

**TOWN OF CHENEYVILLE
CHENEYVILLE, LOUISIANA**

**AUDITOR'S REPORT
JUNE 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/10/11

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of Net Assets	5
Statement of Activities	6
FUND FINANCIAL STATEMENTS (FFS)	
Balance Sheet - Governmental Funds	9
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Assets	10
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Fund	11
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	12
Statement of Net Assets – Proprietary Fund	13
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Fund	14
Statement of Cash Flows – Proprietary Funds	15-16
NOTES TO FINANCIAL STATEMENTS	17-32
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule: General Fund	34
OTHER SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedules: General Fund Expenditures	36-37
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	39-40
SCHEDULE OF AUDIT RESULTS, FINDINGS AND QUESTIONED COSTS	41
SCHEDULE OF CURRENT YEAR FINDINGS AND MANAGEMENT'S CORRECTIVE ACTION PLAN	42
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	43

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cheneyville, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Cheneyville, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

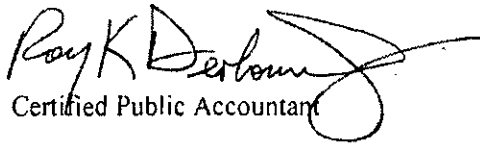
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cheneyville, Louisiana, as of June 30, 2010 and the respective changes in financial position and cash flows where applicable, therefore for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated May 6, 2011, on my consideration of the Town of Cheneyville, Louisiana's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

The required supplementary information on page 34 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

The Town of Cheneyville, Louisiana has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Cheneyville, Louisiana's basic financial statements. The other supplementary information on pages 36 through 37 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as whole.


Certified Public Accountant

Alexandria, Louisiana
May 6, 2011

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF NET ASSETS

JUNE 30, 2010

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 29,721	\$ 11,084	\$ 40,805
Cash - Restricted	9,319	25,090	34,409
Investments - Restricted	-	69,134	69,134
Receivables, net	10,953	28,502	39,455
Due from other governmental units	14,658	-	14,658
Due from/to other funds	135,825	(135,824)	-
Capital assets			
Nondepreciable assets	27,906	45,323	73,229
Depreciable assets, net	898,861	3,168,452	4,067,313
TOTAL ASSETS	1,127,243	3,211,761	4,339,003
LIABILITIES			
LIABILITIES			
Accounts and other payables	30,614	24,910	55,524
Accrued Interest Payable	-	894	894
Accrued Salaries Payable	-	302	302
Customer's Deposits Payable	-	51,508	51,508
Current Portion of Long-Term Debt	-	15,632	15,632
Long-Term Portion of Debt	-	987,586	987,586
TOTAL LIABILITIES	30,614	1,080,832	1,111,446
NET ASSETS			
Investment in capital assets, net of related debt	898,861	1,969,247	2,868,108
Restricted for:			
Debt service	-	94,224	94,224
Reserved	9,319	-	9,319
Unrestricted	187,920	67,458	255,378
TOTAL NET ASSETS	\$ 1,096,100	\$ 2,130,929	\$ 3,227,029

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF ACTIVITIES

JUNE 30, 2010

ACTIVITIES	PROGRAM REVENUES			NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS			
	EXPENSES	FEES, FINES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	CHANGES IN NET ASSETS		TOTAL
					GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental activities							
General government	\$ 123,530	\$ -	\$ -	\$ -	\$ (123,530)	\$ -	\$ (123,530)
Police Protection	177,197	138,328	-	-	(38,869)	-	(38,869)
Streets and Sanitation	148,831	40,051	7,750	418,108	317,078	-	317,078
Recreation	3,514	-	-	-	(3,514)	-	(3,514)
Grant Funds Returned	-	-	-	(16,764)	(16,764)	-	(16,764)
Total current assets	453,072	178,379	7,750	401,344	134,401	-	134,401
Business-type activities							
Sewer	188,712	95,657	-	-	-	(93,055)	(93,055)
Water	251,884	114,190	-	-	-	(137,694)	(137,694)
Total Business-Type Activities	440,596	209,847	-	-	-	(230,749)	(230,749)
TOTAL	\$ 893,668	\$ 388,226	\$ 7,750	\$ 401,344	\$ 134,401	\$ (230,749)	\$ (96,348)
General revenues:							
Taxes							
Property					10,739	-	10,739
Sales and use tax					163,007	-	163,007
Interest					57	258	315
Licenses and Permits					18,076	-	18,076
Utility Franchise Fees					26,776	-	26,776
Rent					5,975	-	5,975
Prior Year Grant Funds					142,870	-	142,870
Miscellaneous					5,854	-	5,854
Total General Revenues					373,354	258	373,612
Change in net assets					507,755	(230,491)	277,264
Net Assets, Beginning					588,345	2,361,420	2,949,765
Net Assets, Ending					\$ 1,096,100	\$ 2,130,929	\$ 3,227,029

The accompanying notes are an integral part of this statement.

FUND FINANCIAL STATEMENTS (FFS)

MAJOR FUNDS DESCRIPTION

GENERAL FUND

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

TOWN OF CHENEYVILLE, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

ASSETS	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and Cash Equivalents	\$ 29,721	\$ -	\$ 29,721
Cash - Restricted	9,319	-	9,319
Receivables, net	10,953	-	10,953
Due from Other Governmental Units	14,658	-	14,658
Due From Other Funds	135,825	-	135,825
TOTAL ASSETS	\$ 200,477	\$ -	\$ 200,477
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts and Other Payables	\$ 31,143	\$ -	\$ 31,143
Total Liabilities	31,143	-	31,143
Fund Balance			
Reserved	9,319	-	9,319
Unreserved	160,015	-	160,015
Total Fund Balance	169,334	-	169,334
TOTAL LIABILITIES AND AND FUND BALANCES	\$ 200,477	\$ -	\$ 200,477

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2010

Total fund balances for governmental funds at June 30, 2010		\$ 169,334
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 27,906	
Depreciable assets, net of accumulated depreciation	898,860	926,766
Net Asstes of Governmental Activities		\$ 1,096,100

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Property Taxes	\$ 10,739	\$ -	\$ 10,739
Sales and Other Taxes	163,007	-	163,007
Interest	57	-	57
Licenses and Permits	18,076	-	18,076
Franchise Fees	26,776	-	26,776
Rent	5,975	-	5,975
Grants	409,094	-	409,094
Fines	138,328	-	138,328
Garbage Collection Fees	40,051	-	40,051
Miscellaneous	5,854	-	5,854
Total Revenues	<u>817,957</u>	<u>-</u>	<u>817,957</u>
EXPENDITURES			
General Government	115,195	-	115,195
Police Protection	163,221	-	163,221
Streets and Sanitation	112,920	-	112,920
Recreation	1,187	-	1,187
Capital Outlays	418,108	-	418,108
Total Expenditures	<u>810,631</u>	<u>-</u>	<u>810,631</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	7,326	-	7,326
FUND BALANCE, BEGINNING	<u>162,008</u>	<u>-</u>	<u>162,008</u>
FUND BALANCE, ENDING	<u>\$ 169,334</u>	<u>\$ -</u>	<u>\$ 169,334</u>

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

RECONCILIATION OF THE REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED
JUNE 30, 2010

Net change in fund balances of Governmental Funds		\$	7,326
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital outlays which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$	560,978	
Depreciation expense for the year ended June 30, 2010		(60,549)	500,429
			<u>500,429</u>
Change in Net Assts of Governmental Activities		\$	<u>507,755</u>

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2010

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>SEWER SYSTEM</u>	<u>WATER SYSTEM</u>	<u>TOTAL</u>
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 7,676	\$ 3,408	\$ 11,084
Receivables, Net	11,918	16,584	28,502
Due from Other Funds	-	2,596	2,596
Total Current Assets	<u>19,594</u>	<u>22,588</u>	<u>42,182</u>
RESTRICTED ASSETS			
Cash and Cash Equivalents	-	25,090	25,090
Investments	-	69,134	69,134
Total Restricted Assets	<u>-</u>	<u>94,224</u>	<u>94,224</u>
NONCURRENT ASSETS			
Nondepreciable Capital Assets	36,075	9,248	45,323
Depreciable Capital Assets	3,278,258	2,794,572	6,072,830
Accumulated Depreciation	(1,899,501)	(1,004,877)	(2,904,378)
Total Noncurrent Assets	<u>1,414,832</u>	<u>1,798,943</u>	<u>3,213,775</u>
TOTAL ASSETS	<u>1,434,426</u>	<u>1,915,755</u>	<u>3,350,181</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts and Other Payables	12,166	12,744	24,910
Accrued Salaries Payable	151	151	302
Due to Other Funds	23,362	115,058	138,420
Total Current Liabilities	<u>35,679</u>	<u>127,953</u>	<u>163,632</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS			
Accrued Interest Payable	-	894	894
Customer's Deposits Payable	-	51,508	51,508
Current Portion of Long-Term Debt	-	15,632	15,632
Total Current Liabilities Payable from Restricted Assets	<u>-</u>	<u>68,034</u>	<u>68,034</u>
NONCURRENT LIABILITIES			
Long-Term Debt	-	987,586	987,586
Total Liabilities	<u>35,679</u>	<u>1,183,573</u>	<u>1,219,252</u>
NET ASSETS			
Investment in Capital Assets, Net of Related Debt	1,378,757	590,490	1,969,247
Restricted for Debt Service	-	94,224	94,224
Unrestricted	19,990	47,468	67,458
NET ASSETS	<u>\$ 1,398,747</u>	<u>\$ 732,182</u>	<u>\$ 2,130,929</u>

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	SEWER SYSTEM	WATER SYSTEM	TOTAL
OPERATING REVENUES			
Charges for Services	\$ 95,657	\$ 114,190	\$ 209,848
Miscellaneous	-	-	-
Total Operating Revenues	95,657	114,190	209,848
OPERATING EXPENSES			
Salaries	39,750	39,750	79,500
Payroll Taxes	3,114	3,114	6,228
Chemicals	33	33	66
Depreciation	100,845	104,561	205,406
Dues and Subscriptions	80	320	400
Equipment Rental	-	554	554
Fees	-	863	863
Insurance	3,692	4,244	7,935
Lab Fees	4,735	-	4,735
Materials	253	2,665	2,917
Miscellaneous	4,399	185	4,584
Office Supplies and Postage	376	148	525
Repairs and Maintenance	15,769	5,152	20,921
Supplies	3,628	676	4,304
Telephone	1,568	2,301	3,869
Travel and Workshops	323	1,977	2,300
Truck Expense	4,351	3,932	8,283
Uniforms	14	-	14
Utilities	5,783	19,883	25,666
Total Operating Expenses	188,713	190,359	379,072
OPERATING INCOME (LOSS)	(93,055)	(76,169)	(169,224)
NONOPERATING REVENUES (EXPENSES)			
Interest Income	-	258	258
Grant Funds	-	-	-
Interest Expense	-	(61,525)	258
Total Nonoperating Revenues (Expenses)	-	(61,267)	516
CHANGE IN NET ASSETS	(93,055)	(137,436)	(230,491)
NET ASSETS, BEGINNING	1,491,802	869,618	2,361,420
NET ASSETS, ENDING	\$ 1,398,747	\$ 732,182	\$ 2,130,929

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>SEWER SYSTEM</u>	<u>WATER SYSTEM</u>	<u>TOTAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 100,412	\$ 120,742	\$ 221,154
Cash Payments to Suppliers	(50,765)	(45,460)	(96,225)
Cash Payments to Employees	(39,232)	(39,232)	(78,464)
Net Cash Provided by Operating Activities	10,415	36,050	46,465
CASH FLOWS FROM NONCAPITAL FINANCING FINANCING ACTIVITIES:			
Loans (to)/from Other Funds	(10,366)	4,989	(5,377)
Net Cash Provided from Noncapital Activities	(10,366)	4,989	(5,377)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Net Change in Meter Deposits	-	2,743	2,743
Acquisition of Assets Grant Funds	(1,342)	(531)	(1,873)
Retirement of Debt	-	(25,154)	(25,154)
Interest Paid on Debt	-	(36,757)	(36,757)
Net Cash Used for Capital and Related Financing Activities	(1,342)	(59,699)	(61,041)
CASH FLOWS FROM INVESTING ACTIVITIES:			
(Increase)/Decrease in Investments	-	17,960	17,960
Interest from Investments	-	1,074	1,074
Net Cash Flows from Investing Activities	-	19,034	19,034
Net Increase (Decrease) in Cash and Cash Equivalents	(1,293)	374	(919)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR			
	6,248	24,666	30,914
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
	<u>\$ 4,955</u>	<u>\$ 25,040</u>	<u>\$ 29,995</u>

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS</u>		
	<u>SEWER SYSTEM</u>	<u>WATER SYSTEM</u>	<u>TOTAL</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating Revenue	\$ (86,016)	\$ (65,118)	\$ (151,134)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Depreciation	100,522	104,824	205,346
CHANGES IN ASSETS AND LIABILITIES			
(Increase) Decrease in:			
Accounts Receivable	2,233	(2,806)	(573)
Increase (Decrease) in:			
Accounts Payable	(6,324)	(850)	(7,174)
Total Adjustments	<u>96,431</u>	<u>101,168</u>	<u>197,599</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 10,415</u>	<u>\$ 36,050</u>	<u>\$ 46,465</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS PER STATEMENT OF CASH FLOWS TO BALANCE SHEET			
Cash and Cash Equivalents, Beginning			
Cash - Unrestricted	6,248	4,556	10,804
Cash - Restricted	-	20,110	20,110
Total Cash and Cash Equivalents	<u>6,248</u>	<u>24,666</u>	<u>30,914</u>
Cash and Cash Equivalents, Ending			
Cash - Unrestricted	4,955	2,157	7,112
Cash - Restricted	-	22,883	22,883
Total Cash and Cash Equivalents	<u>4,955</u>	<u>25,040</u>	<u>29,995</u>
NET INCREASE (DECREASE)	<u>\$ (1,293)</u>	<u>\$ (374)</u>	<u>\$ 919</u>

The accompanying notes are an integral part of this statement.

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE A Summary Of Accounting Policies

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

The accounting and reporting policies of the Town of Cheneyville conform to generally accepted accounting principles as applicable to governmental units. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Some of the Town's more significant accounting policies are described as follows:

The Reporting Entity

Governmental Accounting Standards Board Statement 14 established criteria for determining which component units should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is legally separate and is independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality 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.

Basic Financial Statements

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

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

Business-type activities rely on fees and charges for support and operates in a manner similar to private sector enterprises. Since proprietary funds operated in a manner similar to business enterprises, these funds follow certain pronouncements that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the Town only applies those FASB pronouncements that were issued on or before November 30, 1989.

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

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting 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,

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(CONTINUED)

Government-Wide Financial Statements (GWFS)

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

Fund Financial Statements (FFS)

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. Major individual funds are reported as separate columns in the fund financial statements. The Town's major funds are described as follows:

Major Governmental Funds

General Fund-

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

Major Business-Type Fund

Sewer System-

The sewer system is used to account for the operation of the Town's sewer system, which is supported by charging users.

Water System-

The water system fund is to account for the operation of the Town's water system, which is supported by charging users.

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

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(CONTINUED)

Measurements 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 measurements focus applied.

Measurement Focus

On the government-wide statement of net assets 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 spend able financial resources during a given period. These funds balance as their measure of available spend able financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or long term) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets 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, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified 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 Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlays) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the 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.

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(CONTINUED)

Budgets

The following procedures are followed in establishing budgets for the Town:

1. The mayor and town clerk prepare a proposed budget.
2. The fact that the proposed budget is available for inspection at the Town Hall is advertised in the official newspaper of the Town. The advertisement also notifies the citizens the date, time and location of a public hearing to be held prior to approving the budget for the ensuing fiscal year.
3. A public hearing is held on the proposed budget is held at least ten days after publishing the notice.
4. After holding a public hearing and addressing any concerns regarding the proposed budget, the Town council votes to approve the proposed budget. The budget is adopted through passage of an ordinance prior to June 30th.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budget for the General Fund is adopted on basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Town Council.

Cash and Cash Equivalents

For purpose of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits and highly liquid investments maturing in three months or less.

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

Interfund Receivables and Payables

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

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

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(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 intergovernmental payments.

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

Capital Assets

Capital assets, which include property, plant, equipment, and infra-structure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

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

Restricted Assets

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

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of capital lease obligations.

Long-term debt for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

Various days of vacation and sick leave per year may be accumulated by each employee. The number of days accumulated per year depends upon holiday and weekend time worked by the employees. Unused vacation and sick-pay is lost at the end of each calendar year. The Town determines the accrual for

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(CONTINUED)

for compensated absences which meet the following criteria:

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

In accordance with the above criteria the Town's liability at June 30, 2010 is considered immaterial in relation to the financial statements.

Equity Classifications

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

- a. Invested in capital assets, net of related debt - 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 improvements construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified a reserved and unreserved. Proprietary fund equity is classified the same as in the government-wide statements.

Investments

The Town may invest in U. S. Government Securities, Certificates of Deposit, Passbooks, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds, including FDIC insurance.

Investments are recorded at cost.

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(CONTINUED)

Use of Estimates

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

NOTE B Cash, Interest Bearing Deposits and Investments

At year end, cash totaled \$144,348 per the general ledger and \$142,854 per bank balances. Under state law, these deposits (or 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. These securities are held in the name of the pledging bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2010 the Town's accounts were adequately secured from risk by FDIC insurance.

NOTE C Investments

The Town had restricted investments amounting to \$69,134 at June 30, 2010 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. Only local government entities having contracted to participate in LAMP have an investment interest in it pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

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

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

Credit Risk: LAMP is rated AAAM by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, by not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement,

Foreign currency risk: Not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(CONTINUED)

value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

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

NOTE D Ad Valorem Taxes

The Town collects property tax on assessed values of property within its corporate limits. The taxes attach as an enforceable lien as of January 1 of each year. For the year ended June 30, 2010, taxes of 8.4 mills were levied on property with assessed valuations totaling \$1,395,981 and were dedicated for general maintenance.

NOTE E Receivables

Receivables at June 30, 2010 consisted of the following:

	Governmental Activities	Business-Type Activities
Charges for services, net	\$ 5,928	\$ 28,502
Franchise Fees	5,025	-
Total Receivables, Net	<u>\$ 10,953</u>	<u>\$ 28,502</u>
<u>Intergovernmental</u>		
Sales Taxes	\$ 13,327	\$ -
State of Louisiana - Mowing	1,050	-
State of Louisiana - Beer Tax	281	-
Total Intergovernmental	<u>\$ 14,658</u>	<u>\$ -</u>

NOTE F Restricted Assets

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

	General Fund	Water System Fund	Total
<u>Restricted Cash</u>			
Recreation Fund	\$ 9,319	\$ -	\$ 9,319
Meter Deposit Fund	-	25,090	25,090
Total Restricted Cash	<u>\$ 9,319</u>	<u>\$ 25,090</u>	<u>\$ 34,409</u>
<u>Restricted Investments</u>			
Meter Deposit	\$ -	\$ 22,969	\$ 22,969
Reserve Account	-	19,050	19,050
Depreciation and Contingency	-	27,115	27,115
Total Restricted Investments	<u>\$ -</u>	<u>\$ 69,134</u>	<u>\$ 69,134</u>

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010
 (CONTINUED)

NOTE G Capital Assets

Capital assets for the year ended June 30, 2010 is as follows:

Governmental Activities	Beginning Balance	Additions	Disposals	Ending Balance
Nondepreciable Capital Assets				
Land	\$ 27,906	\$ -	\$ -	\$ 27,906
Depreciable Capital Assets				
Buildings	264,727	-	-	264,727
Improvements Other Than Buildings	194,332	560,978	-	755,310
Office Furniture and Equipment	41,734	-	-	41,734
Other Equipment	295,213	-	-	295,213
Vehicles	161,311	-	-	161,311
Totals	<u>957,317</u>	<u>560,978</u>	<u>-</u>	<u>1,518,295</u>
Less Accumulated Depreciation	<u>(558,885)</u>	<u>(60,549)</u>	<u>-</u>	<u>(619,434)</u>
Totals	<u>398,432</u>	<u>500,429</u>	<u>-</u>	<u>898,861</u>
Total Governmental Activities	<u>\$ 426,338</u>	<u>\$ 500,429</u>	<u>\$ -</u>	<u>\$ 926,767</u>
Business-Type Activities				
Nondepreciable Capital Assets				
Land	\$ 45,323	\$ -	\$ -	\$ 45,323
Depreciable Capital Assets				
Buildings	3,159	-	-	3,159
Improvements Other Than Buildings	406,542	-	-	406,542
Equipment	106,320	7,480	-	113,800
Distrib. System	5,527,450	-	-	5,527,450
Vehicles	21,877	-	-	21,877
Totals	<u>6,065,348</u>	<u>7,480</u>	<u>-</u>	<u>6,072,828</u>
Less Accumulated Depreciation	<u>(2,698,970)</u>	<u>(205,406)</u>	<u>-</u>	<u>(2,904,376)</u>
Totals	<u>3,366,378</u>	<u>(197,926)</u>	<u>-</u>	<u>3,168,452</u>
Total Business-Type Activities	<u>\$ 3,411,701</u>	<u>\$ (197,926)</u>	<u>\$ -</u>	<u>\$ 3,213,775</u>

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(CONTINUED)

Depreciation expense charged to governmental activities follows:

	Governmental Activities	Business-Type Activities
General Government	\$ 8,335	\$ -
Police Protection	13,976	-
Streets and Sanitation	35,910	-
Recreation	2,327	-
Sewer System	-	100,845
Water System	-	104,561
Total Depreciation Expense	<u>\$ 60,549</u>	<u>\$ 205,406</u>

NOTE H Interfund Balances

Interfund receivables and payables are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 136,818	\$ -
Entreprise Funds	-	136,818
	<u>\$ 136,818</u>	<u>\$ 136,818</u>

NOTE I Accounts and Other Payables

The accounts payables and other payables consisted of the following at June 30, 2010:

	Governmental Activities	Business-Type Fund	Total
Vendors	\$ 29,249	\$ 24,910	\$ 54,159
Payroll Taxes	1,365	-	1,365
Total Restricted Cash	<u>\$ 30,614</u>	<u>\$ 24,910</u>	<u>\$ 55,524</u>

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010
 (CONTINUED)

NOTE J Changes in General Long-Term Debt

The following is a summary of bond transactions of the Town for the year ended June 30, 2010:

	Water Revenue Bonds 1993	Water Revenue Bonds 2004	Total
Bonds Payable, June 30, 2009	\$ 196,826	\$ 806,781	\$ 1,003,607
Bonds Retired	(179)	(210)	(389)
Bonds Payable, June 30, 2010	<u>\$ 196,647</u>	<u>\$ 806,571</u>	<u>\$ 1,003,218</u>

Bonds payable at June 30, 2009 are comprised of the following individual issues:

Water Revenue Bonds:

\$256,000 of Water Revenue Bonds dated June 23, 1993, due in monthly serial installments of \$1,300 through October 2030; interest on this issue is 5.25 percent \$196,647

The water revenue bonds described above were issued in connection with the construction of a water well, which was completed in 1993. The bond issue is secured by a pledge of water revenues of the Town.

Water Revenue Bonds:

\$850,000 of Water Revenue Bonds dated September 13, 2004, due in monthly installments of \$3,859 through July 2044; interest on this issue is 4.5 percent \$806,571

The water revenue bonds above were issued for the purpose of paying a portion of the cost of constructing and acquiring improvements and extensions to the waterworks system, including appurtenant equipment, accessories and property, both personal and real, and discharging the Issuer's Bond Anticipation Notes, and paying the cost of insurance. The bond issue is secured by a pledge of income and revenues of the System, after provision has been made for payment of all reasonable and necessary expenses of operating and maintaining the System.

Interest cost incurred in the Water Fund for the year ended June 30, 2010 was \$61,526.

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010
 (CONTINUED)

The annual requirements to amortize all debt outstanding as of June 30, 2010, including interest payments are as follows:

Water Revenue Bonds - 1993

Year Ending June 30,	Interest	Principal	Total
2011	10,195	5,410	15,605
2012	9,904	5,701	15,605
2013	9,597	6,008	15,605
2014	9,274	6,331	15,605
2015	8,934	6,672	15,606
2016-2020	38,885	39,143	78,028
2021-2025	27,164	50,864	78,028
2026-2030	11,934	66,094	78,028
2031	211	10,425	10,636
Total	<u>\$ 126,097</u>	<u>\$ 196,647</u>	<u>\$ 322,745</u>

Water Revenue Bonds - 2004

Year Ending June 30,	Interest	Principal	Ending Balance
2011	\$ 36,087	\$ 10,221	\$ 46,308
2012	35,617	10,691	46,308
2013	35,126	11,182	46,308
2014	34,612	11,696	46,308
2015	34,075	12,233	46,308
2016-2020	161,410	70,130	231,540
2021-2025	143,752	87,788	231,540
2026-2030	121,647	109,893	231,540
2031-2035	93,976	137,564	231,540
2036-2040	59,338	172,202	231,540
2041-2045	16,757	172,971	189,727
Totals	<u>\$ 772,396</u>	<u>\$ 806,571</u>	<u>\$ 1,578,967</u>

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

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(CONTINUED)

1. FLOW OF FUNDS: RESTRICTIONS ON USE – WATER REVENUE BONDS - 1993

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

- a) Each month, beginning on July 23, 1995, and each successive 23rd of the month an amount equal to \$1,300.46 shall be paid to Farmer's Home Administration in payment of principal and interest. The installments of principal and interest may be prepaid at any time.
- b) Each month, \$66 is required to be paid monthly into a separate fund entitled the "Revenue Bond Reserve Fund" until \$15,606 has been accumulated therein.
- c) Also each month, \$70 shall be transferred into a separate bank account entitled "Depreciation and Contingency Fund". Money in this fund may be used to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the water system. The monies may also be used to pay the principal and interest on the bonds if there are not sufficient funds in the other bond funds.

2. FLOW OF FUNDS: RESTRICTIONS ON USE – WATER REVENUE BONDS – 2004

- a) Each month, beginning on September 23, 2005, and each successive 23rd of the month an amount equal to \$3,859 shall be paid to Farmer's Home Administration in payment of principal and interest. The installments of principal and interest may be prepaid at any time.
- b) Each month, \$192 is required to be paid monthly into a separate fund entitled the "Revenue Bond Reserve Fund" until \$46,308 has been accumulated therein. The Reserve Fund is solely for the purpose of paying the principal of and the interest on bonds payable from the Debt Service Fund as to which there would otherwise be default.
- c) Also each month, \$192 shall be transferred into a separate bank account entitled "Depreciation and Contingency Fund" until \$61,913 has been accumulated. After \$61,913 has been accumulated the payments increase to \$386. The Contingencies Fund is established to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System. The funds may also be used to pay the principal and interest on the bonds, the outstanding Parity Bonds and any additional Parity Bonds, for payment of which there is not sufficient money in the Debt Service or the Reserve Fund.

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010
 (CONTINUED)

Note K Compliance With Proprietary Bond Covenants

A. List of Elected Officials with Pertinent Information Required By the Bond Covenants as of June 30, 2010

<u>Office Held</u>	<u>Address</u>	<u>Phone Number</u>	<u>Term of Office</u>	<u>Compensation</u>
Mayor				
Reginald Allen	P. O. Box 471	318-792-2255	Three Years	6,200
Aldermen				
Ollie Crittle	P. O. Box 113	318-279-2408	Three Years	2,400
Mickey Allen	P. O. Box 24	318-279-2461	Three Years	1,800
Charles Allen	P. O. Box 492	318-264-9723	Three Years	1,650
Derrick Johnson	505 Main Street	318-229-8947	Three Years	1,650
Charles Collins	P. O. Box 27	318-279-2682	Three Years	1,800

B. Water System Users At June 30, 2008

	<u>Residents</u>	<u>Commercial</u>	<u>Total</u>
Utility Customers	387	49	436

C. Current Rates

Water rates in effect at June 30, 2010 are \$7.00 for the first 2,000 gallons used and .65 cents for each additional 1,000 gallons used.

NOTE L Retirement Commitments

The Town of Cheneyville has no retirement commitments or pension plan for its employees.

NOTE M Leases

The Town has a lease with the Cenla Community Action Committee, Inc. The lease is a year to year lease with a monthly rental amount of \$300. The lease is on the lunchroom building at Lincoln Williams Elementary School. Future minimum rental income to be received based on the above lease information is \$3,600 per year.

NOTE N Litigation

At June 30, 2010 the Town was involved in legal proceedings, which normally occur in government operations. These legal proceedings are not expected to have a material adverse impact on the Town. However, if the Town were to lose, the Town's liability is not expected to exceed the amount of its general liability coverage.

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010
(CONTINUED)

NOTE O Expenditures Over Appropriations

There were no funds of the Town of Cheneyville, Louisiana, at June 30, 2010, which had expenditures that exceeded appropriations before operating transfers in.

NOTE P Risk Management

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

NOTE Q Reserved Retained Earnings

The water fund covenants require the Town to maintain cash reserves to be used only under special conditions. Since these funds are available only upon certain circumstances, these cash reserves are presented as restricted amounts.

NOTE R Deficit Fund Balances

There were no deficit fund balances in any of the Town's funds at June 30, 2010.

NOTE S Related and Third Party Activity

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

NOTE T Grant Funds

During the fiscal year ending June 30, 2010, the Town received the following grants.

The first grant was for \$560,978. \$142,870 was received in the prior year and \$418,108 was received during the current year and was expended on overlay of the Town's streets.

The second grant was for \$7,750 from FEMA to use for debris cleanup by the Town.

The Town did not utilize the entire funds from a \$25,000 grant in fiscal year ended on June 30, 2009 and returned \$16,764 of those grant funds in this fiscal year.

TOWN OF CHENEYVILLE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

(CONTINUED)

NOTE U Segment Information for Enterprise Funds

The Town has two enterprise funds; one providing sewer services and the other one provides water services. Segment information for the year ended June 30, 2010 is as follows:

	Sewer Fund	Water Fund	Total Enterprise Funds
Operating revenues	\$ 95,657	\$ 114,190	\$ 209,847
Operating Expenses:			
Depreciation	100,845	104,561	205,406
Other	87,867	85,798	173,665
Total Operating Expense	<u>188,712</u>	<u>190,359</u>	<u>379,071</u>
Operating Income (Loss)	(93,055)	(76,169)	(169,224)
Nonoperating Revenues (Expenses)			
Interest	-	258	258
Grant Funds	-	-	-
Interest Expense	-	(61,525)	(61,525)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(61,267)</u>	<u>(61,267)</u>
Change in Net Assets	<u>\$ (93,055)</u>	<u>\$ (137,436)</u>	<u>\$ (230,491)</u>
Current Assets	\$ 19,594	\$ 22,588	\$ 42,182
Restricted Assets	-	94,224	94,224
Nondepreciable Assets	36,075	9,248	45,323
Deprciable Capital Assets	<u>1,378,757</u>	<u>1,789,695</u>	<u>3,168,452</u>
Total Assets	<u>\$ 1,434,426</u>	<u>\$ 1,915,755</u>	<u>\$ 3,350,181</u>
Current Liabilities	\$ 35,679	\$ 127,953	\$ 163,632
Current Liabilities			
Payable from Restricted Assets	-	68,034	68,034
Long-Term Debt	-	987,586	987,586
Investment in Capital Assets, net of Related Debt	1,378,757	590,490	1,969,247
Restricted Net Assets	-	94,224	94,224
Unrestricted Net Assets	<u>19,990</u>	<u>47,468</u>	<u>67,458</u>
Total Net Assets	<u>\$ 1,434,426</u>	<u>\$ 1,915,755</u>	<u>\$ 3,350,181</u>
Net Working Capital	<u>\$ (16,085)</u>	<u>\$ (105,365)</u>	<u>\$ (121,450)</u>

REQUIRED
SUPPLEMENTARY INFORMATION

TOWN OF CHENEYVILLE, LOUISIANA

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010

	BUDGET		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 13,000	\$ 13,000	\$ 10,739	\$ (2,261)
Sales and Other Taxes	157,500	157,500	163,007	5,507
Interest	-	-	57	57
Licenses and Permits	13,500	13,500	18,076	4,576
Franchise Fees	34,750	34,750	26,776	(7,974)
Rent	7,600	7,600	5,975	(1,625)
Grants	418,000	418,000	409,094	(8,906)
Fines	144,000	144,000	138,328	(5,672)
Garbage Collection Fees	40,500	40,500	40,051	(449)
Miscellaneous	7,000	7,000	5,854	(1,146)
Total Revenues	835,850	835,850	817,957	(17,893)
EXPENDITURES				
General Government	100,662	100,662	115,195	(14,533)
Police Protection	176,800	176,800	163,221	13,579
Streets	107,202	107,202	112,920	(5,718)
Recreation	-	-	1,187	(1,187)
Capital Outlays	418,000	418,000	418,108	(108)
Total Expenditures	802,664	802,664	810,631	(7,967)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	33,186	33,186	7,326	(25,860)
FUND BALANCE, BEGINNING	-	-	162,008	141,627
FUND BALANCE, ENDING	\$ 33,186	\$ 33,186	\$ 169,334	\$ 115,767

OTHER :
SUPPLEMENTARY INFORMATION

TOWN OF CHENEYVILLE, LOUISIANA
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

	Budget		Actual	Variance With
	Original	Final		Final Budget
				Positive/(Negative)
GENERAL GOVERNMENT				
Salaries - Mayor and Aldermen	\$ 16,200	\$ 16,200	\$ 16,200	\$ 0
Salaries - Administrative	13,390	13,390	19,787	(6,397)
Payroll Taxes	1,072	1,072	3,472	(2,400)
Advertising	-	-	2,013	(2,013)
Assessor's Fee	1,500	1,500	656	844
Bank Charges	-	-	34	(34)
Building Maintenance	3,000	3,000	3,711	(711)
Coroner	2,000	2,000	500	1,500
Dues and Subscriptions	1,000	1,000	450	550
Insurance	15,000	15,000	14,271	729
Legal and Professional	19,000	19,000	20,705	(1,705)
Mayor's Expenditures	2,000	2,000	-	2,000
Miscellaneous	3,500	3,500	3,594	(94)
Office Equipment Maintenance	2,000	2,000	1,204	796
Office Supplies and Postage	5,500	5,500	3,282	2,218
Outside Services	-	-	7,509	(7,509)
Printing and Publishing	2,000	2,000	-	2,000
Telephone	2,500	2,500	4,202	(1,702)
Travel and Seminars	3,500	3,500	2,847	653
Utilities	7,500	7,500	10,758	(3,258)
Total Governmental Expenditures	<u>\$ 100,662</u>	<u>\$ 100,662</u>	<u>\$ 115,195</u>	<u>\$ (14,533)</u>
PUBLIC SAFETY				
POLICE PROTECTION				
Salaries	\$ 115,000	\$ 115,000	\$ 106,317	\$ 8,683
Payroll Taxes	8,800	8,800	8,381	419
Animal Control	1,000	1,000	119	881
Car Maintenance and Fuel	18,000	18,000	18,742	(742)
Court Fees	-	-	550	(550)
Drug Enforcement	1,000	1,000	836	164
Equipment Maintenance	1,000	1,000	60	940
Insurance	8,000	8,000	11,678	(3,678)
Miscellaneous	4,000	4,000	1,211	2,789
Office and Postage	3,000	3,000	1,855	1,145
Prisoner Expenditures	2,500	2,500	180	2,320
Radio Maintenance	1,000	1,000	2,387	(1,387)

(Continued)

TOWN OF CHENEYVILLE, LOUISIANA
GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

	Budget		Actual	Variance With
	Original	Final		Final Budget
				Positive/(Negative)
POLICE PROTECTION - CONTINUED				
Supplies	\$ 3,000	\$ 3,000	\$ 624	\$ 2,376
Telephone	4,000	4,000	4,644	(644)
Travel and Training	4,000	4,000	480	3,520
Uniforms	2,500	2,500	273	2,227
Utilities	-	-	4,884	(4,884)
Total Police Protection	<u>\$ 176,800</u>	<u>\$ 176,800</u>	<u>\$ 163,221</u>	<u>\$ 13,579</u>
STREETS AND SANITATION				
Salaries	\$ 61,247	\$ 61,247	\$ 52,482	\$ 8,765
Payroll Taxes	4,780	4,780	3,523	1,257
Garbage Pickup and Debris Removal	2,500	2,500	10,055	(7,555)
Insurance	3,675	3,675	9,153	(5,478)
Materials and Supplies	1,000	1,000	2,488	(1,488)
Miscellaneous	500	500	2,545	(2,045)
Street and Bridge Repairs	1,000	1,000	2,118	(1,118)
Telephone	-	-	673	(673)
Truck and Tractor Maintenance and Fuel	7,000	7,000	13,140	(6,140)
Utilities for Street Lighting	24,000	24,000	14,850	9,150
Uniforms	1,500	1,500	1,893	(393)
Total Street Expenditures	<u>\$ 107,202</u>	<u>\$ 107,202</u>	<u>\$ 112,920</u>	<u>\$ (5,718)</u>
SANATION				
Garbage Collection	<u>\$ 4,500</u>	<u>\$ 4,500</u>	<u>\$ 13,410</u>	<u>\$ (8,910)</u>
CAPITAL OUTLAYS				
Administrative	\$ -	\$ -	\$ -	\$ -
Streets	418,000	418,000	418,108	(108)
Recreation	-	-	-	-
Total Capital Outlays	<u>\$ 418,000</u>	<u>\$ 418,000</u>	<u>\$ 418,108</u>	<u>\$ (108)</u>
TOTAL EXPENDITURES	<u>\$ 807,164</u>	<u>\$ 807,164</u>	<u>\$ 822,854</u>	<u>\$ (15,690)</u>

COMPLIANCE AND INTERNAL CONTROL

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

I have audited the financial statements of the Town of Cheneyville, Louisiana, as of and for the year ended June 30, 2010, and have issued my report thereon dated May 6, 2011. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Cheneyville, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance which is required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Cheneyville, Louisiana's internal control over financial reporting as a basis for designing my audit procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Cheneyville, Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Cheneyville, Louisiana's internal control over financial reporting.

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 misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

My 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 over financial reporting that might be deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I considered to be material weaknesses, as defined above.

I also noted additional matters that I have reported to the management of the Town of Cheneyville, Louisiana in a separate letter dated May 6, 2011.

This report is intended solely for the information and use of the Town Council and management, others within the organization and grant awarding agencies and the Legislative Auditor and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited. Also, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Certified Public Accountant

Alexandria, Louisiana
May 6, 2011

TOWN OF CHENEYVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2010

PART I – SUMMARY OF AUDITOR'S RESULTS

An unqualified opinion was issued on the financial statements of June 30, 2010.

The report on internal control included no reportable conditions.

The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the Town of Cheneyville, Louisiana.

The results of the audit disclosed one instance of noncompliance with respect to compliance with laws, regulations, contracts, and grants, which is material to the financial statements.

PART II -- FINDINGS RELATED TO THE FINANCIAL STATEMENTS, WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS

None.

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS REQUIRED TO BE REPORTED IN ACCORDANCE WITH OMB CIRCULAR A-133

None

TOWN OF CHENEYVILLE, LOUISIANA
SCHEDULE OF CURRENT YEAR FINDINGS AND MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2010

<u>Description of Findings</u>	<u>Corrective Action Taken</u>
Louisiana Rev. Stat. 24:513 requires the entity's audit to be completed and filed with the Legislative Auditor's Office within six months after the close of the entity's year-end. The audit was delayed due to medical illness to the auditor.	The audit will begin no later than October 1, which will allow enough time for completion by December 31

TOWN OF CHENEYVILLE, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2009

There were no prior year findings.

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MANAGEMENT LETTER

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

I have completed my audit of the basic financial statements of the Town of Cheneyville, Louisiana for the year ended June 30, 2010, and submit the following recommendations for your consideration:

1. The Water Fund showed a loss from operations before depreciation. The Sewer Fund showed a small income of \$7,790 from operations before depreciation. The Town should strongly consider raising water and sewerage rates so that these funds can operate on a profitable basis and so that the Water Fund can service their debt.

Town's Response

The Town has raised the rates for both water and sewerage so that these funds can operate on a profitable basis and so that the Water Fund can service their debt. The rate increase became effective on May 1, 2011.

2. The computer that has the Water and Sewer billing information and receivable balances on it experienced failure during the current fiscal year. The information had not been backed up to an external source. The information was able to be restored by the software vendor. It is strongly recommended that all Town financial records be backed once a day or at least once a week.

Town's Response

All Town employees are backing up their financial data on a daily basis.

3. During the current audit period there were numerous misclassifications in the accounting records. It is recommended that the Clerk reduce the number of general ledger accounts and be more vigilant in posting receipts and disbursements to the general ledger.

Town's Response

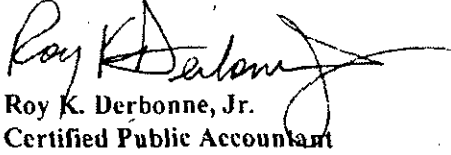
The Town has recently hired an interim Town Clerk with a background in accounting. The clerk is in the process of eliminating accounts that are incorrectly setup and is working vigilantly to correct misclassifications of receipts and disbursements to the general ledger. Current and future recordings to the Town's accounting records should be found to be more accurate.

4. The Police Department also experienced a computer failure with no backup, all information had to be re-entered. I also noted that out of state tickets are not being timely collected, nor sent to designated States for collection. It also appears that it takes months to get tickets notarized for filing with the State of Louisiana. This causes the Town's revenue to be slow in collection. Therefore, I recommend that Police Chief, Town Clerk or the Police Committee Chairman should be following up to assure that the tickets are timely filed.

Town's Response

The Town Clerk will monitor the *Police Department collection process* to assure that tickets are handled in a timely fashion. Daily backup is now being done on the Police Department computer. This should help to speed collection of revenues from this department.

Should you have any questions or need assistance in implementing my recommendations, please feel free to call me.



Roy K. Derbonne, Jr.
Certified Public Accountant

Alexandria, Louisiana
May 6, 2011