TOWN OF CHENEYVILLE
CHENEYVILLE, LOUISIANA

AUDITOR'S REPORTS
JUNE 30, 2018

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MEMBER
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MEMBER
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Derrick Johnson, Mayor
and Members of the Town Council
Cheneyville, Louisiana

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining information fund information of the Town of Cheneyville, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as

Management's Responsibility

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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

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Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cheneyville, Louisiana, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and schedule of compensation, benefits and other payments to the agency head are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 31, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary informarion 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinon or provide any assurance on the fiancial information because the financial procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Management 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 informaiton, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial in an appropriate operational, economic, or historical context. My opinion on the basic financial statements is not affected by this missing information.

Other Information

My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cheneyville, Louisiana's basic financial statement. The other supplementary information on pages 32 and 33 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial information taken as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated May 24, 2019 on my consideration of the Town of Cheneyville, Louisiana's internal control over financial reporting and my tests of its compliance with certain laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an intergral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

Paul Dauzat

Paul Dauzat
Certified Public Accountant

Alexandria, Louisiana
May 24, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 14,424	$ 10,686	$ 25,110
Cash - Restricted	12,175	35,384	47,559
Investments - Restricted	-	105,992	105,992
Receivables, Net	11,717	40,265	51,982
Due from Other Governmental Units	17,497	-	17,497
Due from Other Funds	269,981	54,670	324,651
Capital Assets			-
Nondepreciable Assets	37,406	45,323	82,729
Depreciable Assets, Net	659,603	2,621,703	3,281,306
TOTAL ASSETS	1,022,803	2,914,023	3,936,826
LIABILITIES			
Accounts Payable	69,610	61,017	130,627
Accrued Salaries Payable	5,667	1,440	7,107
Accrued Interest Payable	-	758	758
Accrued Payroll Deductions	22,482	-	22,482
Due to Other Funds	1,713	322,938	324,651
Customer's Deposits Payable	-	54,825	54,825
Current Portion of Long-Term Debt	-	23,699	23,699
Long-Term Portion of Debt	-	831,098	831,098
TOTAL LIABILITIES	99,472	1,295,775	1,395,247
NET POSITION			
Net Investment in Capital Assets	659,603	1,835,929	2,495,532
Restricted for:			
Capital Improvements	12,175	-	12,175
Debt Service	-	831,098	831,098
Unrestricted	251,553	(1,048,779)	(797,226)
TOTAL NET POSITION	$ 923,331	$ 1,618,248	$ 2,541,579

The accompanying notes are an intergral part of this financial statement.

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF ACTIVITIES
JUNE 30, 2018

ACTIVITIES	EXPENSES	PROGRAM REVENUES: FEES, FINES, AND CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS: BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental activities							
General government	$ 207,697	$ -	$ -	$ 6,200	$ (201,497)	$ -	$ (201,497)
Police Protection	195,953	150,309	-	31,300	(14,344)	-	(14,344)
Streets and Sanitation	182,992	44,334	-	-	(138,658)	-	(138,658)
Recreation	1,877	-	-	-	(1,877)	-	(1,877)
Total Governmental Activities	588,519	194,643	-	37,500	(356,376)	-	(356,376)
Business-type activities							
Sewer	209,657	96,924	-	753,163	-	640,430	640,430
Water	281,089	188,319	-	-	-	(92,770)	(92,770)
Total Business-Type Activities	490,746	285,243	-	753,163	-	547,660	547,660
TOTAL	$ 1,079,265	$ 479,886	$ -	$ 790,663	(356,376)	547,660	191,284
General revenues:							
Taxes							
Property					15,425	-	15,425
Sales and use tax					192,733	-	192,733
Festival Revenue					2,260	-	2,260
Interest					-	192	192
Licenses and Permits					18,511	-	18,511
Utility Franchise Fees					59,665	-	59,665
Rent					3,520	-	3,520
Gain on Disposal of Capital Assets					500	-	500
Miscellaneous					6,787	-	6,787
Total Revenues					299,401	192	299,593
Change in net assets					(56,975)	547,852	490,877
Net Position, Beginning					980,306	1,064,196	2,351,971
Net Position, Ending					$ 923,331	$ 1,612,048	$ 2,842,848

The accompanying notes are an intergral part of this statement.

FUND FINANCIAL STATEMENTS

MAJOR FUNDS DESCRIPTION

GENERAL FUND

To account for resources traditionally associated with governments, which are not required to be accounted for in another fund.

TOWN OF CHENEYVILLE, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	GENERAL FUND
ASSETS	
Cash and Cash Equivalents	$ 14,424
Cash - Restricted	12,175
Receivables, net	11,717
Due from Other Governmental Units	17,497
Due From Other Funds	269,981
TOTAL ASSETS	$ 325,794
LIABILITES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	$ 69,610
Accrued Salaries Payable	5,667
Accrued Payroll Deductions	22,481
Due to Other Funds	1,713
Total Liabilities	99,471
Fund Balance	
Restricted	12,175
Unassigned	214,148
Total Fund Balance	226,323
TOTAL LIABILITIES AND FUND BALANCE	$ 325,794

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances for governmental funds at June 30, 2018		$ 226,323
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	$ 37,406	
Depreciable assets, net of accumulated depreciation	659,602	697,008
Net Position of Governmental Activities		$ 923,331

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	GENERAL FUND
REVENUES	
Property Taxes	$ 15,425
Sales and Other Taxes	192,733
Licenses and Permits	18,511
Franchise Fees	26,290
Franchise Renewal Fee	33,375
Rent	3,520
Festivals Revenue and Other Celebrations	2,260
Proceeds from Asset Sold	500
Donations	3,952
Fines	150,309
Garbage Collection Fees	44,334
Grant Revenue	37,500
Miscellaneous	2,835
Total Revenues	531,544
EXPENDITURES	
General Government	197,724
Police Protection	179,864
Streets and Sanitation	133,522
Capital Outlays	76,679
Total Expenditures	587,789
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(56,245)
FUND BALANCE, BEGINNING	282,568
FUND BALANCE, ENDING	$ 226,323

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

RECONCILIATION OF THE REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances of Governmen		$ (56,245)
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 outlays which are considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	$ 76,679	
Depreciation expense for the year ended June 30, 2018	(77,409)	(730)
Change in Net Position of Governmental Activities		$ (56,975)

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER SYSTEM	WATER SYSTEM	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 512	$ 10,174	$ 10,686
Receivables, Net	10,216	30,049	40,265
Due from Other Funds	52,957	1,713	54,670
Total Current Assets	63,685	41,936	105,621
Restricted Assets			
Cash and Cash Equivalents	-	35,384	35,384
Investments	-	105,992	105,992
Total Restricted Assets	-	141,376	141,376
Capital Assets			
Land	36,075	9,248	45,323
Plant and Equipment	4,354,572	2,866,651	7,221,223
Accumulated Depreciation	(2,771,095)	(1,828,425)	(4,599,520)
Total Capital Assets	1,619,552	1,047,474	2,667,026
TOTAL ASSETS	$ 1,683,237	$ 1,230,786	$ 2,914,023
LIABILITIES			
Current Liabilities			
Accounts and Other Payables	$ 25,469	$ 35,548	$ 61,017
Accrued Salaries Payable	720	720	1,440
Due to Other Funds	99,893	223,045	322,938
Total Current Liabilities	126,082	259,313	385,395
Current Liabilities Payable From Restricted Assets			
Accrued Interest Payable	-	758	758
Customer's Deposits Payable	-	54,825	54,825
Current Portion of Long-Term Debt	-	23,699	23,699
Total Current Liabilities Payable from Restricted Assets	-	79,282	79,282
Noncurrent Liabilities			
Long-Term Debt	-	831,098	831,098
Total Liabilities	126,082	1,169,693	1,295,775
NET POSITION			
Investment in Capital Assets, Net of Related Debt	1,619,553	216,376	1,835,929
Restricted for Debt Service	-	831,098	831,098
Unrestricted	(62,398)	(986,381)	(1,048,779)
Total Net Position	1,557,155	61,093	1,618,248
TOTAL LIABILITIES AND NET POSITION	$ 1,683,237	$ 1,230,786	$ 2,914,023

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER SYSTEM	WATER SYSTEM	TOTAL
OPERATING REVENUES			
Charges for Services	$ 96,924	$ 188,319	$ 285,243
OPERATING EXPENSES			
Salaries	39,159	39,159	78,318
Payroll Taxes	3,770	3,770	7,540
Certification Fee	-	1,278	1,278
Chemicals	-	8,921	8,921
Depreciation	135,023	106,131	241,154
Dues, Subscriptions and Fees	1,312	664	1,976
Election Fees	-	1,515	1,515
Insurance	1,264	10,857	12,121
Internet	-	230	230
Materials	422	4,561	4,983
Miscellaneous	499	4,828	5,327
Office Supplies and Postage	61	6,722	6,783
Outside Services	1,950	1,425	3,375
Repairs and Maintenance	8,796	2,969	11,765
Supplies	1,046	2,963	4,009
Telephone	807	3,961	4,768
Travel and Workshops	-	1,502	1,502
Truck Expense	2,442	5,655	8,097
Uniforms	-	-	-
Utilities	10,072	14,828	24,900
Water and Sewer Treatment Fees	3,034	19,447	22,481
Total Operating Expenses	209,657	241,386	451,043
OPERATING INCOME (LOSS)	(112,733)	(53,067)	(165,800)
NONOPERATING REVENUES (EXPENSES)			
Interest Income	-	192	192
Grant Funds	759,363	-	759,363
Interest Expense	-	(39,703)	(39,703)
Total Nonoperating Revenues (Expenses)	759,363	(39,511)	719,852
CHANGE IN NET POSITION	646,630	(92,578)	554,052
NET POSITION, BEGINNING	910,525	153,671	1,064,196
NET POSITION, ENDING	$ 1,557,155	$ 61,093	$ 1,618,248

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER SYSTEM	WATER SYSTEM	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	$ 98,847	$ 188,213	$ (89,366)
Cash Payments to Suppliers	(33,284)	(107,391)	74,107
Cash Payments to Employees	(39,070)	(39,070)	-
Net Cash Provided by Operating Activities	26,493	41,752	(15,259)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Loans (to)/from Other Funds	(38,354)	23,423	(14,931)
Net Cash Provided fromNoncapital Activities	(38,354)	23,423	(14,931)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Net Change in Meter Deposits	-	4,116	4,116
Proceeds from Grant	759,363	-	759,363
Acquisition of Assets	(752,113)	(2,318)	(754,431)
Retirement of Debt	-	(21,851)	(21,851)
Interest Paid on Debt	-	(40,057)	(40,057)
Net Cash Used for Capital and Related Financing Activities	7,250	(60,110)	(52,860)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase)/Decrease in Investments	-	(5,557)	(5,557)
Interest from Investments	-	192	192
Net Cash Flows from Investing Activities	-	(5,365)	(5,365)
Net Increase (Decrease) in Cash and Cash Equivalents	(4,611)	(300)	(4,911)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,123	45,858	50,981
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 512	$ 45,558	$ 46,070

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	SEWER SYSTEM	WATER SYSTEM	TOTAL
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating Revenue	$ (112,733)	$ (53,067)	$ (165,800)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Depreciation	135,023	106,131	241,154
CHANGES IN ASSETS AND LIABILITIES			
(Increase) Decrease in:			
Accounts Receivable	1,923	(106)	1,817
Increase (Decrease) in:			
Accounts Payable	2,191	(11,295)	(9,104)
Accrued Salaries Payable	89	89	178
Total Adjustments	139,226	94,819	234,045
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 26,493	$ 41,752	$ (6,041)
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO BALANCE SHEET			
Cash and Cash Equivalents, Beginning	$ 5,123	$ 45,858	$ 50,981
Cash and Cash Equivalents, Ending	$ 512	$ 45,558	$ 46,070
NET INCREASE (DECREASE)	$ (4,611)	$ (300)	$ (4,911)

The accompanying notes are an integral part of this statement.

Note A Summary of Significant Accountin

The Town of Cheneyville was incorporated in 1860 and is operated under the provision of the Lawrson Act. The Town operates under a Mayor and a five memberTown Council form of government. Services provided to the citizens of Cheneyville include, but are not limited to public safety (police protection), streets, garbage and debris removal, cultural - recreation, public improvements, planning, zoning and general administrative services.

The accounting and reporting practices of the Town of Cheneyville, Louisiana, conform to accounting principles generally accepted in the United States of America as applicable to governmental units on a

The accompanying financial statements of the Town of Cheneyville, Louisiana (Town) have been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Town's accounting policies are described below.

A. Financial Reporting Entity

This report includes all funds and account groups, which are controlled by, or dependent on the Town's executive and legislative branches (the Mayor and the Town Council). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the Town of Cheneyville. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

The statement of activity presents a comparison between direct expenses and program revenues of the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. Fund Financial Statements (FFS)

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. 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 business-type (enterprise) funds. Major individual funds are reported as separate columns in the fund financial statements.

The various funds of the Town are classified into two categories: governmental and proprietary.

General Fund

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Proprietary Funds

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows

Enterprise Funds -

The Town uses a enterprise funds to account for its proprietary fund operations. An enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Town has two enterprise funds, the Sewer and Water Funds.

Sewer Fund -

The Sewer System is used to account for the wastewater operations of the Town and is supported by user fees.

Water Fund -

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 expeneses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for sewer and water service.

D. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statements of net position and the statement of activities, both government and business-type activities are presented using the economic resources measurement focus as defined in item b below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All government funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or long-term) associated with their activities are reported. Proprietary equity is classified as net assets.

E. Basis of Accounting

In government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accural basis of accounting. Under the accural basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from the exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accural basis of accounting. Revenues are recognized as soon a they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accural basis of accounting. Under the accural basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

F. Budgets

Budget formation is as follows:

1. The mayor and town clerk prepare a budget to submit to the Town Council prior to the beginning of each fisal year.

2. The public is notified that the proposed budget is available for inspection at the Town Hall in the official newspaper of the Town. The advertisement also makes citizens aware of the date, time and location of a public hearing concerning the proposed budget.

3. A public hearing is held on the proposed budget at least ten days after publication of the call for a hearing.

4. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.

6. All budgetary appropriations lapse at the end of the fiscal year.

7. Budget for the General Fund is adopted on basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Town Council.

G. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Equity

Cash and Cash Equivalents

For the purpose of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certifitcates of and highly liquid investments maturing in three monts or less.

For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments

Investments are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. When the transactions occurs without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as revenue by the recipient fund and as an expense or expenditure by the providing fund. If the transfer is expected to be repaid, interfund receivables (due from) and payables (due to) are recorded.

Interfund receivables and payables between funds within governmental activities are eliminated in the statement of net position.

Receivables

In the government-wide statements, receivable consist of all revenue earned at year-end and not yet received. Major balances for governmental activities include sales and use taxes and intergovernmental payments.

Business-type activities report customer's utility service receivables as the major receivable. Uncollectible utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure asssets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of $500 or more for capitalizing capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Capital assets are depreciated using the straight-line method and estimated useful lives of 3 to 50 years. Useful lives are selected based on the expected resilience of each capital assets.

Compensated Absences

Each employee may accumulate vacation and sick leave per annum. The number of days accumulated per year depends upon holiday and weekend time worked by the employees. Unused vacation and sick-pay is lost at the end of each calendar year. The Town determines the accural for compensated absences, which meet the following criteria:

1. The Town's obligation relating to employee' right to receive compensation for future absences is attributable to employee's services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria the Town's liability at June 30, 2016 is considered immaterial in relation to the financial statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits that are legally restricted as to their use by various contractual obligations, including grant agreements and bond covenants.

Long-term Debt

All long-term debt is to be repaid from business-type resources and is reported as liabilities in the business-type financial statements. The long-term debt consists of loans payable to USDA.

Deferred Outflows of Resources and Deferred

Deferred Outflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expenses) until then. The Town has no deferred outflows of resources.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has no deferred inflows of resources.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

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

b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested" in capital assets, net of related debt."

Proprietary fund equity is classified the same as in the government-wide statements. In the fund financial statements, governmental fund equity is classified as fund balance.

Fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form (such as inventories and prepaid amounts) or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority.

Assigned - amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.

H. Revenues, Expenditures, and Expenses

Unassigned - all other spendable amounts.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

I. Use of Estimates

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

Note B Cash, Interest Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2018, the Town has cash and interest-bearing deposits (book balances) totaling $70,970 and cash on hand of $1,699, totaling $72,669.

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or pledge or securities owned by the fiscal bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statue 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statue 39:1224 states that securities held by a third party shall be deemed to be held in the Town's name. Deposit balances (bank balance) at June 30, 2018, are secured as follows:

Bank Balances, at June 30, 2018	$ 75,618

At June 30, 2018 the deposits are secured by Federal Deposit Insurance.

Note C Investments

The Town had restricted investments amounting to $105,992 at June 30, 2018. Statutes authorize the Town to invest in United States bonds, treasury notes or certificates, time certificates of deposit of Louisiana state banks and national banks having the principal office in the State of Louisiana. These investments are invested with the Louisiana Asset Management Plan (LAMP).

Credit Risk: state law limits investment in securities issued, or backed by the United States Treasury obligaitons, U. S. Government instrumentalities, which are federally sponsored, and other political subdivisions. The Town's investment policy does not further limit its investment choices. As of June 30, 2018, the City's investment in LAMP is rated AAA by Moody's Investors Service.

Concentration of Credit Risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Custodial Credit Risk: LAMP participants' investment in the pool 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 Town's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

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 60 days, and consists of no securities with a maturity in excess of 397 days.

Note D Ad Valorem Taxes

The Town collects property taxes on assessed values of property within its corporate limits. The taxes attach as an enforceable lien as of January 1 of each year. For the year ended June 30, 2018, taxes of 8.66 mills were levied on property with assessed valuation totaling $1,708,296 and were dedicated for general maintenance.

Note E Receivables

Receivables at June 30, 2018 consisted of the following:

	Governmental Activities	Business-Type Activities
Charges for services, net	$ 5,830	$ 40,265
Franchise Fees	5,887	-
Total Receivables, Net	$ 11,717	$ 40,265
Intergovernmental Sales Taxes	$ 17,497	$ -

Note F Restricted Assets

The following details the description and amount of all restricted assets as recorded by the Town:

Restricted Cash	Governmental Funds	Business-Type Funds	Totals
LGAP Grant Account	$ 289	$ -	$ 289
USDA/LGAP Account	11,886		
Meter Deposit Fund	-	35,384	35,384
Capital Projects Fund	-	-	-
Total Restricted Cash	$ 12,175	$ 35,384	$ 35,673

Restricted Investments	Governmental Funds	Business-Type Funds	Totals
Meter Deposits	$ -	$ 23,611	$ 23,611
Reserve Account	-	42,529	42,529
Depreciation and Contingency	-	39,852	39,852
Total Restricted Investments	$ -	$ 105,992	$ 105,992

Note G Capital Assets

Capital assets for the year ended June 30, 2018 are as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Nondepreciable Capital Assets				
Land	$ 37,406	$ -	$ -	$ 37,406
Depreciable Capital Assets				
Buildings	# 277,582	-	-	277,582
Other Improvements	724,348	29,744	-	754,092
Office Furniture & Equip.	31,994	-	-	31,994
Other Equipment	271,458	1,747	-	273,205
Vehicles	97,067	45,187	(4,153)	138,101
Totals	1,402,449	76,678	(4,153)	1,474,974
Less Accum. Depreciation	(742,116)	(77,408)	4,153	(815,371)
Totals	660,333	78,134	-	659,603
Total Capital Assets - Govern.	$ 697,739	$ 78,134	$ -	$ 697,009
Business-Type Activities				
Nondepreciable Capital Assets				
Land	$ 45,323	$ -	$ -	$ 45,323
Depreciable Capital Assets				
Buildings	3,159	-	-	3,159
Other Improvements	406,542	-	-	406,542
Equipment	357,103	2,318	-	359,421
Distribution System	5,686,943	752,113	-	6,439,056
Vehicles	13,046	-	-	13,046
Totals	6,466,793	754,431	-	7,221,224
Less Accum. Depreciation	(4,358,367)	(241,154)	-	(4,599,521)
Totals	2,108,426	513,277	-	2,621,703
Total Business-Type Activities	$ 2,153,749	$ 513,277	$ -	$ 2,667,026

Depreciation expenses charged to governmental and business-type activities follows:

	Governmental Activities	Business-Type Activities
General Government	$ 9,972	$ -
Police Protection	16,089	-
Streets and Sanitation	49,470	-
Recreation	1,877	-
Sewer Sytem	-	135,023
Water System	-	106,131
Totals	$ 77,408	$ 241,154

Note H Interfund Balances

Interfund receivables and payables are as follows:

	Interfund Receivables	Interfund Payables
General Fund	$ 269,981	$ 1,713
Business-Type Funds	54,670	322,938
Totals	$ 324,651	$ 324,651

Note I Changes in Long-Term Debt

The following is a summary of bond transactions of the Town for the year ended June 30, 2018:

	Water Revenue Bonds - 1993	Water Revenue Bonds - 2004	Totals
Bonds Payable, June 30, 2018	$ 152,220	$ 724,428	$ 876,648
Bonds Retired	(7,810)	(14,041)	(21,851)
Bonds Payable, June 30, 2018	$ 144,410	$ 710,387	$ 854,797

Water Revenue Bonds:

$256,000 of Water Revenue Bonds dated June 23, 1993, due in monthly serial installments of $1,300 through October 2030; interest on this issue id 5.25 percent.	$ 144,410

The water revenue bonds described above are secured by a pledge of the water revenues of the Town.

$850,000 of Water Revenue Bonds dated September 13, 2004, due in monthly installments of $3,859 through July 2044; interest on this issue is 4.5 percent.	$ 710,387

The above bond issue is secured by a pledge of income and revenues of the Water System, after provision has been made for payment of all reasonable and necessary expenses of operating and maintaing the System.

Interest cost incurred in the Water Fund for the year ended June 30, 2018 was $39,703.

The annual requirements to amortize all debt outstanding at June 30, 2018, including interest payments are as follows:

Water Revenue Bonds - 1993

Year ending June 30	Interest	Principal	Total
2019	$ 7,223	$ 8,382	$ 15,605
2020	6,934	8,671	15,605
2021	6,468	9,137	15,605
2022	5,977	9,628	15,605
2023	5,459	10,146	15,605
2024-2028	18,499	59,528	78,027
2029-2031	2,885	38,917	41,802
	$ 53,445	$ 144,409	$ 197,854

Water Revenue Bonds - 2004

Year ending June 30	Interest	Principal	Total
2019	$ 30,991	$ 15,317	$ 46,308
2020	30,964	15,344	46,308
2021	30,259	16,049	46,308
2022	29,522	16,786	46,308
2023	28,751	17,557	46,308
2024-2028	130,889	100,651	231,540
2029-2033	105,546	125,994	231,540
2034-2038	73,821	157,719	231,540
2039-2043	34,108	197,432	231,540
2044	1,217	47,538	48,755
	$ 496,068	$ 710,387	$ 1,206,455

There are a number of limitations and restrictions contained in the various bond indentures. The following is a summary of the major restrictions in the use of funds as required by the bond indentures.

1. Flow of Funds: Restrictions on Use - Water Revenue Bonds - 1993

   The revenues derived from the water user fees shall be allocated as follows:

   a) Each month on the 23rd of the month and amount equal to $1,300 shall be paid to Farmer's Home Administration in payment of principal and interest. The installments of principal and interest may be prepaid at any time.

   b) Each month, $66 is required to be paid monthly into a separate fund entitled the "Revenue Bond Reserve Fund" until $15,606 has been accumulated therein.

   c) Also each month, $70 shall be transferred into a separate bank account entitled "Depreciation and Contingency Fund". Money in this fund may be used to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the water system. The monies may also be used to pay the principal and interest on the bonds if there are not sufficient funds in the other bond funds.

2. Flow of Funds: Restrictions on Use - Water Revenue Bonds - 2004

a) Each month on the 23rd of the month and amount equal to $3,859 shall be paid to Farmer's Home Administration in payment of principal and interest. The installments of principal and interest may be prepaid at any time.

b) Each month, $192 is required to be paid monthly into a separate fund entitled the "Revenue Bond Reserve Fund" until $46,308 has been accumulated therein. The Reserve Fund is solely for the purpose of paying the principal of and the interest on bonds payable from the Debt Service Fund as to which there would otherwise be default.

c) Also each month, $192 shall be transferred into a separate bank account entitled "Depreciation and Contingency Fund" until $61,913 has been accumulated. After $61,913 has been accumulated the payments increase to $386. The Contingencies Fund is established to care for extensions, additions, imporovements, renewals and replacements necessary to properly operate the System. The funds may also be used to pay the principal and interest on the bonds, the outstanding Parity Bonds and any additional Parity Bonds, for payment of which there is not sufficient money in the Debt Service or Reserve Fund.

Note J Compliance With Proprietary Bond Covenants

A. List of Elected Officials with pertinent information required by the Bond Covenants as of June 30, 2018:

Office Held	Address	Phone Number	Term of Office	Compensation
Mayor:				
Derrick Johnson	505 Main Street	318-229-8947	Three Years	$ 9,100
Aldermen:				
Marilyn Jones	P. O. Box 124	318-279-2370	Three Years	2,252
Mickey Allen	P. O. Box 34	318-279-2461	Three Years	2,327
Rebecca Cook	P. O. Box 394	318-359-6848	Three Years	2,305
Charles Collins	P. O. Box 27	318-279-2682	Three Years	3,230
Frances Mitchell	P. O. Box 295	318-229-6685	Three Years	2,119

B. Water System Users at June 30, 2016

	Residents	Commercial	Total
Utility Customers	814	40	854

C. Current Rates

Water rates in effect at June 30, 2018 for residential users are $13.95 for the first 2,000 gallons used and $2.32 per 1,000 gallons thereafter and $24.80 for the first 2,000 gallons used and $3.87 per 1,000 gallons thereafter for non-residents.

Commercial rates for business within the Town are $32.55 for the first 5,000 gallons and $2.32 per 1,000 gallons thereafter and $48.05 for the first 5,000 gallons and $3.87 per 1,000 thereafter for commercial business outside the Town limits.

Note K Retirement Commitments

The Town has no retirement commitments or pension plan for its employees. The employees are members of the Federal Social Security program.

Note L Litigation

At June 30, 2018 the Town was involved in legal proceedings, which normally occur in government operations. These legal proceedings are not expected to have a material adverse impact on the Town. However, if the Town were to lose, the Town's liability is not expected to exceed the amount of its general liability coverage.

Note M Risk Management

The Town is exposed to risks of loss in the areas of theft, torts, property hazards, general and vehicle liability, errors and omissions, natural casuses and workman's compensation. These risk are covered by commercial insurance coverage. All previous losses have not exceeded the insurance coverage.

Note N Related and Third Party Activity

The Town of Cheneyville, Louisiana, was not involved in any related or third party transactions.

Note O Grant Funds

	Grants
Grant Revenues	$ 816,436
Grant Expenditures	
Police Car	45,187
Waste Water Improvements	758,313
Total Grant Expenditures	$ 803,500

Note P Funds With Deficiet Net Unrestricted Balances

Sewer Fund, Net Unrestricted Balance	$ 62,398
Water Fund, Net Unrestricted Balance	$ 986,381

The Town Council is exploring options to eleminate the deficiet.

Note Q Excess of Expenditures Over Appropriations

The General Fund incurred expenditures in excess of appropriations of $56,245 for the year ended June 30, 2018.

Note R Failure to Amend Budget as required by Law

The Town failed to amend the General Fund Budget as required by law is there is more than a 5% variance in the budgeted revenues or expenditres as compared to actual revenues or expenditures. The revenues and expenditures of the General Fund varied more than 5% during the current year.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CHENEYVILLE, LOUISIANA

General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2018

	Budget			Variance With Final Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes	$ 15,500	$ 15,500	$ 15,425	$ (75)
Sales and Other Taxes	235,500	235,500	192,733	(42,767)
Licenses and Permits	20,000	20,000	18,511	(1,489)
Franchise Fees	31,000	31,000	59,665	28,665
Rent	6,000	6,000	3,520	(2,480)
Festivals and Other Celebrations	-	-	2,260	2,260
Proceeds from Sale of Asset	-	-	500	500
Donations	-	-	3,952	3,952
Fines	180,000	180,000	150,309	(29,691)
Garbage Collection Fees	70,000	70,000	44,334	(25,666)
Grant Revenue	-	-	37,500	37,500
Miscellaneous	5,100	5,100	2,835	(2,265)
Total Revenues	563,100	563,100	531,544	(31,556)
EXPENDITURES				
General Government	176,630	176,630	197,724	(21,094)
Police Protection	180,450	180,450	179,864	586
Streets	144,220	144,220	133,522	10,698
Capital Outlays	-	-	76,679	(76,679)
Total Expenditures	501,300	501,300	587,789	(86,489)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	61,800	61,800	(56,245)	(118,045)
FUND BALANCE, BEGINNING	-	-	282,568	-
FUND BALANCE, ENDING	$ 61,800	$ 61,800	$ 226,323	$ (118,045)

TOWN OF CHENEYVILLE, LOUISIANA

Schedule of Compensation, Benefits and Other Payments to
Agency Head
For the Year Ended June 30, 2018

Agency Head Name: Derrick Johnson, Mayor

Purpose	Amount
Salary	$ 9,100
Benefits - Insurance	-
Benefits - Retirement	-
Deferred Compensation	-
Benefits - Other (Expense Allowance)	3,840
Car Allowance	-
Vehicle Provided by Government	-
Travel, Meals and Conventions	855
Reimbursement (Out of Pocket)	-
Vehicle Provided by Government	-
Cell Phone	-
Dues	-
Per Diem	-
Housing	-
Other	-
Total	$ 13,795

INTERNAL CONTROL AND COMPLIANCE

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Paul Dauzat, CPA

P.O. Box 12359
Alexandria, La. 71315

MEMBER
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL AND COMPLIANCE OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and Members
of the Town Council
Town of Cheneyville
Cheneyville, Louisiana

I 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, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Cheneyville, Louisiana's basic financial statements and have issued my report thereon dated May 24, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Cheneyville, Louisiana's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town'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 or performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

My 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 the limitations, during my audit I did not identify any deficiencies in internal control that I considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Cheneyville, Louisiana's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not experess such an opinion. The results of my test disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying summary schedule of current year audit findings and responses as item 2018-1 through 2018-3.

Town of Cheneyville's Response to Findings

The Town's response to the finding identified in my audit is described in the accompanying summary schedule of current year audit findings and reponses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements, accordingly, I express no opinion on it.

Purpose of this Report

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

Paul Dauzat

Paul Dauzat
Certified Public Accountant

Alexandria, Louisiana
May 24, 2019

SINGLE AUDIT

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Paul Dauzat, CPA

P.O. Box 12359
Alexandria, La. 71315

MEMBER
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

To the Honorable Derrick Johnson, Mayor
and Members of the Town Council
Cheneyville, Louisiana

Report on Compliance for Each Major Federal Program

I have audited the Town of Cheneyville's compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on the Town of Cheneyville's major federal program for the year ended June 30, 2018. The Town of Cheneyville's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for the Town of Cheneyville's major federal program based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurances about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Cheneyville's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for the Town's major federal program. However, my audit does not provide a legal determination on the Town of Cheneyville's compliance.

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Opinon on Major Federal Program

In my Opinon, the Town of Cheneyville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Town of Cheneyville is responsible for establishing and maintianing effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Town of Cheneyville's internal control over compliance with the types of requirements that could have a direct and material effect on their major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance of each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing and opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Town of Cheneyville' internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or, significant deficiencies. I did not identify any deficiencies in internal control over compliance that I considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Paul Dauzat

Paul Dauzat
Certified Public Accountant

Alexandria, Louisiana
May 24, 2019

TOWN OF CHENEYVILLE, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Program Title	CFDA Number	Federal Expenditures
U. S. Department of		
Passed through Louisiana Community Development Block Grant	14.228	$752,113

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

Note 1 **General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of Cheneyville, Louisiana. The reporting entity is defined in Note A of Notes to Financial Statements. Federal award was passed through from the State of Louisiana Development Block Grant program and is included on the schedule.

Note 2 **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented on the accural basis of accounting. The information in this Schedule is presented in accordance with the requirements of the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance.)* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 3 **Risk based Audit Approach**

The dollar threshold used to distinguish between Type A and Type B programs is $750,000. The Town does qualify as a low-risk auditee.

Note 4 **Possible Ineligible, Disallowed and Questioned Costs**

The Town of Cheneyville is subject to audit(s) and investigation(s) by state and federal agencies or their designees for compliance with contractual and programmatic requirements with regard to funding provided to the Town of Cheneyville. The determination of whether any instances of noncompliance that will ultimately result in remittance by the Town of Cheneyville of any ineligible or dissallowed costs cannot be presently determined.

TOWN OF CHENEYVILLE, LOUISIANA

Summary Schedule of Current Year Audit Findings and Responses
For the Year Ended June 30, 2018

Part 1 - Summary of Auditor's Reports

A. Auditor's Report - Financial Statements

Type of Auditor's Report Issued on the Unmodified

B. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness	_____ Yes	X No
Significant Deficiency	_____ Yes	X No

Compliance

Compliance Material to Financial Statements	X Yes	_____ No

C. Federal Awards

Type of Auditor's Report Issued on compliance for major programs: Unmodified

There were no findings required to be reported under Section 501(a) of Circular A-133 or in accordance with 2CFR 200.516(a).

Major Program for the fiscal year ended June 30, 2018 is:

U.S. Department of Housing and Urban Development
Community Development Block Grant (CFDA # 14.228)

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as a low-risk auditee under Uniform Guidance: Yes.

A management letter was not issued.

Finding 2018-1 - Compliance-Repeat Finding

Criteria: Louisiana RS 24:513 requires completion of the audit be completed and filed with the Legislative Auditor's office within six months after the close of the Town's fiscal year.

Condition: Not in compliance with La. RS 24:513.

Cause: The auditor the Town originally wanted to engage had multiple health issues and was not able to timely engage and complete the Town's audit. The audit was engaged and completed after the due date.

Effect: Placing the Town on the non-compliance status until the audit is completed and submitted.

Recommendation: The Town needs to seek and engage an auditor in advance of the fiscal year end.

Management's Response: The Town concurs in the finding and will follow the recommendation of the

Finding 2018-2 - Filing of Payroll Tax Forms

Criteria: Payroll tax forms are required to be filed quarterly by Federal and State Law.

Condition: Federal Forms 941 were timely filed, however State Withholding Forms were not timely filed.

Cause: Town Clerk was not aware that the State Withholding returns were required to be filed. However, once she was aware of the requirement, she filed and paid all taxes due in January of 2019.

Effect: The failure to file the returns was in violation of State Payroll Tax Law.

Recommendation: The Mayor or some member of the Council should check to make sure the returns are timely filed.

Management's Response: The Mayor are a council member will verify that the returns are timely filed.

Auditor's Comment: All returns as of January 2019 are being filed.

Finding 2018-3 - Deposit of Payroll Taxes

Criteria: Federal and State Law require payroll taxes to be timely paid. The Town failed to make timely depos

Condition: Failure to make timely deposits cause the Town to be in violation of Federal and State laws.

Cause: The Town had a former Town Clerk filing the returns and overseeing the payroll tax deposits. During the past fiscal year, the former Town Clerk was no longer available to provide this service and did not instruct the current Town Clerk on what needed to be done.

Effect: The Town was delinquent in filing some returns and making timely deposits.

Recommendation: Same as in 2018-2. The former auditor's staff became aware of this situation and instructed the Clerk on the importance of making federal and state tax deposits. Since being instructed the Town has been making their tax deposits.

Management's Response: Some member of the Administration will monitor tax deposits to insure they are being made in a timely manner.

TOWN OF CHENEYVILLE, LOUISIANA

Summary Schedule of Prior Year Audit Findings and Responses
For the Year Ended June 30, 2018

Finding 2017-1 - Timely Completion of the Audit Report

Louisiana Revised Statue 24:513 requires that the Town have an audit and that it be completed and presented to the Legislative Auditor for the State of Louisiana within six months after the close of the Town's fiscal year.

This finding has not been resolved.

MEMBER
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Paul Dauzat, CPA

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To: Honorable Mayor Derrick Johnson
and Town Council
Town of Cheneyville, Louisiana

I have performed the procedures enumerated below, which were agreed to by the Town of Cheneyville and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are presented in the accompanying Schedule of Procedures, Results and Managements' response where applicable.

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

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

Paul Dauzat

Paul Dauzat, CPA
Alexandria, Louisiana
May 24, 2019

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TOWN OF CHENEYVILLE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGEMENTS' RESPONSE
For the Year Ended June 30, 2018

WRITTEN POLICIES AND PROCEDURES		
Agreed-Upon Procedure	**Results**	**Managements' Response**
Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions:	Reviewed the entity's written policies and procedures and ascertained that they addressed the following:	
* Budgeting	no	We will develop written policies and procedures for the areas that are not addressed.
* Purchasing	no	
* Disbursements	no	
* Receipts	no	
* Payroll/Personnel	yes	
* Contracting	no	
* Credit Cards	n/a	
* Travel and expense reimbursements	yes	
* Ethics	no	
* Debt	no	

TOWN OF CHENEYVILLE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGEMENTS' RESPONSE
For the Year Ended June 30, 2018

Board (or Finance Committee)		
Agreed-Upon Procedure	**Results**	**Managements' Response**
Obtain and review the board/committee minutes for the fiscal period, and:	Reviewed monthly minutes for the year ended.	
a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation.	yes Met quarterly with a quorum	
b) Report whether the minutes reference or included monthly budget to actual comparisons on the general fund and any funds identified as major funds in the entity prior audit (GAAP basis).	no	
If budgets are adopted that increase an existing deficit, is there a formal written plan to eliminate deficit spending and do the minutes indicate periodic monitoring of the plan?	n/a	
c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.	yes	

TOWN OF CHENEYVILLE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGEMENTS' RESPONSE
For the Year Ended June 30, 2018

Collections		
Agreed-Upon Procedure	**Results**	**Managements' Response**
Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.	Obtained a listing of all cash locations and representation that the list was complete. Town Hall	
Using the list provided by management, select a minimum of five (5) or all if less than 5 cash locations and obtain written documentation and report whether:	One Cash Location	
a) Each person responsible for collecting cash is:		
* bonded	yes	
* not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account.	yes	
* not required to share the same cash register or drawer with another employee.	yes	
b) The entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.	yes Town Clerk prepares daily cash report, compares to deposit and enters in the general ledger	Limited Staff

TOWN OF CHENEYVILLE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGEMENTS' RESPONSE
For the Year Ended June 30, 2018

Collections		
Agreed-Upon Procedure	**Results**	**Managements' Response**
c) Select the highest dollar week of cash collections from the general ledger or other accounting records during the fiscal period and:	Selected highest dollar week of cash collections from cash collection log.	
* Report whether the deposits were made within one day of collection.	no Deposits were made within one to two days	Money received after 2 p.m. is included in next day's deposit
* Verify that daily cash collections are completely supported by documentation.	yes	
Obtain existing written documentation and report whether the entity has a process specifically defined to determine completeness of all collections by a person who is not responsible for collections.	yes Town Clerk	

TOWN OF CHENEYVILLE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGEMENTS' RESPONSE
For the Year Ended June 30, 2018

Disbursements-General		
Agreed-Upon Procedure	**Results**	**Managements' Response**
Obtain a listing of entity disbursements from management.	Obtained list of disbursements from disbursements journal.	
Using the disbursements population from above, randomly select 25 disbursements excluding credit card/debit card/fuel card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screen logs for each transaction and report whether the supporting documentation for each transaction demonstrated that:	Selected 25 disbursements.	
a) Purchases were initiating using requisition/ purchase order system.	yes	
b) Purchase orders were approved by a person who did not initiate the purchase.	yes	
c) Payments for purchases were not processed without:		
* An approved requisition and/or purchase order	yes	
* A receiving report showing receipt of goods purchased.	no	An approved purchase order is attached to invoice and checked off as received.
* An approved invoice.	yes	
Using entity documentation report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursements system.	no	The town has limited staff. All invoices approved by town council at monthly meetings

TOWN OF CHENEYVILLE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGEMENTS' RESPONSE
For the Year Ended June 30, 2018

Disbursements-General		
Agreed-Upon Procedure	**Results**	**Managements' Response**
Using entity documentation report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.	yes 2 signatures required.	
Inquire of management and observe whether the supply of unused checks or blank check stock is maintained in a locked location, with access restricted to those persons that do not have signatory authority.	no Unsued checks are maintained in a locked location. Under the control of Mayor and Town Clerk. checks require a board member signature.	Limited Staff
If a signature stamp or signature machine is used, inquire of the signer whether his or her signature and any signed checks are maintained under his or her control or is used only with the knowledge and consent of the signer.	n/a All signatures are original signatures.	

TOWN OF CHENEYVILLE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGEMENTS' RESPONSE
For the Year Ended June 30, 2018

Travel and Expense Reimbursement		
Agreed-Upon Procedure	**Results**	**Managements' Response**
Obtain from management a listing of all travel and related expense reimbursements, by person.	Obtained a listing of all travel expense reimbursements by person.	
Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration and report any amounts that exceeded the GSA rates.	Entity reimburses using the GSA rates established at the time of reimbursement.	
Using the listing or general ledger, select three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:	Selected 3 employees that incurred the largest travel costs for the year ended. Obtained the related expense documentation and selected the largest travel reimbursement for each person.	
a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If entity does not have written policies, compare to the GSA rates and report each reimbursement that exceeded those rates.	yes	
b) Report whether each expense is supported by:		
* An original itemized receipt that identifies precisely what was purchased.	yes	
* Documentation of the business purpose.	yes	
* Other documentation as may required by written policy.	n/a	

TOWN OF CHENEYVILLE, LOUISIANA
STATEWIDE AGREED-UPON PROCEDURES
SCHEDULE OF PROCEDURES, RESULTS AND MANAGEMENTS' RESPONSE
For the Year Ended June 30, 2018

Travel and Expense Reimbursement		
Agreed-Upon Procedure	**Results**	**Managements' Response**
Compare the entity's documentation of the business purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, report the transaction as an exception.	none noted	
Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.	Not all were approved by signature.	We will ascertain that all documentation is approved in the future.