,729</u>	<u>51,646</u>	<u>58,375</u>
Ending cash balance	5,904	70,002	75,906
Cash - Restricted	-	(43,548)	(43,548)
Cash - Unrestricted	<u>\$ 5,904</u>	<u>\$ 26,454</u>	<u>\$ 32,358</u>

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

Town of Cheneyville

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended June 30, 2020

	<u>Business-Type Activities</u>		
	<u>Sewer System</u>	<u>Water System</u>	<u>Total</u>
<u>Reconciliation of operating income (loss) to net cash</u>			
Operating Income (loss)	\$ (86,883)	\$ (23,387)	\$ (110,270)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	143,334	94,140	237,474
(Increase) decrease in accounts receivable	(1,547)	5,259	3,712
(Increase) decrease in prepaid expenses	-	-	-
(Decrease) increase in accounts payable	(26,629)	2,780	(23,849)
(Decrease) increase in meter deposits	-	(231)	(231)
(Decrease) increase in accrued salaries	-	(837)	(837)
Net cash provided (used) by operating activities	\$ 28,275	\$ 77,724	\$ 105,999

Supplemental disclosures of cash flow information:

For the years ended June 30, 2020 there were no investing, capital, and financing activities that did not result in cash receipts or payments.

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

TOWN OF CHENEYVILLE

Notes to Financial Statements ***June 30, 2020***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Cheneyville, Louisiana (the Town) was incorporated under the provisions of the Lawrason Act and operates under a Mayor-Board of Aldermen form of government. The Town provides various services including public safety, streets and drainage, recreation, public improvements, utility (water, sewerage, and sanitation), and general administrative services.

The accompanying policies of the Town of Cheneyville, Louisiana, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies.

Financial Reporting Entity

As the municipal governing authority, for reporting purposes the Town is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board establishes criteria for determining which component units should be considered part of the Town of Cheneyville for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - The ability of the Town to impose its will on that organization, and/or
 - The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
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 upon the above criteria, the Town of Cheneyville has no component units for the year ended June 30, 2020.

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.

TOWN OF CHENEYVILLE

Notes to Financial Statements ***June 30, 2020***

- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises.

The government-wide and fund financial statements present the Town's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Town as a whole. The effect of most inter-fund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and proprietary funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

Governmental Funds

- General fund – The general fund is the primary operating fund and is used to account for all governmental activities.

Proprietary Funds

- Sewer System – The Sewer System is used to account for the wastewater operations of the Town and is supported by user fees
- Water System – The Water System is used to account for the distribution of drinkable water to the Town's citizens and is supported by user fees.

Business-Type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for natural gas, water and sewer service.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

TOWN OF CHENEYVILLE

Notes to Financial Statements June 30, 2020

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	No measurement focus

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of accounting and the current financial resources measurement focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year-end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgments are recorded as expenses when payment is made. Furthermore, when the current financial resources measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other-financing source and repayment of long-term debt is reported as an expenditure.

Non-Exchange Transactions

Revenue from certain non-exchange transactions cannot be properly measured prior to collection. Furthermore, it is not practical to determine the probability of collection resulting from certain non-exchange transactions such as traffic citations. Consequently, revenue from fines and court cost are not recognized until they are collected.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Restricted Assets

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. In situations where it is permissible to spend restricted resources, the Town typically depletes the available restricted resources before consuming unrestricted resources.

Budget Practices

The Mayor prepares an annual budget for the Town's general fund. This budget is submitted to the Board of Aldermen and an approved budget is adopted before the beginning of each fiscal year. Amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the Town's Utility Fund.

TOWN OF CHENEYVILLE

Notes to Financial Statements ***June 30, 2020***

Capital Assets

Capital assets are carried at historical cost or estimated historical cost including interest incurred during construction. Prior to July 1, 1989, there were few records supporting the cost; therefore, cost related to the Town's utility system is estimated based on information furnished by the Town's consulting engineers. Cost of buildings and equipment acquired prior to July 1, 1989, were estimated based on replacement cost.

Infrastructure capital assets consisting of streets, bridges, sidewalks, and drainage systems acquired before July 1, 2003, are excluded from capital assets. Depreciation associated with capital assets is computed using the straight-line method over the estimated useful lives of the assets.

Cash and Cash Equivalents

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit, and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

Encumbrance Accounting

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

Compensated Absences

Accumulated unpaid vacation and compensatory pay have been accrued when incurred in the Proprietary Funds (using the accrual basis of accounting). These amounts relating to the Governmental Funds have been presented in the government-wide financial statements.

Statement of Cash Flows

For the purposes of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in bank, and certificates of deposit.

Interfund Transactions

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

Fund Balance Classification

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the Town typically depletes the available restricted or committed resources before consuming unrestricted resources.

TOWN OF CHENEYVILLE

Notes to Financial Statements June 30, 2020

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 2020, cash and cash equivalents totaled \$161,090 (book balance) and \$163,662 (bank balance). \$51,326 of the book balance is considered restricted, the rest of the book balance is unrestricted.

Deposits are stated at cost, which approximates market value. Under state law, these deposits 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2020, the Town's bank deposits are secured from risk by \$250,000 of federal deposit insurance.

NOTE 3 - INVESTMENTS

Included in the investment balance at year-end is \$116,984 held by the Louisiana Asset Management Pool. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities that have contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- **Credit Risk:** LAMP is rated AAAM by Standard & Poor's.
- **Custodial Credit Risk:** LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- **Concentration of Credit Risk:** Pooled investments are excluded from the 5 percent disclosure requirement.
- **Interest Rate Risk:** LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 47 days as of June 30, 2020.
- **Foreign Currency Risk:** Not applicable

TOWN OF CHENEYVILLE

Notes to Financial Statements ***June 30, 2020***

Investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2020, consisted of the following:

	Governmental Activities	Business-Type Activities	Total
<u>Accounts Receivable</u>			
Charges for Services	\$ 6,498	\$ 30,511	\$ 37,009
Franchise Taxes	5,682	----	5,682
Occupational License	----	----	----
Other	----	----	----
Total Accounts Receivables	<u>12,180</u>	<u>30,511</u>	<u>42,691</u>
<u>Due From Other Governmental Units</u>			
Sales Taxes	17,364	----	17,364
Other	----	----	----
Total Due From Other Governmental Units	<u>17,364</u>	<u>----</u>	<u>17,364</u>
Total Receivables	29,544	30,511	60,055
Allowance for Doubtful Accounts	----	----	----
Net Receivables	<u>\$ 29,544</u>	<u>\$ 30,511</u>	<u>\$ 60,055</u>

NOTE 5 – LONG –TERM LIABILITIES

Any debt attributable to the acquisition of the Town's utility system and the operation of the utility system is reported as an obligation of the Town's business-type enterprise funds. Remaining debts are reported as governmental activities. The Town's debts are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
<u>Long-Term Liabilities</u>			
1993 Water Revenue Bonds	----	\$ 127,357	\$ 127,357
2004 Water Revenue Bonds	----	<u>679,727</u>	<u>679,727</u>
Total Long-term Debt	----	<u>\$ 807,084</u>	<u>\$ 807,084</u>

TOWN OF CHENEYVILLE

Notes to Financial Statements June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Due Within One Year	----	25,186	25,186
Due in More Than One Year	\$ ----	\$ 781,898	\$ 781,898

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Compensated absences	\$ ----	\$ ----	\$ ----	\$ ----
Notes Payable	----	----	----	----
Total Governmental Activities	\$ ----	\$ ----	\$ ----	\$ ----
<u>Business-Type Activities</u>				
1993 Water Revenue Bonds	\$ 136,028		8,671	127,357
2004 Water Revenue Bonds	695,070	----	15,343	679,727
Total Business-Type Activities	831,098	----	24,014	807,084
Total Long-Term Liabilities	\$ 831,098	\$ ----	\$ 24,014	\$ 807,084

Revenue Bonds

The Town has issued water revenue bonds that are secured by and payable solely from a pledge of funds generated by the Town's Water System. Revenue bonds outstanding at June 30, 2020 are described as follows:

\$256,000 of Water Revenue Bonds Series 1993 issued for improvements to the Town's waterworks system, due in monthly serial installments of \$1,300 through June 23, 2032; bearing interest at a rate of 5.25%.	\$ 127,357
\$850,000 of Water Revenue Bonds Series 2004 issued for improvements to the Town's waterworks system, due in monthly serial installments of \$3,859 through July 13, 2044; bearing interest at a rate of 4.50%.	\$ 679,727
Total Revenue Bonds	\$ 807,084

TOWN OF CHENEYVILLE

Notes to Financial Statements June 30, 2020

Maturity of Long-term Debt

A schedule of maturities of long-term debt excluding compensated absences and capital leases is presented as follows:

<u>Year Ended June 30th</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal Installments</u>	<u>Interest</u>	<u>Principal Installments</u>	<u>Interest</u>
2021	----	----	\$ 25,186	\$ 36,727
2022	----	----	26,415	35,499
2023	----	----	27,703	34,210
2024	----	----	29,056	32,858
2025	----	----	30,474	31,439
2026 – 2030	----	----	176,214	133,353
2031 - 2035			148,219	93,913
2036 - 2040			172,543	58,997
2041 - 2044	----	----	171,274	16,415
<u>Total Governmental</u>	<u>\$ ----</u>	<u>\$ ----</u>	<u>\$ 807,084</u>	<u>\$ 473,411</u>

NOTE 6 – AD VALOREM TAXES

The Town bills and collects its own property taxes using assessed values determined by the Tax Assessor of Rapides Parish. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in late November or December. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

For the year ended June 30, 2020, the Town levied 8.75 mills of ad valorem taxes totaling \$13,809 which were dedicated to the general corporate purposes of the Town.

NOTE 7 - FIXED ASSETS

Changes in the governmental and business-type capital assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non-Depreciable Capital Assets				
Construction in Progress	\$ ----	\$ 26,613	\$ ---	\$ 26,613
Land	37,406	----	----	37,406
Total	<u>\$ 37,406</u>	<u>\$ 26,613</u>	<u>----</u>	<u>\$ 64,019</u>
Depreciable Capital Assets				
Buildings	277,582	11,660	----	289,242

TOWN OF CHENEYVILLE

Notes to Financial Statements June 30, 2020

	Beginning Balance	Additions	Disposals	Ending Balance
Improvements	773,987	28,674	----	802,661
Equipment/Vehicles	446,795	----	----	446,795
Accumulated Depreciation	(889,014)	(63,912)	----	(952,926)
Total	<u>609,350</u>	<u>3,035</u>	----	<u>585,772</u>
 Total Governmental Activities	 <u>\$ 646,756</u>	 <u>\$ 3,035</u>	 <u>\$ ----</u>	 <u>\$ 649,791</u>
 <u>Business-Type Activities</u>				
Non-Depreciable Capital Assets				
Construction in Progress	\$ ----	\$ ----	\$ ----	\$ ----
Land	45,323	----	----	45,323
Total	<u>45,323</u>	<u>----</u>	<u>----</u>	<u>45,323</u>
 Depreciable Capital Assets				
Sewer System	4,064,923	----	----	4,064,923
Vehicles	13,046	----	----	13,046
Buildings	3,159	----	----	3,159
Equipment	366,491	----	----	366,491
Water Distribution System	2,779,775	----	----	2,779,775
Accumulated Depreciation	(4,846,578)	(237,474)	----	(5,084,052)
Total	<u>2,380,816</u>	<u>(237,474)</u>	<u>----</u>	<u>2,143,342</u>
 Total Business-Type Activities	 <u>\$ 2,426,139</u>	 <u>\$ (237,474)</u>	 <u>\$ ----</u>	 <u>\$ 2,188,665</u>

Depreciation expense reported by the various functions is presented as follows:

<u>Governmental Activities</u>	
General Government	\$ 7,720
Public Safety	11,604
Streets and Drainage	41,218
Culture and Recreation	3,370
Total Depreciation – Governmental Activities	<u>\$ 63,912</u>
 <u>Business-Type Activities</u>	
Sewer System	\$ 143,334
Water System	94,140
Total Depreciation – Business-Type Activities	<u>\$ 237,474</u>

TOWN OF CHENEYVILLE

Notes to Financial Statements ***June 30, 2020***

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following is a summary of accounts payable and accrued expenses at June 30, 2020:

	<u>Payable to Vendors</u>	<u>Accrued Expenses</u>	<u>Total</u>
<u>Governmental Activities</u>			
General Fund	\$ 14,895	\$ 40,860	\$ 55,755
Total Governmental	<u>\$ 14,895</u>	<u>\$ 40,860</u>	<u>\$ 55,755</u>
<u>Business-Type Activities</u>			
Sewer System	1,875	----	1,875
Water System	8,789	1,214	10,003
Total Business-Type	<u>10,664</u>	<u>1,214</u>	<u>11,878</u>
Total Accounts Payable And Accrued Expenses	<u>\$ 25,559</u>	<u>\$ 42,074</u>	<u>\$ 67,633</u>

NOTE 9 - RISK MANAGEMENT

The Town of Cheneyville is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and participation in a public entity risk pool that operates as a common insurance program. Claims resulting from these risks have historically not exceeded insurance coverage.

NOTE 10 – GRANT REVENUES

As with most municipalities with diverse operations, the Town of Cheneyville regularly receives grant revenues related to various aspects of the Town's operations.

The Town was awarded LGAP funds in the current year, which the Town utilized to begin a sidewalk project. In addition, the Town received funding for a walking trail, which was completed in the current year.

NOTE 11 – CONTINGENCIES

Existing conditions that may have financial consequences in the future are referred to as contingencies. Contingencies existing at June 30, 2020 are described as follows:

Litigation

Like most governmental units with extensive and diverse operations, the Town is occasionally named as a defendant in litigation. Based on consultation with the Town Attorney and insurance carrier, there are no anticipated claims that are expected to exceed available insurance coverage.

TOWN OF CHENEYVILLE

Notes to Financial Statements **June 30, 2020**

Grant Compliance

The Town receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

Prior period adjustments were necessary to correct various components of beginning net position and fund balance. The adjustments necessary to properly reflect opening balances include the elimination of erroneous activity in several bank accounts, the inclusion of a previously omitted bank account, the accrual of franchise taxes, the reversal of an improper accrual related to fines and forfeitures, and adjustments to accounts payable.

It was not practical to determine the effect of the restatement on changes in net position and changes in fund balances for the preceding period.

The effect of restatement on beginning net position for the government wide presentation is presented as follows:

	Total Governmental	Total Business- Type	Total Government
To Properly Present Cash Balances	\$ (21,694)	\$ 10,036	\$ (11,658)
To Accrue Franchise Tax	4,994	----	4,994
To reverse accrual for Fines and Forfeitures	(49,617)	----	(49,617)
To Properly Present Accounts Payable	36,829	16,602	53,431
	<hr/>	<hr/>	<hr/>
Total Prior Period Adjustment	(29,488)	26,638	(2,850)
Beginning Net Position – As Originally Reported	936,303	1,420,021	2,356,324
	<hr/>	<hr/>	<hr/>
Beginning Net Position – As Restated	\$ 906,815	\$ 1,446,659	\$ 2,353,474

The effect of restatement on beginning Fund Balances for governmental funds is presented as follows:

	General Fund
To Properly Present Cash Balances	\$ (21,694)
To Accrue Franchise Tax	4,994
To reverse accrual for Fines and Forfeitures	(49,617)
To Properly Present Accounts Payable	36,829
	<hr/>
Total Prior Period Adjustment	(29,488)
Beginning Fund Balance – As Originally Reported	292,351
	<hr/>
Beginning Fund Balance – As Restated	\$ 262,863

TOWN OF CHENEYVILLE

Notes to Financial Statements June 30, 2020

The effect of restatement on beginning net position for business-type funds is presented as follows:

	<u>Sewer System</u>	<u>Water System</u>
To Properly Present Cash Balances	\$ 2,100	\$ 7,936
To Properly Present Accounts Payable	(734)	17,335
Total Prior Period Adjustment	1,366	25,272
Beginning Net Position – As Originally Reported	<u>\$ 1,405,976</u>	<u>\$ 14,045</u>
Beginning Net Position – As Restated	<u>\$ 1,407,342</u>	<u>\$ 39,317</u>

Town of Cheneyville

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual

Year Ended June 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Ad Valorem	\$ 15,500	\$ 14,000	\$ 13,809	\$ (191)
Sales Tax	235,000	260,000	\$ 212,124	(47,876)
Franchise Taxes	31,000	25,000	\$ 26,637	1,637
Occupational Licenses	20,000	4,800	\$ 17,695	12,895
Charges for Services	75,100	50,900	\$ 66,610	15,710
Fines and Forfeitures	180,000	130,000	\$ 124,557	(5,443)
Intergovernmental	500	600	\$ 92,692	92,092
Other	6,000	51,500	\$ 27,322	(24,178)
Total revenues	<u>563,100</u>	<u>536,800</u>	<u>\$ 581,446</u>	<u>44,646</u>
Expenses:				
General government	177,630	316,750	205,116	111,634
Public Safety	180,450	201,840	156,218	45,622
Streets and Drainage	145,220	137,250	115,362	21,888
Recreation	-	-	8,263	(8,263)
Debt Service	-	-	66,947	(66,947)
Capital Outlay	-	-	-	-
Total Expenses	<u>503,300</u>	<u>655,840</u>	<u>551,906</u>	<u>103,934</u>
Excess (deficiency) of revenues over expenditures	<u>59,800</u>	<u>(119,040)</u>	<u>29,540</u>	<u>148,580</u>
Other financing sources (uses):				
Operating transfers	-	134,500	-	(134,500)
Total other financing sources (uses)	<u>-</u>	<u>134,500</u>	<u>-</u>	<u>(134,500)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>59,800</u>	<u>15,460</u>	<u>29,540</u>	<u>14,080</u>
Fund balance - beginning of year				
As Originally Report	-	292,351	292,351	-
Prior Period Adjustment	-	-	(29,488)	-
As Restated	-	-	262,863	-
Fund balance - end of year	<u>\$ 59,800</u>	<u>\$ 307,811</u>	<u>\$ 292,403</u>	<u>\$ 14,080</u>

TOWN OF CHENEYVILLE

Schedule of Compensation Paid to Board Members Year Ended June 30, 2020

Derrick Johnson	\$	7,140
Charles Collins		2,746
Francis Mitchell		1,900
Marilyn Jones		1,900
Mickey Allen		1,900
Rebecca Cook		1,900
		<hr/>
Total Compensation	\$	<u>17,486</u>

TOWN OF CHENEYVILLE

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer Year Ended June 30, 2020

Agency Head (Mayor) -Derrick Johnson

Purpose:

Compensation	\$	7,140
Payroll Taxes	\$	588
Expense Allowance		4,200
Reimbursements		14,529

TOWN OF CHENEYVILLE

Schedule of Findings

June 30, 2020

Part I - Summary of Auditor's Results:

- The Independent Auditor's Report on the general-purpose financial statements for the Town of Cheneyville, Louisiana, as of June 30, 2020, and for the year then ended expressed an unqualified opinion.
- The audit disclosed three findings (2020-1, 2020-7, 2020-8) which are considered to be significant deficiencies in internal control over financial reporting.
- The audit disclosed eight findings which are considered to be instances of noncompliance with applicable laws and regulations (2020-2 through 2020-6, 2020-9, 2020-10, and 2020-11).
- The Town was not required to have a Single Audit

Part II - Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards:

Finding 2020-1: Inadequate Controls Over Recordkeeping

The Town was unable to provide requested supporting documentation for some transactions recorded in the general ledger, and some documentation was unable to be located by staff.

Finding 2020-2: Payroll Tax Reporting

The Town did not file all of its required payroll tax reporting forms timely, and did not make all of its required payroll tax deposits by statutorily set deadlines, causing the Town to be in violation of state and federal law.

Finding 2020-3: Accounting for Meter Deposits

The Town did not maintain sufficient records to be able to reconcile the underlying meter deposit liability to the individual account balances. As this account is custodial in nature, the Town should be able to identify the individuals owed as a best practice. In addition, the Town did not send water meter deposits returned to the Town as undeliverable to the state treasury, as required by statute.

Finding 2020-4: Participation in Louisiana Municipal Police Retirement System

The Town's Police Chief and other full-time officers did not participate in the Louisiana Municipal Police Employees Retirement System as required by state statute, and were unable to produce documentation demonstrating they opted out of participation.

Finding 2020-5: Quarterly Audit of Traffic Tickets

The Town Clerk was not performing a quarterly audit of traffic tickets, as is statutorily required by R.S. 32:398.3

Finding 2020-6: Noncompliance with Local Government Budget Act

The Town's actual revenues and other sources were less than budgeted amounts by more than 5%, which is a violation of Local Government Budget Act.

Finding 2020-7: Controls over Tickets

During Audit Procedures, it was discovered that the Town did not write tickets in sequential order, and did not have physical possession of a series of voided tickets. To establish an effective control environment, tickets must be written in sequential order, and the supply of ticket books should be safeguarded and limited to authorized personnel.

Finding 2020-8: Cash Management

To establish effective internal controls over cash, deposits must be made on a regular basis, preferably daily. The Town did not make all deposits in a timely manner.

Finding 2020-9: Utility Revenues

The Town's Ordinance setting Utility Rates, which was adopted in August of 2018, requires the Town to increase Utility Rates once a year by a specified index. The Town has not increased its utility rates since the adoption of the Ordinance, causing the Town to not be compliance.

Finding 2020-10: Uniform Cutoff Policy

During audit procedures, it was discovered that the Town is not enforcing a uniform cutoff policy. LA Revised Statutes forbid municipalities from giving away anything of value, including utilities.

Finding 2020-11: Collections on Behalf of Other Entities

During audit procedures, it was determined that the Town had not remitted all fees, fines, and court costs collected on behalf of other entities to the required entities.

TOWN OF CHENEYVILLE

Management's Corrective Action Plan

June 30, 2020

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p><u>Finding 2020-1: Inadequate Controls Over Recordkeeping</u> The Town was unable to provide requested supporting documentation for some transactions recorded in the general ledger, and some documentation was unable to be located by staff.</p>	<p><u>Response:</u> Our Town Clerk has begun attending training courses, and is working diligently to obtain the knowledge needed to properly maintain the Town's records.</p>
<p><u>Finding 2020-2: Payroll Tax Reporting</u> The Town did not file all of its required payroll tax reporting forms timely, and did not make all of its required payroll tax deposits by statutorily set deadlines, causing the Town to be in violation of state and federal law.</p>	<p><u>Response:</u> We have retained the services of an outside bookkeeper, who will assist our accounting staff with filing all payroll tax reports and making all required payments timely.</p>
<p><u>Finding 2020-3: Accounting for Meter Deposits</u> The Town did not maintain sufficient records to be able to reconcile the underlying meter deposit liability to the individual account balances. As this account is custodial in nature, the Town should be able to identify the individuals owed as a best practice. In addition, the Town did not send water meter deposits returned to the Town as undeliverable to the state treasury, as required by statute.</p>	<p><u>Response:</u> Our Utility Clerk has begun the process of reconciling the meter deposit liability with the underlying individual account balances. In addition, we will submit any required monies to the state treasurer once this process is complete.</p>
<p><u>Finding 2020-4: Participation in Louisiana Municipal Police Retirement System</u> The Town's Police Chief and other full-time officers did not participate in the Louisiana Municipal Police Employees Retirement System as required by state statute, and were unable to produce documentation demonstrating they opted out of participation.</p>	<p><u>Response:</u> The search for these records has been made more difficult by the length of service of our police chief. We will obtain the required opt out forms, so as to demonstrate our officers do not desire participation in the retirement system.</p>
<p><u>Finding 2020-5: Quarterly Audit of Traffic Tickets</u> The Town Clerk was not performing a quarterly audit of traffic tickets, as is statutorily required by R.S. 32:398.3</p>	<p><u>Response:</u> Our Town Clerk will begin to audit the traffic tickets quarterly, as required.</p>
<p><u>Finding 2020-6: Noncompliance with Local Government Budget Act</u> The Town's actual revenues and other sources were less than budgeted amounts by more than 5%, which is a violation of Local Government Budget Act.</p>	<p><u>Response:</u> We will monitor our budget to actual reports more closely, so as to better respond to changes in anticipated results.</p>
<p><u>Finding 2020-7: Controls over Tickets</u> During Audit Procedures, it was discovered that the Town did not write tickets in sequential order, and did not have physical possession of a series of voided tickets. To establish an effective control environment, tickets must be written in sequential order, and the supply of ticket books should be safeguarded and limited to authorized personnel.</p>	<p><u>Response:</u> In conjunction with our quarterly audit of traffic tickets, we will ensure that proper sequentially order of tickets is maintained, and in addition we will ensure that the supply of ticket books is safeguarded and limited to authorized personnel.</p>

TOWN OF CHENEYVILLE

Management's Corrective Action Plan June 30, 2020

<p><u>Finding 2020-8: Cash Management</u> To establish effective internal controls over cash, deposits must be made on a regular basis, preferably daily. The Town did not make all deposits in a timely manner.</p> <p><u>Finding 2020-9: Utility Revenues</u> The Town's Ordinance setting Utility Rates, which was adopted in August of 2018, requires the Town to increase Utility Rates once a year by a specified index. The Town has not increased its utility rates since the adoption of the Ordinance, causing the Town to not be compliance.</p> <p><u>Finding 2020-10: Uniform Cutoff Policy</u> During audit procedures, it was discovered that the Town is not enforcing a uniform cutoff policy. LA Revised Statues forbid municipalities from giving away anything of value, including utilities.</p> <p><u>Finding 2020-11: Collections on Behalf of Other Entities</u> During audit procedures, it was determined that the Town had not remitted all fees, fines, and court costs collected on behalf of other entities to the required entities.</p>	<p><u>Response:</u> We will ensure that in the future, all deposits are made timely, so as to foster a proper internal control environment.</p> <p><u>Response:</u> We will raise rates to the required amount, and have retained the services of our engineering firm to monitor the calculation and implementation of this yearly rate change in the future.</p> <p><u>Response:</u> We will examine our policies, and work towards implementing a uniform cutoff policy.</p> <p><u>Response:</u> We will ensure that in the future, all amounts collected on behalf of other entities are submitted as required.</p>
<p><u>SECTION II</u> MANAGEMENT LETTER</p>	
<p><u>FINDINGS</u> No Findings of this Nature</p>	<p><u>RESPONSE</u> No Response Necessary</p>

TOWN OF CHENEYVILLE

Summary of Prior Year Findings June 30, 2020

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<p><u>Finding 2019-1: Preparation of Financial Statements</u> The Town does not have any employees with the knowledge and skill, nor have they engaged a third party who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.</p>	<p><u>Status: Partially Resolved</u> The Town doesn't have any employees with the knowledge and skill, and hasn't engaged a third party who has the qualification and training to apply generally accepted accounting principles (GAAP). However, the Town Clerk is capable of maintaining the books on a modified cash basis that is acceptable to management.</p>
<p><u>Finding 2019-2: Accounting Process</u> The Town failed to take all steps necessary to ensure that an effective structure of internal control was in place and functioning in order to prevent or detect and correct material misstatements on a timely basis.</p>	<p><u>Status: Resolved</u> The Town Clerk has attended training, and with support and oversight from the Mayor and governing board, has demonstrated an ability to record transactions in an accurate, complete, and timely manner.</p>
<p><u>Finding 2019-3: Inadequate Controls Over Recordkeeping</u> The Town was unable to provide requested supporting documentation for transactions recorded in the general ledger were unable to be located by Town staff.</p>	<p><u>Status: Unresolved (See Finding 2020-1)</u></p>
<p><u>Finding 2019-4: Timely Filing of Audit Report</u> The Town did not file its audit report by the deadline required in Louisiana's Audit Law.</p>	<p><u>Status: Resolved</u> The Town submitted its audit by the required deadline.</p>
<p><u>Finding 2019-5: Filing of Payroll Tax Forms</u> The Town did not file its State Withholding Forms timely, which is a violation of state law.</p>	<p><u>Status: Unresolved (See Finding 2020-2)</u> The Town was unable to provide documentation demonstrating that all required State Withholding Forms were filed timely.</p>
<p><u>Finding 2019-6: Deposit of Payroll Tax</u> The Town did not make its required payroll tax deposits timely, causing the Town to be in violation of Federal and State Laws.</p>	<p><u>Status: Unresolved (See Finding 2020-2)</u></p>
<p><u>Finding 2019-7: Unclaimed Property</u> The Town did not submit refunds of water meter deposits returned to the Town as undeliverable to the state treasury.</p>	<p><u>Status: Unresolved (See Finding 2020-3)</u></p>
<p><u>Finding 2019-8: Participation in Louisiana Municipal Police Retirement System</u> The Town's Police Chief and other full-time officers did not participate in the Louisiana Municipal Police Employees Retirement System as required by state statute, and were unable to produce documentation demonstrating they opted out of participation.</p>	<p><u>Status: Unresolved (See Finding 2020-4)</u> The Town was unable to provide documentation demonstrating that the officers opted out of participation in the retirement system.</p>
<p><u>Finding 2019-9: Noncompliance with Local Government Act</u> The Town did not retain sufficient documentation for auditors to determine if the budget for the period under audit was formally adopted and made available for public inspection</p>	<p><u>Status: Partially Resolved</u> The Town adopted its budget in the prescribed manner, however the Town still wasn't in compliance with the Local Government Budget Act, as variances were greater than the amount allowed by state law.</p>

TOWN OF CHENEYVILLE

Summary of Prior Year Findings June 30, 2020

<p><u>Finding 2019-10: Failure to Meet Bond Reserve Requirements</u> The Town did not have sufficient monies held in reserve accounts required by the Debt Covenants associated with the Town's 1993 Water Revenue Bond and the Town's 2004 Water Revenue Bonds.</p> <p><u>Finding 2019-11: Quarterly Audit of Traffic Tickets</u> The Town Clerk was not performing a quarterly audit of traffic tickets, as is statutorily required by R.S. 32:398.3</p>	<p><u>Status: Resolved</u> The Town has upheld all of its debt covenants in the current year.</p> <p><u>Status: Unresolved (See Finding 2020-5)</u></p>
<p><u>SECTION II</u> MANAGEMENT LETTER</p>	
<p><u>FINDINGS</u> No Findings of this Nature</p>	<p><u>RESPONSE</u> No Response Necessary</p>