

Town of Chatham

Chatham, Louisiana

Annual Financial Statements
with Independent Auditor's Report

As of and For the Year Ended
June 30, 2020
with Supplemental Information Schedules

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Independent Auditor's Report

Town of Chatham
Chatham, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Town of Chatham, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Chatham's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Town of Chatham, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 15, 2021, on our consideration of the Town of Chatham's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Chatham's internal control over financial reporting and compliance.

Kenneth D. Felder & Co., CPAs

Jonesboro, Louisiana
September 15, 2021

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

Town of Chatham
Chatham, Louisiana

Statement of Net Position
As of June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 53,087	\$ 142,366	\$ 195,453
Investments	-	81,000	81,000
Accounts receivable	7,458	76,180	83,638
Cash and equivalents - restricted	-	60,483	60,483
Capital assets (net of accumulated depreciation)	287,179	2,673,512	2,960,691
Total Assets	<u>347,724</u>	<u>3,033,541</u>	<u>3,381,265</u>
Liabilities			
Accounts payable	1,536	45,769	47,305
Payroll liabilities	295	-	295
Customer meter deposits	-	105,371	105,371
Long-term liabilities			
Due within one year	-	17,671	17,671
Due in more than one year	-	110,000	110,000
Total Liabilities	<u>1,831</u>	<u>278,811</u>	<u>280,642</u>
Net Position			
Net investment in capital assets	287,179	2,549,512	2,836,691
Restricted	-	127,671	127,671
Unrestricted	58,714	77,546	136,260
Total Net Position	<u>\$ 345,893</u>	<u>\$ 2,754,729</u>	<u>\$ 3,100,622</u>

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

Town of Chatham
Chatham, Louisiana

Statement of Activities
For the Year Ended June 30, 2020

Expenses	Major Funds			Net (Expense) Revenue and Changes in Net Position		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>Functions/Programs</u>						
Primary government						
Governmental activities						
General government	\$ 121,805	\$ -	\$ -	\$ (121,805)	\$ -	(121,805)
Police	56,307	21,392	-	(34,915)	-	(34,915)
Highways and streets	24,590	1,973	-	(22,617)	-	(22,617)
Community development	415	-	-	(415)	-	(415)
Total governmental activities	<u>203,117</u>	<u>23,365</u>		<u>(179,752)</u>	<u>-</u>	<u>(179,752)</u>
Business-type activities						
Public utility services	528,105	317,732	-	375,165	164,792	164,792
Total primary government	<u>\$ 731,222</u>	<u>\$ 341,097</u>	<u>\$ 375,165</u>	<u>(179,752)</u>	<u>164,792</u>	<u>(14,960)</u>
<u>General Revenues</u>						
Taxes:						
Property taxes, levied for general purposes				16,636	-	16,636
Sales taxes				45,845	-	45,845
Franchise taxes				8,622	-	8,622
Other taxes				963	-	963
Licenses				27,821	-	27,821
Intergovernmental				2,400	-	2,400
Investment earnings				1,156	1,620	2,776
Rental income				22,000	-	22,000
Other revenue				17,763	12,504	30,267
Operating transfers				16,164	(6,627)	9,537
Total general revenues and transfers				<u>159,370</u>	<u>7,497</u>	<u>166,867</u>
Change in net position				(20,382)	172,289	151,907
Net position - June 30, 2019				<u>366,273</u>	<u>2,582,439</u>	<u>2,948,712</u>
Net position - June 30, 2020				<u>\$ 345,891</u>	<u>\$ 2,754,728</u>	<u>\$ 3,100,619</u>

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

FUND FINANCIAL STATEMENTS

Town of Chatham
Chatham, Louisiana

Balance Sheet - Governmental Funds
As of June 30, 2020

		Major Funds
		General Fund
Assets		
Cash and equivalents	\$	53,087
Accounts receivable		7,458
Total Assets	\$	<u>60,545</u>
Liabilities & Fund Balances		
Liabilities:		
Accounts payable	\$	1,536
Payroll liabilities		295
Total Liabilities		<u>1,831</u>
Fund balances:		
Unassigned		58,714
Total Fund Balances		<u>58,714</u>
Total Liabilities and Fund Balances	\$	<u>60,545</u>

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

Town of Chatham
Chatham, Louisiana

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
As of June 30, 2020

Total Fund Balances at June 30, 2020 - Governmental Funds (Statement C)	\$	58,714
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Total Net Position reported for governmental activities in the Statement of Net Position (Statement A) are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds, net of depreciation.		287,179
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Net Position at June 30, 2020	\$	345,893
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The accompanying notes are an integral part of these financial statements.

Town of Chatham
Chatham, Louisiana

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

		General Fund
Revenues		
Taxes:		
Ad valorem tax	\$	16,636
Franchise tax		8,622
Sales tax		45,845
Other tax		963
Licenses and permits		28,956
Intergovernmental		2,400
Fines, forfeitures, and court costs		21,392
Rent, royalty, and commission		22,000
Charges for services		1,973
Miscellaneous		17,763
Total revenues		166,550
Expenditures		
Current:		
General government		114,349
Public safety		
Police		48,928
Streets		22,731
Parks and recreation		415
Total expenditures		186,423
Excess (deficiency) of revenues over (under) expenditures		(19,873)
Other financing sources (uses)		
Debt principal payments		(11,611)
Debt interest payments		(697)
Interest earnings		21
Operating transfers in (out)		16,164
Total other financing sources (uses)		3,877
Net changes in fund balances		(15,996)
Fund balances - June 30, 2019		74,708
Fund balances - June 30, 2020	\$	58,712

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

Town of Chatham
Chatham, Louisiana

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Funds Balances to the Statement of Activities
For the Year Ended June 30, 2020

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	(15,995)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets capitalized over their estimated useful lives as depreciation expense. This is the amount by which capital outlay differs from depreciation for the period.</p>		
Depreciation		(16,694)
Capital outlay		-
Debt principal and interest expenses, which is considered an other financing use on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Statement E), is a reduction of debt payable on the Government-Wide statements.		12,308
Change in net position of governmental activities (Statement B)	\$	(20,381)

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

Town of Chatham
Chatham, Louisiana

Statement of Net Position - Proprietary Fund
As of June 30, 2020

	Public Utility Fund
Assets	
Current Assets:	
Cash and equivalents	\$ 142,366
Investments	81,000
Accounts receivable	76,180
Total Current Assets	299,546
Noncurrent Assets:	
Cash and equivalents - restricted	60,483
Capital assets (net of accumulated depreciation)	2,673,512
Total Noncurrent Assets	2,733,995
Total Assets	3,033,541
Liabilities	
Current Liabilities:	
Accounts payable	45,769
Total Current Liabilities	45,769
Current liabilities payable from restricted assets	
Customer meter deposits	105,371
Long-Term Liabilities:	
Due within one year	17,671
Due in more than one year	110,000
Total Long-Term Liabilities	127,671
Total Liabilities	278,811
Net Position	
Net investment in capital assets	2,549,512
Restricted	127,671
Unrestricted	77,546
Total Net Position	\$ 2,754,729

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

Town of Chatham
Chatham, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund
For the Year Ended June 30, 2020

	Public Utility Fund
Operating Revenues	
Water sales	\$ 117,695
Sewer fees	89,371
Other utility fees	110,667
Miscellaneous income	12,504
Total operating revenues	330,237
Operating Expenses	
Personnel services	107,939
Supplies	41,120
Utilities	18,945
Repairs and maintenance	134,576
Contractual services	71,892
Miscellaneous	19,963
Depreciation	133,669
Total operating expenses	528,104
Operating Income (Loss)	(197,867)
Non-operating Revenues (Expenses)	
Interest earnings	1,620
Capital grant	375,165
Total non-operating revenues (expenses)	376,785
Income (loss) before transfers	178,918
Transfers in (out)	(6,627)
Change in net position	172,291
Total Net Position - June 30, 2019	2,582,439
Total Net Position - June 30, 2020	\$ 2,754,730

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

Town of Chatham
Chatham, Louisiana

Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 2020

	Public Utility Fund
Cash flows from operating activities	
Cash received from customers	\$ 344,795
Cash payments to suppliers for goods and services	(277,928)
Cash payments to employees	(125,673)
Net cash provided by (used for) operating activities	(58,806)
Cash flows from non-capital financing	
Transfers from (to) other funds	(6,627)
Other income	6,359
Net cash provided by (used for) non-capital financing activities	(268)
Cash flows from capital and related financing activities	
Acquisition of capital assets	(375,206)
Proceeds from bonds payable	-
Bond principal payments	(13,000)
Bond interest payments	(3,796)
Capital grant	375,165
Net cash provided by (used for) capital and related financing activities	(16,837)
Cash flows from investing activities	
Interest earnings	1,620
Net cash provided by (used for) investing activities	1,620
Net increase (decrease) in cash and cash equivalents	(74,291)
Cash and cash equivalents - June 30, 2019	277,139
Cash and cash equivalents - June 30, 2020	\$ 202,848
Reconciliation of operating income to net provided by operating activities	
Operating income	\$ (197,869)
Adjustments	
Depreciation	133,669
Net changes in assets and liabilities	
Accounts receivable	(27,694)
Customers' meter deposits	700
Accounts payable	36,490
Payroll liabilities	(4,102)
Net cash provided for (used for) operating activities	\$ (58,806)

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

NOTES TO THE FINANCIAL STATEMENTS

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Reporting Entity

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

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

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

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

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

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

C. Government-Wide Financial Statements

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

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

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

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

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

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

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

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

D. Fund Financial Statements

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

Governmental Funds

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

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

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

The Town of Chatham reports the following major governmental funds:

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

Revenues

The governmental funds use the following practices in recording revenues:

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

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

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

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

Expenditures

The governmental funds use the following practices in recording expenditures:

Salaries are recorded as expenditures when earned by employees.

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

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

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

Other Financing Sources (Uses)

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

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

Proprietary Funds

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

The Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis are financed through user charges: or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purpose.

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

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

Revenues and Expenses

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

E. Equity Classifications

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

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

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

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

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

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

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Town did not have any nonspendable funds for the year ended June 30, 2020.

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Town did not have any restricted funds for the year ended June 30, 2020.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town Council. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Council typically establishes commitments through the adoption and amendment of the budget. The Town did not have any committed funds for the year ended June 30, 2020.

Assigned: This classification includes amounts that are constrained by the Town intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Town Council or through the Council delegating this responsibility to a body or official (Mayor) for specific purposes. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The Town did not have any assigned funds for year ended June 30, 2020.

Unassigned: This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts. The Town has \$58,714 of unassigned funds in the General Fund.

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

F. Budgets

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

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

The 2019-2020 general fund budget was published in the official journal and made available for public inspection. A public hearing for the proposed budget was held on June 11, 2019, and the budget was adopted by the Mayor and Town Council. The budget was legally amended on June 9, 2020.

G. Cash and Cash Equivalents

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

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

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

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

H. Investments

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

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

I. Interfund Receivables and Payables

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

J. Inventories

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

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

K. Capital Assets

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

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

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

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

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

L. Deferred Outflows of Resources

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

M. Compensated Absences

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

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

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

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

N. Deferred Inflows of Resources

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

O. Interfund Transactions

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

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

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

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

P. Estimates

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

2. Ad Valorem Tax

All ad valorem tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes are recognized as bad debts through the establishment of an allowance account. Ad valorem taxes are levied on a calendar year basis and become delinquent on December 31. The Town bills and collects its own ad valorem taxes. For the 2019 ad valorem taxes, one rate of tax was levied on property within the corporate limits, as follows:

7.81 mills for the general maintenance of the Town

Town of Chatham
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Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

This millage was approved by the Town Council on July 19, 2019. This millage is the maximum millage that can be assessed without the approval of the voters of the Town.

3. Sales Tax

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

4. Cash, Cash Equivalents, and Investments

At June 30, 2020, the Town had cash and cash equivalents (book balances) totaling \$255,936, including interest bearing demand deposits of \$195,453 and restricted cash deposits of \$60,483. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At June 30, 2020, the Town had \$257,630 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$7,630 in pledged securities.

Cash and investments are categorized to give an indication of the level of risk assumed by the Town at June 30, 2020. Deposits are considered to be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the the pledging financial institution's trust department or agent but not in the depositor-government's name. The Town of Chatham has cash and cash equivalents that are covered by federal depository insurance and pledged securities.

At June 30, 2020, the Town had investments of \$81,000. These deposits are covered by \$295,036 in pledged securities. Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement No. 40, Louisiana Revised Statute 30:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand. Louisiana R.S. 39:1224 requires bonds, or other such instruments furnished as security, to be deposited with the depositing authority or with an unaffiliated bank or trust company, Federal Reserve Bank, or any Federal Home Loan Bank or its successor. This security is deemed to be under the control and in the possession of the public entity and deemed to be held in its name. The Town of Chatham has complied with these requirements of state law.

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

5. Receivables

The receivables of \$83,638 at June 30, 2020, are as follows:

	Fund		Total
	General	Enterprise	
Taxes:			
Franchise fees	\$ 1,744	\$ -	\$ 1,744
Sales and use	4,112	-	4,112
Other	-	-	-
Other revenues	1,602	-	1,602
Grants	-	38,030	38,030
Accounts	-	40,399	40,399
Allowance for uncollectible accounts	-	(2,249)	(2,249)
Total	\$ 7,458	\$ 76,180	\$ 83,638

6. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2020, is as follows:

A. Capital Assets - Governmental Activities

	Balance, July 01, 2019	Additions	Deletions	Balance, June 30, 2020
Capital assets not depreciated				
Land	\$ 32,700	\$ -	\$ -	\$ 32,700
Total capital assets not being depreciated	<u>32,700</u>	<u>-</u>	<u>-</u>	<u>32,700</u>
Capital assets being depreciated				
Buildings	418,268	-	-	418,268
Equipment and vehicles	364,635	-	-	364,635
Total capital assets being depreciated	<u>782,903</u>	<u>-</u>	<u>-</u>	<u>782,903</u>
Less accumulated depreciation				
Buildings	192,361	8,006	-	200,366
Equipment and vehicles	319,370	8,688	-	328,058
Total accumulated depreciation	<u>511,731</u>	<u>16,694</u>	<u>-</u>	<u>528,424</u>
Capital assets, net	<u>271,172</u>	<u>(16,694)</u>	<u>-</u>	<u>254,479</u>
Governmental capital assets - net	<u>\$ 303,872</u>	<u>\$ (16,694)</u>	<u>\$ -</u>	<u>\$ 287,179</u>

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

Functional Allocation of Depreciation Expense

General government	\$	7,456
Public safety		7,379
Public works		1,859
Culture and recreation		-
Total	\$	16,694

B. Capital Assets - Proprietary Funds

	Balance, July 01, 2019	Additions	Deletions	Balance, June 30, 2020
Capital assets not depreciated				
Land	\$ 4,064	\$	\$	\$ 4,064
Construction in progress	648,769	-	648,769	-
Total capital assets not being depreciated	652,833	-	648,769	4,064
Capital assets being depreciated				
Water System	2,340,227	301,806	-	2,642,033
Sewer System	1,257,399	722,169	-	1,979,569
Natural Gas System	593,399	-	-	593,399
Equipment and vehicles	264,027	-	-	264,027
Improvements	283,645	-	-	283,645
Total capital assets being depreciated	4,738,698	1,023,976	-	5,762,673
Less accumulated depreciation				
Water System	1,434,653	59,254	-	1,493,907
Sewer System	524,443	55,034	-	579,476
Natural Gas System	472,122	14,835	-	486,957
Equipment and vehicles	253,944	3,296	-	257,240
Improvements	274,395	1,250	-	275,645
Total accumulated depreciation	2,959,556	133,669	-	3,093,225
Capital assets, net	1,779,142	890,307	-	2,669,448
Business-type activities capital assets - net	\$ 2,431,975	\$ 890,307	\$ 648,769	\$ 2,673,512

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

7. Payables

The payables of \$47,600 at June 30, 2020, are as follows:

	Fund		Total
	General	Enterprise	
Accounts	\$ 1,536	\$ 45,769	\$ 47,306
Payroll liabilities	295	-	295
Total	<u>\$ 1,831</u>	<u>\$ 45,769</u>	<u>\$ 47,601</u>

8. Long-Term Obligations

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

Governmental Activities (General Fund):

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

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

Business-Type Activities (Public Utility Fund):

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

The following schedule is a summary of the long-term obligations transactions for the year ended June 30, 2020.

Long-term obligation	Balance, July 01, 2019	Additions	Deletions	Balance, June 30, 2020
Governmental Activities (General Fund):				
2017 Ford Police Interceptor	\$ 11,611	\$ -	\$ 11,611	\$ -
Total	<u>\$ 11,611</u>	<u>\$ -</u>	<u>\$ 11,611</u>	<u>\$ -</u>
Business-Type Activities (Public Utility Fund):				
Utility Revenue Bonds, Series 2017	\$ 137,000	\$ -	\$ 13,000	\$ 124,000
Total	<u>\$ 137,000</u>	<u>\$ -</u>	<u>\$ 13,000</u>	<u>\$ 124,000</u>

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2020:

Long-term obligation	Current portion	Long-term portion	Total
<u>Governmental Activities (General Fund):</u>			
2017 Ford Police Interceptor	\$ -	\$ -	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
<u>Business-Type Activities (Public Utility Fund):</u>			
Utility Revenue Bonds, Series 2017	\$ 14,000	\$ 110,000	\$ 124,000
Total	<u>\$ 14,000</u>	<u>\$ 110,000</u>	<u>\$ 124,000</u>

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

Annual Payment Dates	Annual Payment Amount	Interest	Annual Principal Paid	Remaining Balance	Accumulated Interest
Balance at February 1, 2020				\$ 124,000	
August 01, 2020	17,895	3,895	14,000	110,000	10,628
2021	17,446	3,446	14,000	96,000	14,075
2022	17,016	3,016	14,000	82,000	17,090
2023	17,585	2,585	15,000	67,000	19,675
2024	18,118	2,118	16,000	51,000	21,793
2025	17,616	1,616	16,000	35,000	23,409
2026	18,113	1,113	17,000	18,000	24,521
2027	18,574	574	18,000	-	25,096
Total	<u>\$ 142,363</u>	<u>\$ 18,363</u>	<u>\$ 124,000</u>	<u>\$ -</u>	

9. Retirement Systems

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

10. Grants

During the year ended June 30, 2020, the Town of Chatham received grant funds from the Louisiana Community Development Block Grant of \$73,359 for sewer system improvements and Community Water Enrichment Fund Grant of \$301,806 for a new water system.

Town of Chatham
Chatham, Louisiana

Notes to the Financial Statements
As of and For the Year Ended June 30, 2020

11. Risk Management

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

12. Litigation and Claims

At June 30, 2020, the Town was not involved in any lawsuits nor is aware of any outstanding claims, which are not covered by insurance.

13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 15, 2021, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Town of Chatham
Chatham, Louisiana

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	Budget - Original	Budget - Final	Actual	Variance - Favorable (Unfavorable)
Revenues				
Taxes:				
Ad valorem tax	\$ 17,436	\$ 16,211	\$ 16,636	\$ 425
Franchise tax	8,800	8,658	8,622	(36)
Sales tax	45,230	45,355	45,845	490
Other tax	963	1,000	963	(37)
Licenses and permits	33,004	31,832	28,956	(2,876)
Intergovernmental	2,600	9,900	2,400	(7,500)
Fines, forfeitures, and court costs	21,392	23,700	21,392	(2,308)
Rent, royalty, and commission	22,000	24,000	22,000	(2,000)
Charges for services	1,973	1,833	1,973	140
Miscellaneous	10,362	10,302	17,763	7,461
Total revenues	<u>163,760</u>	<u>172,791</u>	<u>166,550</u>	<u>(6,241)</u>
Expenditures				
Current:				
General government	102,490	89,587	114,349	(24,762)
Public safety				
Police	62,317	64,097	48,928	15,169
Streets	24,339	21,713	22,731	(1,018)
Parks and recreation	2,154	2,136	415	1,721
Total expenditures	<u>191,300</u>	<u>177,533</u>	<u>186,423</u>	<u>(8,890)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(27,540)</u>	<u>(4,742)</u>	<u>(19,873)</u>	<u>(15,131)</u>
Other financing sources (uses)				
Bond principal payments	-	-	(11,611)	(11,611)
Bond interest payments	-	-	(697)	(697)
Interest earnings	-	-	21	21
Operating transfers in (out)	(4,790)	(7,972)	16,164	24,136
Total other financing sources (uses)	<u>(4,790)</u>	<u>(7,972)</u>	<u>3,877</u>	<u>11,849</u>
Net changes in fund balances	<u>(32,330)</u>	<u>(12,714)</u>	<u>(15,996)</u>	<u>(3,282)</u>
Fund balances - June 30, 2019	<u>74,708</u>	<u>74,708</u>	<u>74,708</u>	<u>-</u>
Fund balances - June 30, 2020	<u>\$ 42,378</u>	<u>\$ 61,994</u>	<u>\$ 58,712</u>	<u>\$ (3,282)</u>

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



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

Town of Chatham
Chatham, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Chatham, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Chatham's basic financial statements and have issued our report thereon dated September 15, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kenneth D. Felden & Co., CPAs

Jonesboro, Louisiana
September 15, 2021

SUPPLEMENTAL INFORMATION

Town of Chatham
Chatham, Louisiana

Schedule of Findings and Questioned Costs
For the year ended June 30, 2020

We have audited the basic financial statements of the Town of Chatham as of and for the year ended June 30, 2020 and have issued our report thereon dated September 15, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2020 resulted in an unqualified opinion.

A. Summary of Auditor's Report

Report on Internal Control and Compliance Material to Financial Statements

Internal Control

Material Weakness Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

B. Findings - Financial Statements Audit

Current Year

No current year findings.

Prior Year

No prior year findings.

Town of Chatham
Chatham, LouisianaSchedule of Compensation Paid Council
For the year ended June 30, 2020

	2020
Marvin Davis	\$ 300
Greg Harris	300
Toni Malone	300
Laverne Mixon	300
Sue Ann Proffer	300
	\$ 1,500

Town of Chatham
Chatham, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head
For the year ended June 30, 2020

Dwight Cooper Mayor	
Salary	\$ 6,000
Benefits - Insurance	181
Telephone	480
	<u>\$ 6,661</u>



KENNETH D. FOLDEN & CO.

Certified Public Accountants

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Independent Accountant's Report on Applying Agreed-Upon Procedures

Town of Chatham
East Chatham, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Town of Chatham, Louisiana, on the Schedule of Net Position and the Schedule of Revenues, Expenses, and Changes in Net Position for the LCDBG project as of and for the year ended June 30, 2020. The Town of Chatham is responsible for the presentation of the Schedule of Net Position and the Schedule of Revenues, Expenses, and Changes in Net Position for the LCDBG Sewer Improvements (Contract 2000292425) as of and for the year ended June 30, 2020, in accordance with accounting standards generally accepted in the United States of America. The sufficiency of these procedures is solely the responsibility of the Town of Chatham. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. Trace balances per the Schedule of Net Position and the Schedule of Revenues, Expenses, and Changes in Net Position for the LCDBG Sewer Improvements (Contract 2000292425) as of and for the year ended June 30, 2020, to the underlying records used in the audit of the financial statements of the Town of Chatham, Louisiana as of and for the year ended June 30, 2020.

No exceptions were noted.

2. Verify the mathematical accuracy of the Schedule of Net Position and the Schedule of Revenues, Expenses, and Changes in Net Position for the LCDBG Sewer Improvements (Contract 2000292425) as of and for the year ended June 30, 2020.

No exceptions were noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the applicable standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report.

We were not engaged to, and did not, perform an examination or review, the objective of which would be the expression of an opinion on the Schedule of Net Position and the Schedule of Revenues, Expenses, and Changes in Net Position for the LCDBG Sewer Improvements (Contract 2000292425) as of and for the year ended June 30, 2020. 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.

This report is intended solely for the information and use of management of the Town of Chatham and is not intended to be and should not be used for any other purpose.

Kenneth D. Folden & Co., CPAs

Jonesboro, Louisiana
September 15, 2021

Town of Chatham
Chatham, LouisianaSchedule of Net Position
LCDBG Sewer Improvements (Contract 2000292425)
As of June 30, 2020

Assets	
Cash and equivalents	\$ -
Total Assets	<u>-</u>
Liabilities	
Due to Utility Fund - Sewer	-
Total Liabilities	<u>-</u>
Net Position	<u>\$ -</u>

UNAUDITED

Town of Chatham
Chatham, Louisiana

Statement of Revenues, Expenses, and Changes in Net Position
LCDBG Sewer Improvements (Contract 2000292425)
For the Year Ended June 30, 2020

Revenues

LCDBG Program Income	\$	73,359
Other revenue		-
Total revenues		<u>73,359</u>

Expenses

Administration		-
Acquisition		-
Engineering		-
Construction		73,359
Laboratory Services		-
Construction Inspection		-
Construction Contingencies		-
Total expenses		<u>73,359</u>

Excess (deficiency) of revenues over (under) expenses -

Other financing sources (uses)

Operating transfers in (out)		-
Total other financing sources (uses)		<u>-</u>

Excess revenues and other sources over (under) expenses and other uses -

Net Position - June 30, 2019 -

Net Position - June 30, 2020 \$ -