

**TOWN OF CHENEYVILLE**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2021**



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February 19, 2022

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, 2021, 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, 2021, 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.

- Management's Discussion and Analysis
- 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.

#### **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
- Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer
- Justice System Funding Schedule – Collecting/Disbursing Entity

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

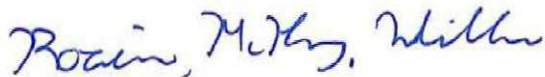
The Honorable Derrick Johnson, Mayor  
and the Board of Aldermen  
June 30, 2021

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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 February 19, 2022, 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



February 19, 2022

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, 2021, 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 February 19, 2022

**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  
June 30, 2021

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not identify any deficiencies that we consider to be a material weakness in internal control. We identified four significant deficiencies in internal control; (2021-001, 2021-005, 2021-006, 2021-008); 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 five instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, (2021-002, 2021-003, 2021-004, 2021-007, 2021-009).

#### **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

This section of the Town of Cheneyville's annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year ended June 30, 2021.

### Overview of Financial Statements

The basic financial statements include government-wide financial statements and fund financial statements. These two types of 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 government-wide financial statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the Town's assets (including infrastructure acquired after July 1, 2003) and all of the Town's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including police protection, fire protection, culture, recreation, public works, and general administration are reported as governmental activities. The governmental activities are financed by taxes, license fees, fines, court cost, interest, grants, and contributions.
- **Business-Type Activities** – Expenses associated with providing water and sewer services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with water and sewer services are reported as business type activities.

#### Fund Financial Statements

Fund financial statements provide detailed information regarding the Town's most significant activities and are not intended to provide information for the Town as a whole. Funds are accounting devices that are used to account for specific sources of funds. The Town has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental funds use a modified accrual basis of accounting that provides a short-term view of the Town's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the Town's water and sewer services. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements.

### Financial Analysis of the Town as a Whole

A comparative analysis of government-wide data is presented as follows:

#### Net Position

A condensed version of the government-wide Statement of Net Position is presented as follows:



Town of Cheneyville  
Management's Discussion and Analysis  
June 30, 2021

	June 30, 2021			For the Year Ended June 30, 2020
	Govern- mental Activities	Business- Type Activities	Total	
<b>Assets:</b>				
Current and Other Assets	\$ 211,654	\$ 285,138	\$ 496,792	\$ 338,129
Internal Balances	233,430	(233,430)	----	----
Capital Assets	1,144,142	1,972,798	3,116,940	2,838,456
Total Assets	<u>1,589,226</u>	<u>2,024,506</u>	<u>3,613,732</u>	<u>3,176,585</u>
<b>Liabilities:</b>				
Current and Other Liabilities	183,026	99,197	282,223	125,302
Long-term Liabilities	----	820,000	820,000	807,084
Total Liabilities	<u>183,026</u>	<u>919,197</u>	<u>1,102,223</u>	<u>932,386</u>
<b>Net Position:</b>				
Invested in Capital Assets (Net)	1,144,142	1,152,798	2,296,940	2,838,456
Restricted	----	----	----	102,863
Unrestricted	262,058	(47,489)	214,569	(697,120)
Total Net Position	<u>\$ 1,406,200</u>	<u>\$ 1,105,309</u>	<u>\$ 2,511,509</u>	<u>\$ 2,244,199</u>

As the presentation appearing above demonstrates, the largest portion of the Town's net position (91.5%) is invested in capital assets. Net position invested in capital assets consist of land, buildings, equipment, and infrastructure less any debt used to acquire the assets. The Town uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

The Town's net position improved during the year due to prudent use of the Town's resources. The unrestricted net position is due to the cash, investments, and receivables held by the Town at year end.

Changes in Net Position

A condensed version of the government-wide Statement of Changes in Net Position is presented as follows:

Town of Cheneyville  
Management's Discussion and Analysis  
June 30, 2021

	<u>For the Year Ended June 30, 2021</u>			<u>For the Year Ended June 30, 2020</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
<b><u>Revenues:</u></b>				
Program Revenue:				
Charges for Services	\$ 262,765	\$ 279,719	\$ 542,484	\$ 547,430
Operating Grants and Contributions	51,565	9,280	60,845	29,030
Capital Grants and Contributions	553,993	----	553,993	----
General Revenue:				
Sales Taxes	245,872	----	245,872	212,124
Property Taxes	11,346	----	11,346	13,809
Franchise Taxes	25,381	----	25,381	26,637
Occupational Licenses	16,915	----	16,915	18,177
Miscellaneous	20,359	904	21,263	17,678
<b>Total Revenue</b>	<u>1,188,196</u>	<u>289,903</u>	<u>1,478,099</u>	<u>864,885</u>
<b><u>Program Expenses:</u></b>				
General Government	228,586	----	228,586	210,032
Public Safety				
Police Department	117,287	----	117,287	167,821
Fire Department				
Public Works	292,389	513,732	806,121	584,674
Recreation	9,208	----	9,208	11,633
<b>Total Expenses</b>	<u>647,470</u>	<u>513,732</u>	<u>1,161,202</u>	<u>974,160</u>
Increase (Decrease) in Net Position Before Transfers	540,726	(223,829)	316,897	(109,275)
Transfers	(48,396)	48,396	----	----
<b>Change in Net Position</b>	<u>492,330</u>	<u>(175,433)</u>	<u>316,897</u>	<u>(109,275)</u>
Net Position Beginning:	913,870	1,280,742	2,194,612	2,303,887
<b>Net Position Ending</b>	<u>\$ 1,406,200</u>	<u>\$ 1,105,309</u>	<u>\$ 2,511,509</u>	<u>\$ 2,194,612</u>

Governmental activities before transfers experienced an increase of \$540,726. This increase is due to receipts from the Rapides Parish Police Jury Road Fund for street improvements.

Business-type activities before transfers experienced a decrease in net position of \$223,829. This decrease is due to recording depreciation and non-recurring expenses related to issuing revenue bonds.

**Financial Analysis of the Town's Funds**

An analysis of significant matters affecting the Town's funds is presented as follows:

- The Town's governmental funds reported combined fund balances of \$262,058, which represents a decrease of \$2,021 in comparison to the previous balance.

- Amounts reported for business-type activities in the Town's individual funds are identical to the business-type activities reported in the government-wide presentation.

**General Fund Budget Highlights**

The general fund is the only fund required by law to adopt a budget and the budget is amended as necessary. The budget was amended to report additional income from the Parish Road District 3A and appropriations related to street improvements.

**Capital Asset Administration**

In addition to reporting depreciation, current year capital asset additions are:

- Street improvements of \$553,993
- Continued work on street drainage improvements of \$15,500
- A generator for the water system \$17,704

**Debt Administration**

The Town issued new utility revenue bonds and refinanced existing USDA debt. Remaining debt activity was limited to the payment of principal and interest on current debt obligations.

**Factors Expected to Affect Future Operations**

The significant improvements to the Town's streets, sidewalks, and water and sewer system will improve the Town's services for its citizens.

# **Town of Cheneyville**

## **STATEMENT OF NET POSITION**

**June 30, 2021**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 95,709	\$ 138,796	\$ 234,505
Investments	-	118,908	118,908
Receivables (Net)	113,753	27,434	141,187
Internal Balances	233,430	(233,430)	-
Restricted Assets - Cash	2,192	-	2,192
Capital Assets:			
Non Depreciable Capital Assets	64,932	45,323	110,255
Depreciable Assets, Net	<u>1,079,210</u>	<u>1,927,475</u>	<u>3,006,685</u>
<b>Total Assets</b>	<u>1,589,226</u>	<u>2,024,506</u>	<u>3,613,732</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable and other Payables	183,026	41,703	224,729
Deposits due others	-	57,494	57,494
Long-Term liabilities			
Long-Term Debt			
Due within one year	-	40,000	40,000
Due in more than one year	<u>-</u>	<u>780,000</u>	<u>780,000</u>
<b>Total Liabilities</b>	<u>183,026</u>	<u>919,197</u>	<u>1,102,223</u>
<b><u>NET POSITION</u></b>			
Invested in capital assets, net of related debt	1,144,142	1,152,798	2,296,940
Unrestricted	<u>262,058</u>	<u>(47,489)</u>	<u>214,569</u>
<b>Total Net Position (deficit)</b>	<u>\$ 1,406,200</u>	<u>\$ 1,105,309</u>	<u>\$ 2,511,509</u>

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

# **Town of Cheneyville**

## **STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2021**

	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
<b><u>Governmental Activities:</u></b>							
General Government	\$ 228,586	\$ -	\$ -	\$ -	\$ (228,586)	\$ -	\$ (228,586)
Public Safety	117,287	55,683	-	-	(61,604)	-	(61,604)
Streets and Drainage	292,389	207,082	51,565	553,993	520,251	-	520,251
Culture and Recreation	9,208	-	-	-	(9,208)	-	(9,208)
Total Governmental Activities	<u>647,470</u>	<u>262,765</u>	<u>51,565</u>	<u>553,993</u>	<u>220,853</u>	<u>-</u>	<u>220,853</u>
<b><u>Business-Type Activities:</u></b>							
Utility System	513,732	279,719	9,280	-	-	(224,733)	(224,733)
Total Business-Type Activities	<u>513,732</u>	<u>279,719</u>	<u>9,280</u>	<u>-</u>	<u>-</u>	<u>(224,733)</u>	<u>(224,733)</u>
Total Primary Government	<u>\$ 1,161,202</u>	<u>\$ 542,484</u>	<u>\$ 60,845</u>	<u>\$ 553,993</u>	<u>220,853</u>	<u>(224,733)</u>	<u>(3,880)</u>
<b><u>General Revenues:</u></b>							
Taxes:							
Ad Valorem					11,346	-	11,346
Sales Taxes					245,872	-	245,872
Franchise					25,381	-	25,381
Occupational Licenses					16,915	-	16,915
Other					20,359	904	21,263
Transfers					(48,396)	48,396	-
Total General Revenues and Transfers					<u>271,477</u>	<u>49,300</u>	<u>320,777</u>
Change in Net Assets					<u>492,330</u>	<u>(175,433)</u>	<u>316,897</u>
Net Position Beginning - As Originally Reported					942,194	1,302,005	2,244,199
Prior Period Adjustment					(28,324)	(21,263)	(49,587)
Net Position Beginning - As Restated					<u>913,870</u>	<u>1,280,742</u>	<u>2,194,612</u>
Net Position Ending					<u>\$ 1,406,200</u>	<u>\$ 1,105,309</u>	<u>\$ 2,511,509</u>

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

# **Town of Cheneyville**

## **Balance Sheet**

**Governmental Funds - June 30, 2021**

	<u>General</u>
<b><u>Assets</u></b>	
Cash and Cash Equivalents	\$ 95,709
Receivables (Net)	113,753
Interfund Due To/From	233,430
Restricted Cash	<u>2,192</u>
<b>Total Assets</b>	<b><u>\$ 445,084</u></b>
<b><u>Liabilities and Fund Equity</u></b>	
<b><u>Liabilities:</u></b>	
Accounts Payable and Other Payables	<u>\$ 183,026</u>
<b>Total Liabilities</b>	<u>183,026</u>
<b><u>Fund Equity:</u></b>	
Unassigned	<u>262,058</u>
<b>Total Fund Equity</b>	<u>262,058</u>
<b>Total Liabilities and Fund Equity</b>	<b><u>\$ 445,084</u></b>

<b>Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position</b>	
Total Fund Balances - Governmental Funds	\$ 262,058
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.	<u>1,144,142</u>
Net Position of Governmental Activities	<b><u>\$ 1,406,200</u></b>

*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, 2021**

	<u>General Fund</u>
<b><u>Revenues:</u></b>	
Ad Valorem	\$ 11,346
Sales Tax	245,872
Franchise Taxes	25,381
Occupational Licenses	16,915
Charges for Services	58,524
Fines and Forfeitures	55,683
Intergovernmental	762,083
Other	<u>12,392</u>
<b>Total Revenues</b>	<u>1,188,196</u>
<b><u>Expenditures:</u></b>	
Current:	
General Government	220,866
Public Safety	106,834
Streets and Drainage	253,591
Culture and Recreation	5,625
Capital Expenditures	<u>554,905</u>
<b>Total Expenditures</b>	<u>1,141,821</u>
<b>Excess (Deficiency) of Revenue Over Expenditures</b>	<u>46,375</u>
<b><u>Other financing sources (uses):</u></b>	
Operating Transfers	<u>(48,396)</u>
<b>Total other financing sources (uses)</b>	<u>(48,396)</u>
<b>Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<u>(2,021)</u>
<b><u>Fund Balance - Beginning of Year</u></b>	
As Originally Reported	292,403
Prior Period Adjustment	<u>(28,324)</u>
As Restated	<u>264,079</u>
<b>Fund Balance - End of Year</b>	<u>\$ 262,058</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, 2021**

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Net change in fund balances of Governmental Funds \$ (2,021)

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	554,905	
Depreciation expense reported on a Government-wide basis	<u>(60,554)</u>	<u>494,351</u>
Change in net position of governmental activities		<u>\$ 492,330</u>

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



# **Town of Cheneyville**

## **Statement of Net Position**

**Proprietary Funds - Year Ended June 30, 2021**

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	<u>Utility System</u>
<b><u>Assets</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ 138,796
Investments	118,908
Receivables (Net)	<u>27,434</u>
Total Current Assets	<u>285,138</u>
Noncurrent Assets:	
Land	45,323
Depreciable Capital Assets, Net	<u>1,927,475</u>
Total Noncurrent Assets	<u>1,972,798</u>
<b>Total Assets</b>	<u>2,257,936</u>
<b><u>Liabilities:</u></b>	
Current Liabilities:	
Accounts and Other Payables	41,703
Due to Other Funds	233,430
Deposits due others	57,494
Current Portion of Long-Term Debt	<u>40,000</u>
Total Current Liabilities	<u>372,627</u>
Noncurrent Liabilities	
Long-Term Debt - Noncurrent Portion	<u>780,000</u>
<b>Total liabilities</b>	<u>1,152,627</u>
<b><u>Net Position:</u></b>	
Invested in capital assets, net of related debt	1,152,798
Unrestricted	<u>(47,489)</u>
<b>Total net position</b>	<u>\$ 1,105,309</u>

*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, 2021***

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	<u>Utility System</u>
<b><u>Operating Revenues:</u></b>	
Service Fees	273,568
Other	6,151
<b>Total operating revenues</b>	<u>279,719</u>
<b><u>Operating Expenses:</u></b>	
Salaries and wages	44,999
Legal and Professional	9,079
Insurance	28,042
Repairs and Maintenance	35,696
Supplies and Chemicals	13,670
Employee Benefitis	3,463
Utilities and Telephone	43,828
Permits and Testings	11,002
Depreciation Expense	233,570
Debt Issue Costs	32,863
Other Expenses	22,048
<b>Total operating expenses</b>	<u>478,260</u>
<b>Operating income (loss)</b>	<u>(198,541)</u>
<b><u>Non-operating revenues (expenses):</u></b>	
Grant Proceeds	9,280
Interest income	904
Interest Expense	(35,472)
<b>Change in net assets before     Contributions and transfers</b>	<b>(223,829)</b>
<b><u>Contributions and Transfers:</u></b>	
Operating Transfers	48,396
<b>Change in net position</b>	<u>(175,433)</u>
<b>Net Position Beginning</b>	
As Originally Reported	1,302,005
Prior Period Adjustment	(21,263)
As Restated	<u>1,280,742</u>
<b>Total net position - ending</b>	<b><u>\$ 1,105,309</u></b>

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

# **Town of Cheneyville**

## **Statement of Cash Flows**

**Proprietary Funds - Year Ended June 30, 2021**

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	<u>Utility System</u>
<b><u>Cash flow from operating activities:</u></b>	
Cash received from customers	\$ 282,621
Cash payments to suppliers of goods and services	(191,129)
Cash payments to employees for service	<u>(44,999)</u>
 Net cash provided (used) by operating activities	 <u>46,493</u>
<b><u>Cash flows from non-capital financing activities:</u></b>	
Operating transfers, net	<u>48,396</u>
 Net cash provided (used) by non-capital financing activities	 <u>48,396</u>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Acquisition and construction of capital assets	(17,704)
Capital Grant Proceeds	9,280
Interest paid on Debt	(35,472)
Debt Proceeds	820,000
Principle paid on Debt	<u>(807,083)</u>
 Net cash provided (used) by capital and related financing activities	 <u>(30,979)</u>
<b><u>Cash flows from investing activities:</u></b>	
Purchase of Investments	(1,924)
Interest and other income	<u>904</u>
 Net cash provided (used) by investing activities	 <u>(1,020)</u>
 Net increase (decrease) in cash	 62,890
Beginning cash balance	<u>75,906</u>
Ending cash balance	138,796
Cash - Restricted	-
Cash - Unrestricted	<u>\$ 138,796</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, 2021**

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	<u>Utility System</u>
<b><u>Reconciliation of operating income (loss) to net cash</u></b>	
Operating Income (loss)	\$ (198,541)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	233,570
(Increase) decrease in accounts receivable	3,077
(Decrease) increase in accounts payable	8,562
(Decrease) increase in meter deposits	<u>(175)</u>
 <b>Net cash provided (used) by operating activities</b>	 <b><u>\$ 46,493</u></b>

### **Supplemental disclosures of cash flow information:**

For the years ended June 30, 2021 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, 2021***

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### **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, 2021.

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

# **TOWN OF CHENEYVILLE**

## ***Notes to Financial Statements***

***June 30, 2021***

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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, 2021***

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<b><u>Financial Statement Presentation</u></b>	<b><u>Basis of Accounting</u></b>	<b><u>Measurement Focus</u></b>
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

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.

### **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 OF CHENEYVILLE**

## ***Notes to Financial Statements***

***June 30, 2021***

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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.

### **Compensated Absences**

Employees have limited ability to accumulate unused leave and do not have a vested interest in unused leave. Accordingly, there are no liabilities associated with compensated absences.

### **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, 2021***

### **NOTE 2 - CASH AND CASH EQUIVALENTS**

At June 30, 2021, cash and cash equivalents included the following amounts:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash Deposits	\$ 97,651	\$ 138,736	\$ 236,387
Cash on Hand	250	60	310
Total Cash	97,901	138,796	236,697
Restricted Cash	2,192	----	2,192
Cash and Cash Equivalents	<u>\$ 95,709</u>	<u>\$ 138,796</u>	<u>\$ 234,505</u>

Cash deposited in banks is stated at cost, which approximates market. 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, 2021, the Town has \$268,421 in deposits (collected bank balance). These deposits are protected by FDIC insurance in the amount of \$250,000 and pledged securities with a market value of \$70,885. The pledged securities are held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized, State law 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.

### **NOTE 3 - INVESTMENTS**

Included in the investment balance at year-end is \$118,908 held by the Louisiana Asset Management Pool (LAMP). 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.

Generally accepted accounting principles require 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 an external investment pool that, to the extent practical, invest in a manner consistent with Generally Accepted Accounting Principles for investment pools. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAA 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.

# **TOWN OF CHENEYVILLE**

## **Notes to Financial Statements June 30, 2021**

- 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 53 days from LAMP's monthly Portfolio Holdings as of June 30, 2021.
- Foreign currency risk: Not applicable.

The 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, 2021, consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Accounts Receivable</u></b>			
Charges for Services	\$ 6,498	\$ 27,434	\$ 33,932
Franchise Taxes	6,659	----	6,659
Total Accounts Receivables	<u>13,157</u>	<u>27,434</u>	<u>40,591</u>
<b><u>Due From Other Governmental Units</u></b>			
Rapides Parish Police Jury	100,596	----	100,596
Total Due From Other Governmental Units	<u>100,596</u>	<u>----</u>	<u>100,596</u>
Total Receivables	113,753	27,434	141,187
Allowance for Doubtful Accounts	----	----	----
Net Receivables	<u>\$ 113,753</u>	<u>\$ 27,434</u>	<u>\$ 141,187</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:

# **TOWN OF CHENEYVILLE**

## ***Notes to Financial Statements*** ***June 30, 2021***

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>Long-Term Liabilities</u></b>			
Revenue Bonds	\$ ----	\$ 820,000	\$ 820,000
Due Within One Year	----	40,000	40,000
Due in More Than One Year	<u>\$ ----</u>	<u>\$ 780,000</u>	<u>\$ 780,000</u>

### **Debt Instruments**

Long-term liabilities include debt instruments that are summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities</u></b>				
Revenue Bonds	\$ 807,084	\$ 820,000	\$ 807,084	\$ 820,000

A description of the debt instrument is presented as follows:

\$820,000 Utility Revenue Bonds Series 2021, bearing interest at a rate ranging from 0.99% to 3.00%, payable in annual installments ranging from \$30,000 to \$55,000 with the final installment due in 2041. \$ 820,000

### **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 30<sup>th</sup></u>	<u>Business-Type Activities</u>	
	<u>Principal Installments</u>	<u>Interest</u>
2022	\$ 40,000	\$ 18,884
2023	40,000	18,488
2024	40,000	18,072
2025	40,000	17,604
2026	40,000	17,072
2027-2031	215,000	74,779
2032-2036	195,000	48,450
2037-2041	210,000	19,350
<b>Total Governmental</b>	<b>\$ 820,000</b>	<b>\$ 232,699</b>

### **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.

# **TOWN OF CHENEYVILLE**

## **Notes to Financial Statements June 30, 2021**

For the year ended June 30, 2021, the Town levied 8.75 mills of ad valorem taxes totaling \$11,346 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>
<b><u>Governmental Activities</u></b>				
Non-Depreciable Capital Assets				
Construction in Progress	\$ 26,613	\$ 15,500	\$ (14,587)	\$ 27,526
Land	37,406	----	----	37,406
Total	<u>64,019</u>	<u>15,500</u>	<u>(14,587)</u>	<u>64,932</u>
Depreciable Capital Assets				
Buildings	289,242	----	----	289,242
Improvements	802,661	553,993	----	1,356,654
Equipment/Vehicles	446,795	----	----	446,795
Accumulated Depreciation	(952,926)	(60,555)	----	(1,013,481)
Total	<u>585,772</u>	<u>493,438</u>	<u>----</u>	<u>1,079,210</u>
Total Governmental Activities	<u>\$ 649,791</u>	<u>\$ 508,938</u>	<u>\$ (14,587)</u>	<u>\$ 1,144,142</u>
<b><u>Business-Type Activities</u></b>				
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	17,704	----	384,195
Water Distribution System	2,779,775	----	----	2,779,775
Accumulated Depreciation	(5,084,053)	(233,570)	----	(5,317,623)
Total	<u>2,143,341</u>	<u>(215,866)</u>	<u>----</u>	<u>1,927,475</u>
Total Business-Type Activities	<u>\$ 2,188,664</u>	<u>\$ (215,866)</u>	<u>\$ ----</u>	<u>\$ 1,972,798</u>

# **TOWN OF CHENEYVILLE**

## ***Notes to Financial Statements*** ***June 30, 2021***

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

<b><u>Governmental Activities</u></b>	
General Government	\$ 7,720
Public Safety	10,453
Streets and Drainage	38,798
Culture and Recreation	3,584
Total Depreciation – Governmental Activities	<u>\$ 60,555</u>
<b><u>Business-Type Activities</u></b>	
Sewer System	\$ 143,278
Water System	90,292
Total Depreciation – Business-Type Activities	<u>\$ 233,570</u>

### **NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

The following is a summary of accounts payable and accrued expenses at June 30, 2021:

	<b><u>Payable to Vendors</u></b>	<b><u>Accrued Expenses</u></b>	<b><u>Total</u></b>
<b><u>Governmental Activities</u></b>			
General Fund	\$ 153,236	\$ 29,790	\$ 183,026
Total Governmental	<u>153,236</u>	<u>29,790</u>	<u>183,026</u>
<b><u>Business-Type Activities</u></b>			
Utility System	<u>40,489</u>	<u>1,214</u>	<u>41,703</u>
Total Business-Type	<u>40,489</u>	<u>1,214</u>	<u>41,703</u>
Total Accounts Payable And Accrued Expenses	<u>\$ 193,725</u>	<u>\$ 31,004</u>	<u>\$ 224,729</u>

At year end the Town owed Progressive Construction and Pan American Engineers \$64,500 and \$20,596 respectively, for street improvements.

### **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.

# **TOWN OF CHENEYVILLE**

## ***Notes to Financial Statements*** ***June 30, 2021***

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### **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, 2021 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.

#### 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.

#### Payroll Taxes

Town has received notification from the Internal Revenue Service (IRS) of a civil penalty related to filing of 2015 W-2's. The amount reported as of June 30, 2021 is \$29,033. The Town is working with the IRS to determine the proper actions necessary to resolve this matter.

### **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 was adjustments to accounts payable due to amounts owed to the local utility.

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:

	<u>Total</u> <u>Governmental</u>	<u>Total Business-</u> <u>Type</u>	<u>Total</u> <u>Government</u>
To Properly Present Accounts Payable	\$ (28,324)	\$ (21,263)	\$ (49,587)
Total Prior Period Adjustment	(28,324)	(21,263)	(49,587)
Beginning Net Position – As Originally Reported	942,194	1,302,005	2,244,199
Beginning Net Position – As Restated	<u>\$ 913,870</u>	<u>\$ 1,280,742</u>	<u>\$ 2,194,612</u>

# **TOWN OF CHENEYVILLE**

## ***Notes to Financial Statements*** ***June 30, 2021***

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

	<u>General Fund</u>	<u>Utility Fund</u>
To Properly Present Accounts Payable	\$ (28,324)	\$ (21,263)
Total Prior Period Adjustment	(28,324)	(21,263)
Beginning Fund Balance – As Originally Reported	<u>292,403</u>	<u>1,302,005</u>
Beginning Fund Balance – As Restated	<u>\$ 264,079</u>	<u>\$ 1,280,742</u>

# **Town of Cheneyville**

## **General Fund**

### **Statement of Revenues, Expenditures, and Changes in Fund Balances**

#### **Budget and Actual**

**Year Ended June 30, 2021**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Ad Valorem	\$ 14,000	\$ 12,000	\$ 11,346	\$ (654)
Sales Tax	260,000	250,000	245,872	(4,128)
Franchise Taxes	25,000	30,000	25,381	(4,619)
Occupational Licenses	4,800	1,000	16,915	15,915
Charges for Services	40,000	35,000	58,524	23,524
Fines and Forfeitures	130,000	34,000	55,683	21,683
Intergovernmental	10,900	622,988	762,083	139,095
Other	52,100	6,100	12,392	6,292
<b>Total revenues</b>	<b>536,800</b>	<b>991,088</b>	<b>\$ 1,188,196</b>	<b>197,108</b>
<b>Expenses:</b>				
General government	232,600	310,800	220,866	89,934
Public Safety	223,490	104,000	106,834	(2,834)
Streets and Drainage	179,250	658,788	253,591	405,197
Recreation	-	-	5,625	(5,625)
Debt Service	-	-	-	-
Capital Outlay	20,500	218,563	554,905	(336,342)
<b>Total Expenses</b>	<b>655,840</b>	<b>1,292,151</b>	<b>1,141,821</b>	<b>150,330</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(119,040)</b>	<b>(301,063)</b>	<b>46,375</b>	<b>347,438</b>
<b>Other financing sources (uses):</b>				
Operating transfers	134,500	25,000	(48,396)	(73,396)
<b>Total other financing sources (uses)</b>	<b>134,500</b>	<b>25,000</b>	<b>(48,396)</b>	<b>(73,396)</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other uses</b>	<b>15,460</b>	<b>(276,063)</b>	<b>(2,021)</b>	<b>274,042</b>



# **TOWN OF CHENEYVILLE**

## ***Schedule of Compensation Paid to Board Members Year Ended June 30, 2021***

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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, 2021***

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### **Agency Head (Mayor) -Derrick Johnson**

**Purpose:**

Compensation	\$	7,140
Payroll Taxes		588
Expense Allowance		4,200
Reimbursements		15,522

# **Town of Cheneyville**

**Justice System Funding Schedule - Collecting / Disbursing Entity as Required by Act 87 of the  
2020 Regular Legislative Session  
For the Year Ended June 30, 2021**

Cash Basis Presentation	First Six Month Period Ended December 31, 2020	Second Six Month Period Ended June 30, 2021
<b>Beginning Balance of Amounts Collected</b>	\$ -	\$ -
<b>Add: Collections</b>		
Criminal Court Costs/Fees	26,052	29,631
Subtotal Collections	<u>26,052</u>	<u>29,631</u>
<b>Less: Disbursements to Governments &amp; Nonprofits</b>		
Criminal Court Cost / Fees		
Louisiana Commission on Law Enforcement	-	-
CMIS Trial Court Case Management System	-	-
Crime Stoppers of Cenla, Inc.	-	-
Louisiana Department of Health and Hospitals	-	-
North Louisiana Crime Lab	-	-
Louisiana Judicial college	-	-
<b>Less: Amounts Retained by Town</b>		
Self Disbursed Court Costs	26,052	29,631
Subtotal Disbursements / Retainage	<u>26,052</u>	<u>29,631</u>
<b>Ending Balance of Amounts Collected but not Disbursed</b>	\$ -	\$ -
<b>Other Information:</b>		
Total Waivers During the Fiscal Period	-	-

# **TOWN OF CHENEYVILLE**

## ***Schedule of Findings***

***June 30, 2021***

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### **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, 2021, and for the year then ended expressed an unmodified opinion.
- The audit disclosed four findings (2021-001, 2021-005, 2021-006, 2021-008) which are considered to be significant deficiencies in internal control over financial reporting.
- The audit disclosed five findings which are considered to be instances of noncompliance with applicable laws and regulations (2021-002, 2021-003, 2021-004, 2021-007, 2021-009).
- 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 2021-001: Inadequate Controls Over Recordkeeping**

- *Criteria:* To foster accountability over financial reporting, the Town's accounting system should contain several elements, including readily available documentation, prompt payments of obligations when funds allow, proper classification of transactions, and the production of timely, relevant financial reports to management.
- *Condition:* The previous town clerk's accounting practices contributed to a variety of problems, including documentation being unavailable, finance charges and late fees for non-payment of accounts payable, and management's inability to properly evaluate financial decisions because of a lack of timely, accurate information.
- *Effect:* This resulted in performance of alternative procedures locating accounting records. In addition, finance charges and late fees have been incurred, and the Town has been noncompliant with the State's record retention laws.
- *Cause:* The Town terminated the previous clerk and has hired a clerk competent and conscientious about proper accounting practices and record retention.
- *Recommendation:* We recommend that the Town continue to implement monitoring activities, including the institution of monthly finance committee meetings, to ensure that financial reporting is properly performed.

#### **Finding 2021-002: Payroll Tax Reporting**

- *Criteria:* The Town should file and pay payroll taxes as required by federal and state laws.
- *Condition:* The Town did not properly file or pay certain payroll taxes to the Internal Revenue Service or Louisiana Department of Revenue.
- *Effect:* Substantial penalties can result from the Town not properly filing or paying required tax liabilities.
- *Cause:* As discussed in the Finding 2021-001, the previous town clerk's accounting practices led to a lapse in the proper payment of liabilities or of timely filing required reports.
- *Recommendation:* We recommend the Town review any correspondence received from taxing authorities, pay any amounts owed, and file any unfiled reports.

#### **Finding 2021-003: Accounting for Meter Deposits**

- *Criteria:* The Town should maintain adequate records to reconcile the underlying meter deposit liability to the individual account balances.
- *Condition:* The Town did not maintain sufficient records to be able to reconcile the underlying meter deposit liability to the individual account balances.
- *Effect:* As this account is custodial in nature, the Town should be able to identify the individuals owed in order to properly apply the meter deposit to any outstanding amounts.
- *Cause:* The meter deposit balances have not been properly reconciled to the underlying accounting records.

# **TOWN OF CHENEYVILLE**

## **Schedule of Findings**

**June 30, 2021**

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- Recommendation: We recommend that the clerks periodically review the list of meter deposits outstanding and reconcile the list to the Towns accounting records.

### **Finding 2021-004: Quarterly Audit of Traffic Tickets**

- Criteria: The Town should perform an audit of traffic tickets quarterly.
- Condition: The Town did not perform the quarterly audit of traffic tickets.
- Effect: By not performing the audit, the Town could lose tickets before they are properly adjudicated.
- Cause: The clerk was unaware of this requirement.
- Recommendation: We recommend additional training for the ticket clerk on the proper accounting for traffic citations.

### **Finding 2021-005: Controls over Tickets**

- Criteria: The Town should maintain proper controls over ticket books to ensure that all tickets are written in sequential order and any voided tickets are accounted for properly.
- Condition: The Town did not perform the quarterly audit of traffic tickets (Finding 2021-004) and therefore did not properly maintain ticket sequences.
- Effect: By not properly maintaining ticket sequences, the Town could lose tickets before they are properly adjudicated.
- Cause: Ticket books are not properly safeguarded and accounted for with limited distribution.
- Recommendation: We recommend that one ticket book be signed out by the officers in order to properly account for all tickets and ticket books.

### **Finding 2021-006: Cash Management**

- Criteria: To establish effective internal controls over cash, deposits should be made daily.
- Condition: The Town did not make all deposits in a timely manner.
- Effect: Nonroutine deposits can lead to improper accounting of revenues and inadequate reconciliations to subsidiary ledgers.
- Cause: As discussed in 2021-001, the previous clerk's system led to inadequate cash management.
- Recommendation: We recommend that all deposits be made daily and reconciled to the subsidiary ledgers.

### **Finding 2021-007: Utility Revenues**

- Criteria: The Town has established an ordinance requiring that utility rates be indexed annually by a specific index.
- Condition: The Town has not increased utility rates as required by the ordinance.
- Effect: The Town is not charging citizens proper amounts as established by the Town Council.
- Cause: The Town has not increased utility rates as required by the ordinance.
- Recommendation: We recommend the Town increase utility rates annually as required by the Ordinance.

### **Finding 2021-008: Uniform Cutoff Policy**

- Criteria: Revised Statutes forbids municipalities from giving away anything of value, including utilities.
- Condition: The Town is not enforcing a uniform cutoff policy for non payment of utilities.
- Effect: The Town is in violation of Revised Statutes.

# **TOWN OF CHENEYVILLE**

## ***Schedule of Findings***

***June 30, 2021***

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- Cause: The Town is not reviewing a monthly list of customer outstanding balances and requiring employees to terminate the customers utility services.
- Recommendation: We recommend the Town begin terminating customer utilities for nonpayment.

### **Finding 2021-009: Collections on Behalf of Other Entities**

- Criteria: The Town is required to remit certain fines, fees, and court costs to various entities monthly based on ticket collections.
- Condition: The Town is not properly remitting these amounts.
- Effect: The Town is in violation of Revised Statutes by not remitting these amounts.
- Cause: The Town clerks are unaware of the amounts that should be remitted.
- Recommendation: We recommend the Town clerks should receive training to determine which amounts to remit to the State.

# **TOWN OF CHENEYVILLE**

## **Management's Corrective Action Plan**

**June 30, 2021**

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<b>SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<p><b><u>Finding 2021-001: Inadequate Controls Over Recordkeeping</u></b> 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><b><u>Response:</u></b> The previous Town Clerk has been terminated. The new clerk is conscientious and has a knowledge of accounting and record keeping practices.</p>
<p><b><u>Finding 2021-002: Payroll Tax Reporting</u></b> 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><b><u>Response:</u></b> 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><b><u>Finding 2021-003: Accounting for Meter Deposits</u></b> 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><b><u>Response:</u></b> Our Utility Clerk continues 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><b><u>Finding 2021-004: Quarterly Audit of Traffic Tickets</u></b> The Town Clerk did not perform a quarterly audit of traffic tickets, as is statutorily required by R.S. 32:398.3</p>	<p><b><u>Response:</u></b> Our Town Clerk will begin to audit the traffic tickets quarterly, as required.</p>
<p><b><u>Finding 2021-005: Controls over Tickets</u></b> 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><b><u>Response:</u></b> 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>
<p><b><u>Finding 2021-006: Cash Management</u></b> 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><b><u>Response:</u></b> We will ensure that in the future, all deposits are made timely, so as to foster a proper internal control environment.</p>
<p><b><u>Finding 2021-007: Utility Revenues</u></b> 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><b><u>Response:</u></b> 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>

# **TOWN OF CHENEYVILLE**

## **Management's Corrective Action Plan**

**June 30, 2021**

<p><b><u>Finding 2021-008: Uniform Cutoff Policy</u></b>          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.</p>	<p><b><u>Response:</u></b>          We will examine our policies, and work towards implementing a uniform cutoff policy.</p>
<p><b><u>Finding 2021-009: Collections on Behalf of Other Entities</u></b>          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><b><u>Response:</u></b>          We will ensure that in the future, all amounts collected on behalf of other entities are submitted as required.</p>
<p><b><u>SECTION II</u></b>  <b>MANAGEMENT LETTER</b></p>	
<p><b><u>FINDINGS</u></b>          No Findings of this Nature</p>	<p><b><u>RESPONSE</u></b>          No Response Necessary</p>



# **TOWN OF CHENEYVILLE**

## **Summary of Prior Year Findings**

**June 30, 2021**

<b>SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<p><b><u>Finding 2020-1: Inadequate Controls Over Recordkeeping</u></b> 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><b><u>Status: Partially Resolved</u></b> The previous clerk has been terminated and the Town has hired a clerk that is competent and knowledgeable of proper accounting and record keeping practices.</p>
<p><b><u>Finding 2020-2: Payroll Tax Reporting</u></b> 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><b><u>Status: Partially Resolved</u></b> Subsequent procedures have determined that the Town is working to pay all balances owed, maintain current payments as they come due, and file all reports timely.</p>
<p><b><u>Finding 2020-3: Accounting for Meter Deposits</u></b> 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><b><u>Status: Unresolved (See Finding 2021-003)</u></b></p>
<p><b><u>Finding 2020-4: Participation in Louisiana Municipal Police Retirement System</u></b> 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><b><u>Status: Resolved</u></b> The Town has remitted the required forms to the retirement system.</p>
<p><b><u>Finding 2020-5: Quarterly Audit of Traffic Tickets</u></b> The Town Clerk was not performing a quarterly audit of traffic tickets, as is statutorily required by R.S. 32:398.3</p>	<p><b><u>Status: Unresolved (See Finding 2021-004)</u></b></p>
<p><b><u>Finding 2020-6: Noncompliance with Local Government Budget Act</u></b> 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><b><u>Status: Resolved</u></b> The budget was properly amended during the current year for increases in revenues and appropriations.</p>
<p><b><u>Finding 2020-7: Controls over Tickets</u></b> 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</p>	<p><b><u>Status: Unresolved (See Finding 2021-005)</u></b></p>

# **TOWN OF CHENEYVILLE**

## **Summary of Prior Year Findings**

**June 30, 2021**

<p>written in sequential order, and the supply of ticket books should be safeguarded and limited to authorized personnel.</p> <p><b><u>Finding 2020-8: Cash Management</u></b> 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><b><u>Finding 2020-9: Utility Revenues</u></b> 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><b><u>Finding 2020-10: Uniform Cutoff Policy</u></b> 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.</p> <p><b><u>Finding 2020-11: Collections on Behalf of Other Entities</u></b> 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><b><u>Status: Unresolved (See Finding 2021-006)</u></b></p> <p><b><u>Status: Unresolved (See Finding 2021-007)</u></b></p> <p><b><u>Status: Unresolved (See Finding 2021-008)</u></b></p> <p><b><u>Status: Unresolved (See Finding 2021-009)</u></b></p>
<p><b><u>SECTION II</u></b> <b>MANAGEMENT LETTER</b></p>	
<p><b><u>FINDINGS</u></b> No Findings of this Nature</p>	<p><b><u>RESPONSE</u></b> No Response Necessary</p>