

VILLAGE OF CHATAIGNIER, LOUISIANA

Financial Report

Year Ended June 30, 2019

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The Honorable Justin Darbonne, Mayor,
and Members of the Board of Aldermen
Village of Chataignier, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information (page 29-30) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The other supplementary information (page 32) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards (page 38) is presented for purposes of additional analysis 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 is also not a required part of the basic financial statements.

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

The other supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
December 16, 2019

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

VILLAGE OF CHATAIGNIER, LOUISIANA

Statement of Net Position

June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and interest-bearing deposits	\$ 70,352	\$ 4,484	\$ 74,836
Receivables	6,404	5,300	11,704
Due from other governmental units	-	3,485	3,485
Capital assets, net	<u>146,326</u>	<u>1,268,980</u>	<u>1,415,306</u>
Total assets	<u>223,082</u>	<u>1,282,249</u>	<u>1,505,331</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	1,876	6,340	8,216
Customers deposits payable	<u>-</u>	<u>5,363</u>	<u>5,363</u>
Total Liabilities	<u>1,876</u>	<u>11,703</u>	<u>13,579</u>
NET POSITION			
Net investment in capital assets	146,326	1,268,980	1,415,306
Unrestricted	<u>74,880</u>	<u>1,566</u>	<u>76,446</u>
Total net position	<u>\$ 221,206</u>	<u>\$ 1,270,546</u>	<u>\$ 1,491,752</u>

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

VILLAGE OF CHATAIGNIER, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2019

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 108,077	\$ 15,893	\$ -	\$ -	\$ (92,184)	\$ -	\$ (92,184)
Public safety	27,708	23,159	-	-	(4,549)	-	(4,549)
Public works	23,206	-	-	-	(23,206)	-	(23,206)
Culture and recreation	1,600	-	-	-	(1,600)	-	(1,600)
Total governmental activities	160,591	39,052	-	-	(121,539)	-	(121,539)
Business-type activities:							
Sewer	117,453	35,835	18,403	762,930	-	699,715	699,715
Total	<u>\$278,044</u>	<u>\$ 74,887</u>	<u>\$ 18,403</u>	<u>\$ 762,930</u>	<u>(121,539)</u>	<u>699,715</u>	<u>578,176</u>
General revenues:							
Taxes -							
Property and sales taxes, levied for general purposes					33,160	-	33,160
Franchise tax					18,140	-	18,140
Grants and contributions not restricted to specific programs -							
State sources					3,127	-	3,127
Interest and investment earnings					91	-	91
Miscellaneous					27,883	-	27,883
Transfers					(877)	877	-
Total general revenues					<u>81,524</u>	<u>877</u>	<u>82,401</u>
Change in net position					(40,015)	700,592	660,577
Net position - July 1, 2018					<u>261,221</u>	<u>569,954</u>	<u>831,175</u>
Net position - June 30, 2019					<u>\$ 221,206</u>	<u>\$ 1,270,546</u>	<u>\$ 1,491,752</u>

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

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Enterprise Fund

Sewer Fund -

To account for the provision of sewerage services to residents of the Village. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

VILLAGE OF CHATAIGNIER, LOUISIANA

Balance Sheet
Governmental Fund - General Fund
June 30, 2019

ASSETS

Cash and interest-bearing deposits	\$ 70,352
Taxes receivable	<u>6,404</u>
Total assets	<u>\$ 76,756</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accrued liabilities	\$ 1,876
Fund balance:	
Unassigned	<u>74,880</u>
Total liabilities and fund balance	<u>\$ 76,756</u>

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

VILLAGE OF CHATAIGNIER, LOUISIANA

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

Total fund balance for the governmental fund at June 30, 2019		\$ 74,880
Total net position reported for governmental activities in the statement of net position 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	\$ 25,964	
Buildings, net of \$252,178 accumulated depreciation	48,724	
Equipment, net of \$26,494 accumulated depreciation	1,313	
Infrastructure, net of \$273,323 accumulated depreciation	<u>70,325</u>	<u>146,326</u>
Net position at June 30, 2019		<u>\$ 221,206</u>

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

VILLAGE OF CHATAIGNIER, LOUISIANA

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

Revenues:	
Taxes	\$ 33,160
Licenses and permits	6,243
Franchise tax	18,140
Intergovernmental -	
Beer tax	157
Highway maintenance	2,970
Fines and forfeits	23,159
Rental income	9,650
Interest	91
Miscellaneous	<u>27,883</u>
Total revenues	<u>121,453</u>
Expenditures:	
Current -	
General government	107,177
Public safety	22,746
Public works	<u>7,624</u>
Total expenditures	<u>137,547</u>
Deficiency of revenues over expenditures	<u>(16,094)</u>
Other financing sources (uses):	
Transfers in	12,623
Transfers out	<u>(13,500)</u>
Total other financing sources (uses)	<u>(877)</u>
Net change in fund balance	(16,971)
Fund balance, beginning	<u>91,851</u>
Fund balance, ending	<u>\$ 74,880</u>

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

VILLAGE OF CHATAIGNIER, LOUISIANA

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

Total net change in fund balance for the year ended June 30, 2019 per statement of revenues, expenditures and change in fund balance	\$ (16,971)
The change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense	
Depreciation expense	<u>(23,044)</u>
Change in net position for the year ended June 30, 2019 per statement of activities	<u>\$ (40,015)</u>

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

VILLAGE OF CHATAIGNIER, LOUISIANA

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

ASSETS

Current assets:	
Cash	\$ 4,484
Accounts receivable	5,300
Due from other governmental units	<u>3,485</u>
Total current assets	13,269
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>1,268,980</u>
Total assets	<u>1,282,249</u>

LIABILITIES

Current liabilities:	
Accounts payable	6,340
Customers' deposits	<u>5,363</u>
Total liabilities	<u>11,703</u>

NET POSITION

	1,268,980
Net investment in capital assets	<u>1,566</u>
Unrestricted	<u>\$ 1,270,546</u>
Total net position	

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

VILLAGE OF CHATAIGNIER, LOUISIANA

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

Operating revenues:	
Charges for services	\$ 35,835
State grants	<u>18,403</u>
Total operating revenues	<u>54,238</u>
Operating expenses:	
Depreciation expense	53,974
Office expense	1,938
Miscellaneous expense	520
Repairs and maintenance	37,857
Rent expense	531
Salaries and related benefits	10,226
Supplies	3,355
Fees and testing expenses	654
Utilities	<u>8,398</u>
Total operating expenses	<u>117,453</u>
Loss before transfers and capital contributions	(63,215)
Capital contributions	<u>762,930</u>
Income before transfers	<u>699,715</u>
Transfers in (out):	
Transfers in	13,500
Transfers out	<u>(12,623)</u>
Total transfers in (out)	<u>877</u>
Change in net position	700,592
Net position, beginning	<u>569,954</u>
Net position, ending	<u>\$ 1,270,546</u>

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

VILLAGE OF CHATAIGNIER, LOUISIANA

Statement of Cash Flows
 Proprietary Fund Type-Enterprise Fund
 Year Ended June 30, 2019

Cash flows from operating activities:	
Receipts from customers	\$ 32,718
Operating grant	18,403
Payments to supplies	(50,397)
Payments to employees	<u>(10,226)</u>
Net cash used by operating activities	<u>(9,502)</u>
Cash flows from noncapital financing activities:	
Change in meter deposits	(178)
Transfers from other funds	13,500
Transfers to other funds	<u>(12,623)</u>
Net cash provided by noncapital financing activities	<u>699</u>
Cash flows from capital and related financing activities:	
Proceeds from grant	762,930
Acquisition of capital assets	<u>(762,930)</u>
Net cash used by capital and related financing activities	<u>-</u>
Net decrease in cash and cash equivalents	(8,803)
Cash and cash equivalents, beginning	<u>13,287</u>
Cash and cash equivalents, ending	<u>\$ 4,484</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (63,215)
Adjustments to reconcile operating loss to net cash used by operating activities -	
Depreciation	53,974
Changes in current assets and liabilities:	
Accounts receivable	(3,116)
Due from other governmental units	5,470
Accounts payable	<u>(2,615)</u>
Net cash used by operating activities	<u>(9,502)</u>

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

VILLAGE OF CHATAIGNIER, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Village of Chataignier (Village) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

A. Financial Reporting Entity

The Village of Chataignier was incorporated in 1972, under the provisions of the Lawrason Act. The Village operates under a Mayor-Board of Alderman form of government and provides the following services: public safety, highway and streets, sanitation, culture and recreation, and general administrative services.

This report includes all funds and activities that are controlled by the Village as an independent political subdivision of the State of Louisiana. There are no component units required to be reported in conformity with generally accepted accounting principles.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net position and statement of activities display information about the Village, the primary government, as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Village and for each function of the Village'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.

VILLAGE OF CHATAIGNIER, LOUISIANA

Notes to Basic Financial Statements (Continued)

Fund Financial Statements

The accounts of the Village 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. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The various funds of the Village are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the Village are described below:

Governmental Fund -

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

Proprietary Fund -

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. The Village's proprietary fund type is an enterprise fund.

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

VILLAGE OF CHATAIGNIER, LOUISIANA

Notes to Basic Financial Statements (Continued)

C. 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 statement of net position and the statement of activities, both governmental 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 governmental 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 position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual 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, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

VILLAGE OF CHATAIGNIER, LOUISIANA

Notes to Basic Financial Statements (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) 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 accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used.

Program revenues

Program revenues included in the statement of activities are derived directly from the program itself or from parties outside the Village's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Village's general revenues.

Allocation of indirect expenses

The Village reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the statement of activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the statement of activities.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Cash and interest-bearing deposits

For purposes of the statement of net position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Village. 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 when purchased.

VILLAGE OF CHATAIGNIER, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales and use taxes and franchise taxes. Business-type activities report customer's utility service receivables as their major receivable. Uncollectible utility service receivables are recognized as bad debts at the time written off.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The Village maintains a threshold level of \$5,000 or more for capitalizing capital assets. The costs 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. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	30 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	20 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until a future period. In other instances, governments are required to delay recognition of increases in net position as revenues until a future period. In these circumstances, deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There are no deferred inflows or outflows as of June 30, 2019.

VILLAGE OF CHATAIGNIER, LOUISIANA

Notes to Basic Financial Statements (Continued)

Compensated Absences

The Village has no policy relating to compensated absences. Any liability the Village might have in this regard at June 30, 2019 is considered immaterial; therefore, no liability has been recorded in the accounts.

Equity Classifications

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

- a. Net investment in capital assets – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.
- b. Restricted net position – consists of net position 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. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.
- c. Unrestricted net position – consist of all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balances of the governmental funds are classified as follows.

- a. Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
- b. 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.
- c. Committed – amounts that can be used only for specific purposes determined by a formal decision of the Village’s Mayor and Board of Aldermen, which is the highest level of decision-making authority for the Village.
- d. Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Village’s adopted policy, only the Council may assign amounts for specified purposes.
- e. Unassigned – all other spendable amounts.

VILLAGE OF CHATAIGNIER, LOUISIANA

Notes to Basic Financial Statements (Continued)

When an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available, the Village considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Village considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Village has provided otherwise in his commitment or assignment actions.

Enterprise (Utility) Fund equity at the fund level is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

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.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

F. Use of Estimates

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

VILLAGE OF CHATAIGNIER, LOUISIANA

Notes to Basic Financial Statements (Continued)

(2) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village 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, 2019, the Village had cash and interest-bearing deposits (book balances) totaling \$74,836 as follows:

Demand deposits	\$ 32,024
Time and savings deposits	<u>42,812</u>
Total	<u>\$ 74,836</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village'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 similar federal security or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at June 30, 2019 in the amount of \$79,913 were secured in total by federal deposit insurance. The Village does not have a policy for custodial credit risk.

(3) Receivables

Receivables at June 30, 2019 of \$11,704 consist of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ -	\$ 5,300	\$ 5,300
Sales tax	3,539	-	3,539
Franchise tax	<u>2,865</u>	<u>-</u>	<u>2,865</u>
	<u>\$ 6,404</u>	<u>\$ 5,300</u>	<u>\$ 11,704</u>

(4) Due from Other Governmental Units

Amounts due from other governmental units consisted of \$3,485 due from the State of Louisiana for a Louisiana Government Assistance Program grant.

VILLAGE OF CHATAIGNIER, LOUISIANA

Notes to Basic Financial Statements (Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	<u>Balance 7/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2019</u>
Governmental activities:				
Land	\$ 25,964	\$ -	\$ -	\$ 25,964
Buildings and improvements	300,902	-	-	300,902
Equipment	118,333	-	90,526	27,807
Street improvements	343,648	-	-	343,648
Totals	<u>788,847</u>	<u>-</u>	<u>90,526</u>	<u>698,321</u>
Less: accumulated depreciation				
Buildings and improvements	248,942	3,236	-	252,178
Equipment	114,395	2,625	90,526	26,494
Street improvements	256,140	17,183	-	273,323
Total accumulated depreciation	<u>619,477</u>	<u>23,044</u>	<u>90,526</u>	<u>551,995</u>
Governmental activities, capital assets, net	<u>\$ 169,370</u>	<u>\$ (23,044)</u>	<u>\$ -</u>	<u>\$ 146,326</u>
Business-type activities:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Systems and extensions	1,406,547	762,930	-	2,169,477
Equipment	5,236	-	-	5,236
Totals	1,421,783	762,930	-	2,184,713
Total accumulated depreciation	<u>861,759</u>	<u>53,974</u>	<u>-</u>	<u>915,733</u>
Business-type activities, capital assets, net	<u>\$ 560,024</u>	<u>\$ 708,956</u>	<u>\$ -</u>	<u>\$ 1,268,980</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 900
Police	4,962
Public works	15,582
Culture and recreation	1,600
Total depreciation expense	<u>\$ 23,044</u>

VILLAGE OF CHATAIGNIER, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in October and billed to the taxpayers in December. Billed taxes become delinquent on January 1 of the following year.

For the year ended June 30, 2019, taxes of 5.31 mills were levied on property with assessed valuations totaling \$876,540. Total taxes levied were \$4,655.

(7) Compensation of Village Officials

A detail of compensation paid to the Board of Aldermen for the year ended June 30, 2019 follows:

Joseph Semien	\$ 900
Debra G. Fontenot	1,800
Carolyn Arvie	900
John B. Brasseaux	<u>1,800</u>
Total	<u>\$ 5,400</u>

(8) Compensation, Benefits, and Other Payments to Agency Head

A detail of compensation, benefits, and other payments paid to the Mayor of the Village of Chataignier for the year ended June 30, 2019 follows:

<u>Purpose</u>	<u>7/2018 - 12/2018</u> <u>Jackie Thomas</u>	<u>1/2019 - 6/2019</u> <u>Justin Darbonne</u>
Salaries	\$ 3,600	\$ 3,600
Phone allowance	<u>250</u>	<u>300</u>
Total	<u>\$ 3,850</u>	<u>\$ 3,900</u>

(9) Interfund Transactions

Interfund transfers consisted of the following at June 30, 2019:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General fund	\$ 12,623	\$ 13,500
Proprietary fund - Sewer Fund	<u>13,500</u>	<u>12,623</u>
Total	<u>\$ 26,123</u>	<u>\$ 26,123</u>

VILLAGE OF CHATAIGNIER, LOUISIANA

Notes to Basic Financial Statements (Continued)

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(10) Risk Management

The Village is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year nor have settlements exceeded coverage for the past three years.

(11) Pending Litigation

There is no litigation pending against the Village of Chataignier at June 30, 2019.

**REQUIRED
SUPPLEMENTARY INFORMATION**

VILLAGE OF CHATAIGNIER, LOUISIANA
General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	Budget		Actual	Variance with
	Original	Final		Final Budget Favorable (Unfavorable)
Revenues:				
Taxes	\$ 21,485	\$32,491	\$33,160	\$ 669
Licenses and permits	6,000	4,311	6,243	1,932
Franchise tax	15,000	20,353	18,140	(2,213)
Intergovernmental -				
Beer tax	300	157	157	-
Highway maintenance	10,252	2,970	2,970	-
Fines and forfeitures	18,449	21,969	23,159	1,190
Rental income	7,500	8,675	9,650	975
Interest	150	81	91	10
Miscellaneous	<u>6,855</u>	<u>17,975</u>	<u>27,883</u>	<u>9,908</u>
Total revenues	<u>85,991</u>	<u>108,982</u>	<u>121,453</u>	<u>12,471</u>
Expenditures:				
Current -				
General government	61,906	96,807	107,177	(10,370)
Recreation	4,890	490	-	490
Public safety	32,122	30,944	22,746	8,198
Public works	<u>6,453</u>	<u>7,118</u>	<u>7,624</u>	<u>(506)</u>
Total expenditures	<u>105,371</u>	<u>135,359</u>	<u>137,547</u>	<u>(2,188)</u>
Deficiency of revenues over expenditures	<u>(19,380)</u>	<u>(26,377)</u>	<u>(16,094)</u>	<u>10,283</u>
Other financing sources (uses):				
Transfers in	-	12,305	12,623	318
Transfers out	<u>-</u>	<u>-</u>	<u>(13,500)</u>	<u>(13,500)</u>
Total other financing sources (uses)	<u>-</u>	<u>12,305</u>	<u>(877)</u>	<u>(13,182)</u>
Net change in fund balance	(19,380)	(14,072)	(16,971)	(2,899)
Fund balance, beginning	<u>123,109</u>	<u>91,851</u>	<u>91,851</u>	<u>-</u>
Fund balance, ending	<u>\$ 103,729</u>	<u>\$ 77,779</u>	<u>\$ 74,880</u>	<u>\$ (2,899)</u>

VILLAGE OF CHATAIGNIER, LOUISIANA

Notes to Required Supplementary Information
For the Year Ended June 30, 2019

(1) Budget and Budgetary Accounting

A budget for the General Fund for the year ended June 30, 2019 was adopted in accordance with LSA-R.S. 39:1301, cited as the "Louisiana Local Government Budget Act." Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Village.

(2) Excess of Expenditures Over Appropriations

The General Fund incurred expenditures in excess of appropriations for the year ended June 30, 2019 in the amount of \$2,188.

OTHER SUPPLEMENTARY INFORMATION

VILLAGE OF CHATAIGNIER, LOUISIANA

Schedule of Insurance in Force (unaudited)
June 30, 2019

Description of Coverage	Expiration Date	Coverage Amounts
Workmen's Compensation: Louisiana Worker's Compensation Corporation	7/17/2019	Statutory
Commercial General Liability	4/26/2020	\$ 500,000
Automobile Liability	4/26/2020	500,000
Commercial property insurance: Buildings -		
116 Church Street, Chataignier, La	5/21/2020	50,000
117 First Street, Chataignier, La	5/21/2020	50,000
226 Martin Luther King Dr., Chataignier, La	5/21/2020	50,000
Contents:		
116 Church Street, Chatagnier, La	5/21/2020	50,000
117 First Street, Chataignier, La	5/21/2020	50,000
226 Martin Luther King Dr., Chataignier, La	5/21/2020	50,000
Inland marine	12/22/2019	40,650
Commercial property insurance: Buildings -		
113-117 First Street, Chataignier, La	7/17/2019	85,000
6215 Charles Armand Jr. Street, Chataignier, La	7/17/2019	83,365
Bond: Mayor, Mayor ProTem, City Clerk (\$5,000/person)	8/22/2019	15,000
Law Enforcement Officer	4/26/2020	500,000

**INTERNAL CONTROL, COMPLIANCE
AND OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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

WWW.KCSRPCAS.COM

* A Professional Accounting Corporation

The Honorable Justin Darbonne, Mayor
and Members of the Board of Aldermen
Village of Chataignier, 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 and each major fund of the Village of Chataignier, Louisiana, (Village), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated December 16, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of current and prior year audit findings and corrective action plan, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2019-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2019-001 to be significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Chataignier's financial statements are free from 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2019-003 through 2019-004.

Village of Chataignier's Response to Findings

The Village of Chataignier's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Village's response was not subjected to the auditing procedures applied in the audit of the 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
December 16, 2019

KOLDER, SLAVEN & COMPANY, LLC

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

WWW.KCSRPCAS.COM

* A Professional Accounting Corporation

The Honorable Justin Darbonne, Mayor
and Members of the Board of Aldermen
Village of Chataignier, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Village of Chataignier, Louisiana's, (Village) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village's major federal programs for the year ended June 30, 2019. The Village's major federal programs are 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 programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Village's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our 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 audit 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 we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on Each Major Federal Program

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the Village is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for 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 an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of 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 a 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.

Our 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. We did not identify any deficiencies in internal control over compliance that we consider 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 our 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
December 16, 2019

VILLAGE OF CHATAIGNIER, LOUISIANA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Name	Pass-through Identifying Number	CFDA Number	Expenditures
United States Department of Housing and Urban Development Passed through State of Louisiana Division of Administration Community Development Block Grant/State's program	B-16-DC-22-0001	14.228	<u>\$ 762,930</u>

VILLAGE OF CHATAIGNIER, LOUISIANA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Village of Chataignier, Louisiana, under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with 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). Because the schedule presents only a selected portion of the operations of the Village of Chataignier, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village of Chataignier.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Village of Chataignier has not elected to use the 10 percent *de minimus* indirect cost rate as allowed under the Uniform Guidance.

VILLAGE OF CHATAIGNIER, LOUISIANA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Part I. Summary of Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of the Village of Chataignier, Louisiana, were prepared in accordance with GAAP.
2. One material weakness and one significant deficiency in internal control were disclosed by the audit of the basic financial statements.
3. Two instances of noncompliance material to the financial statements which would be required to be reported in accordance with *Government Auditing Standards* were disclosed.
4. No significant deficiencies or material weaknesses in internal control over the major federal award program were disclosed by the audit of the basic financial statements.
5. The auditor's report on compliance for the major federal award program expressed an unmodified opinion on the major federal program.
6. The audit disclosed no findings required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance.
7. The major program was the U.S. Department of Housing and Urban Development's Community Development Block Grant/State's program CFDA #14.228.
8. The threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. The Village of Chataignier, Louisiana, did not qualify as a low-risk auditee.

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

A. Internal Control Findings –

See internal control findings 2019-001 and 2019-002 in the Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan.

B. Compliance Findings –

See compliance findings 2019-003 and 2019-004 in the Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan.

(continued)

VILLAGE OF CHATAIGNIER, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Part III. Findings and questioned costs for major federal awards in accordance with 2 CFR section 200 of the Uniform Guidance.

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

VILLAGE OF CHATAIGNIER, LOUISIANA

Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan
For the Year Ended June 30, 2019

Part I. Current Year Findings relating to an audit in accordance with *Government Auditing Standards*:

A. Internal Control Over Financial Reporting

2019-001 Segregation of Duties

CONDITION: The Village does not have an adequate segregation of accounting functions.

CRITERIA: Segregation of accounting duties is imperative to promote a strong internal control structure and proper monitoring.

CAUSE: The cause of the condition is the result of a failure to design and implement policies and procedures necessary to achieve adequate internal control.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Due to the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

MANAGEMENT RESPONSE: Due to the size of the operation and cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of accounting duties.

2019-002 Financial Reporting

CONDITION: Management and staff lack the expertise and/or experience in the selection and application of generally accepted accounting principles, as applicable to governmental entities, in the financial statement preparation process.

CRITERIA: Proper preparation of financial statements is imperative for management to monitor financial results.

CAUSE: The condition resulted because personnel do not have the qualifications and training to apply GAAP in recording the entity's financial transactions or preparing the financial statements.

EFFECT: Financial statements and related notes may reflect a material departure from generally accepted accounting principles.

RECOMMENDATION: The additional costs required to achieve the desired benefit may not be economically feasible.

MANAGEMENT RESPONSE: The financial reporting process will be outsourced to the Village's external auditors due to the increased costs necessary to correct the condition.

(continued)

VILLAGE OF CHATAIGNER, LOUISIANA

Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan
For the Year Ended June 30, 2019 (Continued)

B. Compliance

2019-003 Compliance with Internal Revenue Reporting Requirements

CONDITION: Forms 1099-MISC were not issued to persons who provided services in the amount of \$600 or more to the Village of Chataignier, Louisiana.

CRITERIA: Internal Revenue Service Publication 15 (Circular E), Employer's Tax Guide states that a 1099-MISC must be issued to persons, not treated as employees, providing services in the amount of \$600 or more per calendar year.

CAUSE: The Village of Chataignier did not follow Internal Revenue Service guidelines.

EFFECT: Individuals may not report income earned and pay income tax on payments received from the Village of Chataignier, Louisiana.

RECOMMENDATION: All individuals receiving payments from the Village of Chataignier, Louisiana, in the amount of \$600 or more should receive a 1099-MISC for the calendar year.

MANAGEMENT RESPONSE: All individuals receiving payments from the Village of Chataignier, Louisiana, in the amount of \$600 or more in a calendar year will receive a 1099-MISC.

2019-004 Late Filing of Payroll Taxes and Forms

CONDITION: Payroll taxes and forms for the period July 2018 through December 2018 were not paid and filed by the required deadlines.

CRITERIA: Internal Revenue Service Publication 15 (Circular E), Employer's Tax Guide sets the deposit schedule and form filing deadlines for federal taxes, the Louisiana Department of Revenue sets filing deadlines for state withholding taxes, and Louisiana Workforce Commission sets filing deadlines for state unemployment payments.

CAUSE: The Village of Chataignier, Louisiana, did not follow the filing requirements of the Internal Revenue Service, Louisiana Department of Revenue, and Louisiana Workforce Commission.

EFFECT: Payroll taxes will not be paid on time and penalties and interest could be assessed.

RECOMMENDATION: All payroll taxes should be paid, and applicable payroll tax forms filed by the required deadlines.

MANAGEMENT RESPONSE: All payroll taxes for 2019 have been paid timely and applicable forms filed have been on time.

(continued)

VILLAGE OF CHATAIGNER, LOUISIANA

Schedule of Current and Prior Year Audit Findings and Management's Corrective Action Plan
For the Year Ended June 30, 2019 (Continued)

Part II. Prior Year Findings relating to an audit in accordance with *Government Auditing Standards*:

A. Compliance

2018-001 Noncompliance with Budget Amendment

CONDITION: The Village of Chataignier did not comply with the requirements of RS 39:1311, the Local Government Budget Act. Actual expenditures exceeded budgeted expenditures by five percent or more in the General Fund.

CURRENT STATUS: Resolved.

VILLAGE OF CHATAIGNIER, LOUISIANA

**Statewide Agreed-Upon Procedures Report
Year Ended June 30, 2019**

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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To the Management of the Village of Chataignier
and Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Village of Chataignier and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Village of Chataignier's management is responsible for those C/C areas identified in the SAUPs.

The 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 the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

There were no written policies and procedures.

Board or Finance Committee

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

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

Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met at least monthly, except for the month of February 2019.

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

The meetings did not reference budget to actual comparisons.

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

The prior year compilation report does not have a negative ending unassigned fund balance.

Bank Reconciliations

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

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Bank reconciliations did not include evidence that they were prepared within 2 months of the statement closing date; did not include evidence that a member of management/board member reviewed the bank reconciliation; and no outstanding checks were more than 12 months old.

Collections (excluding EFTs)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.

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

The employee that collects cash is also responsible for preparing/making bank deposits.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

The employee that collects cash posts entries to the general ledger. Another employee does not reconcile ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

This step is not performed.
- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Per inquiry of management, all employees who have access to cash are covered by bond insurance.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
Receipts were not sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
Unable to perform this step.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions were noted.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
We were unable to determine the number of days between receipt and deposit.
 - e) Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
Exception noted.
 - b) At least two employees are involved in processing and approving payments to vendors.
No exceptions noted.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
The employee responsible for processing payments can add/modify vendor files.

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

The employee who processes payments also mails the payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]

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

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

No exceptions noted.

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

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

Two exceptions were noted.

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

Finance charges were assessed.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

One transaction did not have a detailed receipt. Two transactions did not have a receipt. One transaction did not have a public purpose.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

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

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

No exceptions noted.

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

None reimbursed using actual costs.

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

No exceptions noted.

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

No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

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

Bids were not required.

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

No evidence was noted that contract was approved by the governing body.

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

Contract was not amended.

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

No exceptions were noted.

Payroll and Personnel

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

No exceptions noted.

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

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

All employees were salaried; no timesheet was required. No leave benefits are offered.

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

All employees were salaried; no timesheet was required. No leave benefits are offered.

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

No leave benefits are offered.

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

No leave benefits are offered.

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

Payroll taxes for the period July 2018 to December 2018 were not paid and filed by the required deadlines.

Ethics

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

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

Ethics training was not performed.

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

Employee's did not attest through signature verification that he/she read the entity's ethics policy during the fiscal year. No ethics policy was available.

Debt Service

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

The Village has no debt.

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

The Village has no debt.

Other

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

No misappropriations were noted.

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

The required notice was not posted.

Management's Response:

Management of the Village of Chataignier concurs with the exceptions and are working to address the deficiencies identified.

We were 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, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Kolder, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
December 16, 2019