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VILLAGE OF CHATAIGNIER, LOUISIANA

Financial Report

Year Ended June 30, 2008

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 10/8/08

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ACCOUNTANTS' COMPILATION REPORT

To the Board of Aldermen
Village of Chataignier, Louisiana

We have compiled the accompanying general purpose financial statements of the Village of Chataignier, as of and for the year ended June 30, 2008, as listed in the table of contents, and the accompanying supplementary information contained on page 13, which is presented only for supplemental analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Ville Platte, Louisiana
September 12, 2008

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

VILLAGE OF CHATAIGNIER, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Group
June 30, 2008

	Governmental Fund Type		Proprietary Fund Type Enterprise Fund	Account Group Fixed Assets	Total
	General Fund	Special Revenue Fund			
ASSETS					
Cash and interest-bearing deposits	\$ 98,635	\$ 477	\$ 4,781	\$ -	\$ 103,893
Accounts receivable	4,215	-	3,490		7,705
Fixed assets (net of accumulated depreciation)	-	-	543,792	771,609	1,315,401
	<u>\$ 102,850</u>	<u>\$ 477</u>	<u>\$ 552,063</u>	<u>\$ 771,609</u>	<u>\$ 1,426,999</u>
Total assets					
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	\$ 551	\$ -	\$ 3,347	\$ -	\$ 3,898
Customer deposits	-	-	1,408	-	1,408
Total liabilities	<u>551</u>	<u>-</u>	<u>4,755</u>	<u>-</u>	<u>5,306</u>
Fund equity:					
Contributed capital	-	-	543,559	-	543,559
Investment in general fixed assets	-	-	-	771,609	771,609
Retained earnings - unreserved	-	-	3,749	-	3,749
Fund balance - unreserved, undesignated	102,299	477	-	-	102,776
Total fund equity	<u>102,299</u>	<u>477</u>	<u>547,308</u>	<u>771,609</u>	<u>1,421,693</u>
Total liabilities and fund equity	<u>\$ 102,850</u>	<u>\$ 477</u>	<u>\$ 552,063</u>	<u>\$ 771,609</u>	<u>\$ 1,426,999</u>

See accompanying notes and accountants' report.

VILLAGE OF CHATAIGNIER, LOUISIANA

Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual - Governmental Fund Type - General Fund
For the Year Ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
Revenues:			
Taxes	\$ 23,111	\$ 24,909	\$ 1,798
Licenses and permits	7,705	6,912	(793)
Franchise taxes	14,531	14,605	74
Intergovernmental revenues	2,853	5,131	2,278
Fines and forfeitures	894	1,045	151
Miscellaneous	8,010	7,861	(149)
Total revenues	<u>57,104</u>	<u>60,463</u>	<u>3,359</u>
Expenditures:			
Current:			
General government	28,230	33,183	(4,953)
Public safety	7,401	8,060	(659)
Public works	13,246	23,299	(10,053)
Culture and recreation	3,070	8,194	(5,124)
Total expenditures	<u>51,947</u>	<u>72,736</u>	<u>(20,789)</u>
Excess (deficiency) of revenues over expenditures	5,157	(12,273)	(17,430)
Fund balance, beginning of year	<u>114,572</u>	<u>114,572</u>	<u>-</u>
Fund balance, end of year	<u>\$ 119,729</u>	<u>\$ 102,299</u>	<u>\$ (17,430)</u>

See accompanying notes and accountants' report.

VILLAGE OF CHATAIGNIER, LOUISIANA

Statement of Revenues, Expenses and Changes in Retained Earnings
Proprietary Fund Type-Enterprise Fund
Year Ended June 30, 2008

Operating revenues:	
Charges for services	<u>\$ 25,794</u>
Operating expenses:	
Depreciation expense	25,890
Insurance	687
Office expense	1,014
Repairs and maintenance	10,166
Salaries and related expenses	8,700
Fees and testing expenses	1,890
Utilities	<u>5,907</u>
Total operating expenses	<u>54,254</u>
Operating loss	(28,460)
Add depreciation on fixed assets acquired by grants externally restricted for capital acquisitions and construction that reduces contributed capital	<u>25,890</u>
Decrease in retained earnings	(2,570)
Retained earnings, beginning	<u>6,319</u>
Retained earnings, ending	<u>\$ 3,749</u>

See accompanying notes and accountants' report.

VILLAGE OF CHATAIGNIER, LOUISIANA

Statement of Cash Flows
Proprietary Fund Type-Enterprise Fund
Year Ended June 30, 2008

Cash flows from operating activities:	
Operating loss	<u>\$(28,460)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities -	
Depreciation	25,890
Increase in accounts receivable	(291)
Increase in accounts payable	<u>2,822</u>
Total adjustments	<u>28,421</u>
Net cash used by operating activities	(39)
Cash flows from capital and related financing activities:	
Proceeds from meter deposits	<u>405</u>
Net increase in cash and cash equivalents	366
Cash and cash equivalents, beginning of period	<u>4,415</u>
Cash and cash equivalents, end of period	<u>\$ 4,781</u>

See accompanying notes and accountants' report.

VILLAGE OF CHATAIGNIER, LOUISIANA

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

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

A. Basis of Presentation

The accompanying general purpose financial statements of the Village have been prepared in conformity with generally accepted accounting principles (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.

B. Reporting Entity

For financial reporting purposes, these general purpose financial statements include all funds and activities that are controlled by the Village as an independent political subdivision of the State of Louisiana. There are no component units required to be reported in conformity with generally accepted accounting principles.

C. Fund Accounting

The accounts of the Village are organized on the basis of funds and account groups, 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, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into generic fund types and broad fund categories as follows:

Governmental Fund Type -

General Fund

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

VILLAGE OF CHATIAGNIER, LOUISIANA

Notes to Financial Statements (Continued)

Proprietary Funds –

Enterprise Funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Village applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise fund.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

E. Budgets

A budget for the General Fund for the year ended June 30, 2008 was adopted in accordance with LSA-R.S. 39:1301, cited as the "Louisiana Local Government Budget Act." Budgeted amounts included in the accompanying financial statements are as originally adopted or as finally amended by the Village.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Village considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

G. Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased. No depreciation has been provided on general fixed assets. All purchased fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are stated at their estimated fair market value on the date donated. Estimated amounts are immaterial in relation to total fixed assets.

VILLAGE OF CHATIAGNIER, LOUISIANA

Notes to Financial Statements (Continued)

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against their operations. Depreciation is provided over the estimated useful lives of the assets using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Disposal plant	40 years
Collection system	40 years
Machinery and equipment	5 years

H. Compensated Absences

The Village has no policy relating to compensated absences. Any liability the Village might have in this regard at June 30, 2008 is considered immaterial; therefore, no liability has been recorded in the accounts.

I. Contributed Capital

Amounts contributed to the enterprise fund that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

(2) Cash and Interest-Bearing Deposits

Under state law, the Village may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Village may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2008, the Village had cash and interest-bearing deposits (book balances) totaling \$103,893 as follows:

Demand deposits	\$ 16,359
Interest bearing deposits	<u>87,534</u>
Total	<u>\$103,893</u>

These deposits are stated at cost, which approximates market. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Village's deposits may not be covered or will not be able to recover the collateral securities that are in the possession of an outside party. 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 bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

As of June 30, 2008, the Village's bank balances totaling \$104,713 were fully insured with federal deposit insurance and therefore not exposed to custodial credit risk.

VILLAGE OF CHATIAGNIER, LOUISIANA

Notes to Financial Statements (Continued)

(3) Ad Valorem Taxes

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

For the year ended June 30, 2008, taxes of 4.07 mills were levied on property with assessed valuations totaling \$734,200. Total taxes levied were \$2,988.

(4) Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance 6/30/2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2008</u>
Land	\$ 25,964	\$ -	\$ -	\$ 25,964
Buildings and improvements	300,903	-	-	300,903
Equipment	101,095	-	-	101,095
Street Improvements	<u>343,647</u>	<u>-</u>	<u>-</u>	<u>343,647</u>
Total general fixed assets	<u>\$ 771,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 771,609</u>

A summary of proprietary fund property, plant and equipment at June 30, 2008 follows:

Land	\$ 10,000
Systems and extensions	1,035,584
Equipment	<u>5,236</u>
	1,050,820
Less accumulated depreciation	<u>507,028</u>
Net property, plant and equipment	<u>\$ 543,792</u>

(5) Board Members' Compensation

The Village paid the mayor and aldermen the following salaries:

Herman Malveaux	\$ 3,000
Joseph Semien	600
Lucy Green	600
Alton Thomas, Jr.	600
	<u>\$ 4,800</u>

VILLAGE OF CHATIAGNIER, LOUISIANA

Notes to Financial Statements (Continued)

(6) Risk Management

The Village is exposed to risks of loss in the areas of general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(7) Litigation

At June 30, 2008, there is no litigation pending against the Village.

SUPPLEMENTAL INFORMATION

VILLAGE OF CHATAIGNIER, LOUISIANA

Schedule of Insurance in Force
June 30, 2008

<u>Description of Coverage</u>	<u>Expiration Date</u>	<u>Coverage Amounts</u>
Workmen's Compensation: Louisiana Worker's Compensation Corporation		Statutory
Commercial property insurance: Office building - 113-117 First Street	11/22/08	85,000
Public Library - 6215 Charles Armand Jr. Street	11/22/08	40,000
Automobile liability	12/6/08	500,000
Commercial general liability	12/6/08	500,000
Errors and omissions	12/6/08	500,000
Law enforcement officer	12/6/08	500,000

INTERNAL CONTROL AND COMPLIANCE

VILLAGE OF CHATAIGNIER, LOUISIANA

Summary Schedule of Current and Prior Year Findings
and Corrective Action Plan
Year Ended June 30, 2008

Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>Compliance:</u>					
08-1(C)	In accordance with LRS 39:1301-1315, the Village did not amend the general fund budget when actual expenditures exceeded budgeted expenditures by more than five percent.	No	All requirements of the Louisiana Local Government Budget Act will be followed in the future.	Herman Malveaux, Mayor	Immediately
<u>Internal Control:</u>					
There were no internal control findings noted.					
<u>PRIOR YEAR (6/30/07)</u>					
<u>Compliance:</u>					
07-1(C)	In accordance with LRS 39:1301-1315, the Village did not amend the general fund budget when actual expenditures exceeded budgeted expenditures by more than five percent.	No	All requirements of the Louisiana Local Government Budget Act will be followed in the future.	Herman Malveaux, Mayor	Immediately

Internal Control:
There were no internal control findings noted.