

**Town of Chatham**

Chatham, Louisiana

Annual Financial Statements  
with Independent Auditor's Report

As of and For the Year Ended  
June 30, 2021  
with Supplemental Information Schedules

**KENNETH D. FOLDEN & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

302 EIGHTH STREET  
JONESBORO, LA 71251  
(318) 259-7316

FAX (318) 259-7315  
kfolden@foldencpa.com

Town of Chatham  
Annual Financial Statements  
with Independent Auditor's Report

As of and For the Year Ended June 30, 2021  
with Supplemental Information Schedules

Contents

	Statement	Page
<b>Independent Auditor's Report</b>		4 - 6
<b>Basic Financial Statements</b>		
Government-Wide Financial Statements:		
Statement of Net Position	A	9
Statement of Activities	B	10
Fund Financial Statements		
Governmental Funds		
Balance Sheet	C	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	13
Statement of Revenues, Expenditures, and Changes in Fund Balance	E	14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	F	15
Proprietary Funds		
Statement of Net Position	G	16
Statement of Revenues, Expenses, and Changes in Fund Net Position	H	17
Statement of Cash Flows	I	18
Notes to the Financial Statements		20 - 34

Town of Chatham  
Annual Financial Statements  
with Independent Auditor's Report

As of and For the Year Ended June 30, 2021  
with Supplemental Information Schedules

	Schedule	Page
<b>Required Supplementary Information</b>		
Budgetary Comparison Schedule		
General Fund	1	36
<b>Independent Auditor's Report on Internal Control and on Compliance and Other Matters</b>		
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		37 - 38
<b>Supplemental Information Schedules</b>		
Schedule of Findings and Questioned Costs	2	40
Schedule of Compensation Paid Council	3	41
Schedule of Compensation, Benefits, and Other Payments to Agency Head	4	42
Schedule of Justice System Funding Collecting & Disbursing Entity	5	43 - 44



**KENNETH D. FOLDEN & CO.**

**Certified Public Accountants**

Kenneth D. Folden, CPA  
kfolden@foldencpa.com

302 Eighth Street, Jonesboro, LA 71251  
Phone: (318) 259-7316 • Fax: (318) 259-7315

Alayna C. Huckaby, CPA  
ahuckaby@foldencpa.com

**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, 2021, 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, 2021, 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 March 28, 2022, 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. Felden & Co., CPAs*

Jonesboro, Louisiana  
March 28, 2022

# **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

Town of Chatham  
Chatham, Louisiana

Statement of Net Position  
As of June 30, 2021

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and equivalents	\$ 61,894	\$ 100,829	\$ 162,723
Investments	-	95,747	95,747
Accounts receivable	14,451	64,978	79,429
Cash and equivalents - restricted	-	102,009	102,009
Capital assets (net of accumulated depreciation)	285,377	3,019,809	3,305,186
<b>Total Assets</b>	<u>361,722</u>	<u>3,383,372</u>	<u>3,745,094</u>
<b>Liabilities</b>			
Accounts payable	4,199	8,764	12,963
Payroll liabilities	4,911	-	4,911
Customer meter deposits	-	104,561	104,561
Long-term liabilities			
Due within one year	-	26,000	26,000
Interest payable	-	8,142	8,142
Due in more than one year	-	234,000	234,000
<b>Total Liabilities</b>	<u>9,110</u>	<u>381,467</u>	<u>390,577</u>
<b>Net Position</b>			
Net investment in capital assets	285,377	2,759,809	3,045,186
Restricted	-	104,561	104,561
Unrestricted	67,235	137,534	204,769
<b>Total Net Position</b>	<u>\$ 352,612</u>	<u>\$ 3,001,904</u>	<u>\$ 3,354,516</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, 2021

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	\$ 83,467	\$ -	\$ -	\$ (83,467)	\$ -	(83,467)
Police	33,182	16,487	-	(16,695)	-	(16,695)
Highways and streets	25,638	3,735	-	(21,903)	-	(21,903)
Community development	272	-	-	(272)	-	(272)
Total governmental activities	<u>142,559</u>	<u>20,222</u>		<u>(122,337)</u>	<u>-</u>	<u>(122,337)</u>
Business-type activities						
Public utility services	<u>567,038</u>	<u>441,074</u>	<u>3,200</u>	<u>313,391</u>	<u>-</u>	<u>190,627</u>
Total primary government	<u>\$ 709,597</u>	<u>\$ 461,296</u>	<u>\$ 3,200</u>	<u>\$ 313,391</u>	<u>(122,337)</u>	<u>190,627</u>
<u>General Revenues</u>						
Taxes:						
Property taxes, levied for general purposes				16,403	-	16,403
Sales taxes				60,454	-	60,454
Franchise taxes				9,293	-	9,293
Other taxes				1,177	-	1,177
Licenses				37,264	-	37,264
Intergovernmental				713	-	713
Investment earnings				1,124	1,286	2,410
Rental income				24,000	-	24,000
Other revenue				6,331	27,562	33,893
Operating transfers				(27,701)	27,701	-
Total general revenues and transfers				<u>129,058</u>	<u>56,549</u>	<u>185,607</u>
Change in net position				6,721	247,176	253,897
Net position - June 30, 2020				<u>345,892</u>	<u>2,754,728</u>	<u>3,100,620</u>
Net position - June 30, 2021				<u>\$ 352,613</u>	<u>\$ 3,001,904</u>	<u>\$ 3,354,517</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, 2021

		Major Funds
		General Fund
<b>Assets</b>		
Cash and equivalents	\$	61,894
Accounts receivable		14,451
<b>Total Assets</b>	<b>\$</b>	<b><u>76,345</u></b>
<b>Liabilities &amp; Fund Balances</b>		
Liabilities:		
Accounts payable	\$	4,199
Payroll liabilities		4,911
<b>Total Liabilities</b>		<b><u>9,110</u></b>
Fund balances:		
Unassigned		67,235
<b>Total Fund Balances</b>		<b><u>67,235</u></b>
<b>Total Liabilities and Fund Balances</b>	<b>\$</b>	<b><u>76,345</u></b>

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, 2021

	General Fund
<b>Revenues</b>	
Taxes:	
Ad valorem tax	\$ 16,403
Franchise tax	9,293
Sales tax	60,454
Other tax	1,177
Licenses and permits	38,384
Intergovernmental	713
Fines, forfeitures, and court costs	16,487
Rent, royalty, and commission	24,000
Charges for services	3,735
Miscellaneous	6,331
<b>Total revenues</b>	<b>176,977</b>
<b>Expenditures</b>	
Current:	
General government	75,497
Public safety	
Police	25,803
Streets	23,779
Parks and recreation	272
Capital outlay	15,406
<b>Total expenditures</b>	<b>140,757</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>36,220</b>
<b>Other financing sources (uses)</b>	
Interest earnings	4
Operating transfers in (out)	(27,701)
<b>Total other financing sources (uses)</b>	<b>(27,697)</b>
<b>Net changes in fund balances</b>	8,523
<b>Fund balances - June 30, 2020</b>	<b>58,714</b>
<b>Fund balances - June 30, 2021</b>	<b>\$ 67,237</b>

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, 2021

Total net change in Fund Balances - Governmental Funds (Statement E)	\$	8,522
<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		(17,207)
Capital outlay		15,406
		15,406
Change in net position of governmental activities (Statement B)	\$	6,721

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, 2021

	Public Utility Fund
<b>Assets</b>	
Current Assets:	
Cash and equivalents	\$ 100,829
Investments	95,747
Accounts receivable	64,978
Total Current Assets	261,554
Noncurrent Assets:	
Cash and equivalents - restricted	102,009
Capital assets (net of accumulated depreciation)	3,019,809
Total Noncurrent Assets	3,121,818
<b>Total Assets</b>	<b>3,383,372</b>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	8,764
Total Current Liabilities	8,764
Current liabilities payable from restricted assets	
Customer meter deposits	104,561
Long-Term Liabilities:	
Due within one year	26,000
Due in more than one year	234,000
Total Long-Term Liabilities	260,000
<b>Total Liabilities</b>	<b>373,325</b>
<b>Net Position</b>	
Net investment in capital assets	2,759,809
Restricted	104,561
Unrestricted	137,534
<b>Total Net Position</b>	<b>\$ 3,001,904</b>

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, 2021

	Public Utility Fund
<b>Operating Revenues</b>	
Water sales	\$ 215,430
Sewer fees	99,024
Other utility fees	126,620
Operating grant	3,200
Miscellaneous income	27,562
Total operating revenues	471,836
<b>Operating Expenses</b>	
Personnel services	115,236
Supplies	52,350
Utilities	27,193
Repairs and maintenance	123,381
Contractual services	41,605
Miscellaneous	48,745
Depreciation	158,527
Total operating expenses	567,037
<b>Operating Income (Loss)</b>	(95,201)
<b>Non-operating Revenues (Expenses)</b>	
Interest earnings	1,286
Capital grant	313,391
Total non-operating revenues (expenses)	314,677
<b>Income (loss) before transfers</b>	219,476
<b>Transfers in (out)</b>	27,701
<b>Change in net position</b>	247,177
<b>Total Net Position - June 30, 2020</b>	2,754,728
<b>Total Net Position - June 30, 2021</b>	\$ 3,001,905

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, 2021

	Public Utility Fund
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 441,809
Cash payments to suppliers for goods and services	(289,860)
Cash payments to employees	(115,236)
Net cash provided by (used for) operating activities	36,713
<b>Cash flows from non-capital financing</b>	
Transfers from (to) other funds	27,701
Other expenses	(6,605)
Net cash provided by (used for) non-capital financing activities	21,096
<b>Cash flows from capital and related financing activities</b>	
Acquisition of capital assets	(504,825)
Proceeds from bonds payable	150,000
Bond principal payments	(14,000)
Bond interest payments	(3,671)
Capital grant	313,391
Net cash provided by (used for) capital and related financing activities	(59,105)
<b>Cash flows from investing activities</b>	
Interest earnings	1,286
Net cash provided by (used for) investing activities	1,286
<b>Net increase (decrease) in cash and cash equivalents</b>	(10)
<b>Cash and cash equivalents - June 30, 2020</b>	202,848
<b>Cash and cash equivalents - June 30, 2021</b>	\$ 202,838
<b>Reconciliation of operating income to net provided by operating activities</b>	
Operating income	\$ (95,201)
Adjustments	
Depreciation	158,527
Net changes in assets and liabilities	
Accounts receivable	11,202
Customers' meter deposits	(810)
Accounts payable	(37,005)
Net cash provided for (used for) operating activities	\$ 36,713

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, 2021

**INTRODUCTION**

The Town of Chatham, Louisiana (Town) was incorporated under the provisions of the Lawrason Act and has a current population of approximately 780. 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, 2021

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, 2021

**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, 2021

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, 2021

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, 2021.

Town of Chatham  
Chatham, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2021

**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, 2021.

**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, 2021.

**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, 2021.

**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 \$67,235 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, 2021

The 2020-2021 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 23, 2020, and the budget was adopted by the Mayor and Town Council. The budget was legally amended on June 8, 2021.

**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, 2021

**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, 2021

**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 2020 ad valorem taxes, one rate of tax was levied on property within the corporate limits, as follows:

7.41 mills for the general maintenance of the Town

Town of Chatham  
Chatham, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2021

This millage was approved by the Town Council on September 8, 2020. 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, 2021, the Town had cash and cash equivalents (book balances) totaling \$264,732, including interest bearing demand deposits of \$162,723 and restricted cash deposits of \$102,009. 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, 2021, the Town had \$265,697 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$15,697 in pledged securities.

Cash and investments are categorized to give an indication of the level of risk assumed by the Town at June 30, 2021. 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, 2021, the Town had investments of \$95,747. These deposits are covered by \$284,512 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, 2021

**5. Receivables**

The receivables of \$79,430 at June 30, 2021, are as follows:

	Fund		Total
	General	Enterprise	
Taxes:			
Franchise fees	\$ 1,980	\$ -	\$ 1,980
Sales and use	4,462	-	4,462
Other	-	-	-
Other revenues	8,009	-	8,009
Grants	-	-	-
Accounts	-	68,398	68,398
Allowance for uncollectible accounts	-	(3,420)	(3,420)
Total	<u>\$ 14,451</u>	<u>\$ 64,978</u>	<u>\$ 79,429</u>

**6. Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2021, is as follows:

*A. Capital Assets - Governmental Activities*

	Balance, July 01, 2020	Additions	Deletions	Balance, June 30, 2021
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	380,041	-	-	380,041
Total capital assets being depreciated	<u>798,309</u>	<u>-</u>	<u>-</u>	<u>798,309</u>
Less accumulated depreciation				
Buildings	200,366	8,006	-	208,372
Equipment and vehicles	328,058	9,202	-	337,260
Total accumulated depreciation	<u>528,424</u>	<u>17,207</u>	<u>-</u>	<u>545,632</u>
Capital assets, net	<u>269,885</u>	<u>(17,207)</u>	<u>-</u>	<u>252,677</u>
Governmental capital assets - net	<u>\$ 302,585</u>	<u>\$ (17,207)</u>	<u>\$ -</u>	<u>\$ 285,377</u>

Town of Chatham  
Chatham, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2021

Functional Allocation of Depreciation Expense

General government	\$	7,969
Public safety		7,379
Public works		1,859
Culture and recreation		-
Total	\$	<u>17,207</u>

*B. Capital Assets - Proprietary Funds*

	Balance, July 01, 2020	Additions	Deletions	Balance, June 30, 2021
Capital assets not depreciated				
Land	\$ 4,064	\$ -	\$ -	\$ 4,064
Construction in progress	-	489,165	-	489,165
Total capital assets not being depreciated	<u>4,064</u>	<u>489,165</u>	<u>-</u>	<u>493,229</u>
Capital assets being depreciated				
Water System	2,642,033	-	-	2,642,033
Sewer System	1,979,569	-	-	1,979,569
Natural Gas System	593,399	-	-	593,399
Equipment and vehicles	264,027	15,661	-	279,688
Improvements	283,645	-	-	283,645
Total capital assets being depreciated	<u>5,762,673</u>	<u>15,661</u>	<u>-</u>	<u>5,778,334</u>
Less accumulated depreciation				
Water System	1,493,907	71,327	-	1,565,234
Sewer System	579,476	67,070	-	646,546
Natural Gas System	486,957	14,835	-	501,792
Equipment and vehicles	257,240	4,046	-	261,286
Improvements	275,645	1,250	-	276,895
Total accumulated depreciation	<u>3,093,225</u>	<u>158,527</u>	<u>-</u>	<u>3,251,753</u>
Capital assets, net	<u>2,669,448</u>	<u>(142,866)</u>	<u>-</u>	<u>2,526,581</u>
Business-type activities capital assets - net	<u>\$ 2,673,512</u>	<u>\$ 346,299</u>	<u>\$ -</u>	<u>\$ 3,019,810</u>

Town of Chatham  
Chatham, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2021

**7. Payables**

The payables of \$17,874 at June 30, 2021, are as follows:

	Fund		Total
	General	Enterprise	
Accounts	\$ 4,199	\$ 8,764	\$ 12,963
Payroll liabilities	4,911	-	4,911
<b>Total</b>	<b>\$ 9,110</b>	<b>\$ 8,764</b>	<b>\$ 17,874</b>

**8. Long-Term Obligations**

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

*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.

Certificates of indebtedness dated July 21, 2020 due in annual installments of graduated amounts beginning August 1, 2021 at \$17,330 and increasing to \$18,640.

The following schedule is a summary of the long-term obligations transactions for the year ended June 30, 2021.

Long-term obligation	Balance, July 01, 2020	Additions	Deletions	Balance, June 30, 2021
<b><u>Business-Type Activities (Public Utility Fund):</u></b>				
Utility Revenue Bonds, Series 2017	\$ 124,000	\$ -	\$ 14,000	\$ 110,000
Utility Revenue Bonds, Series 2020	-	150,000	-	150,000
<b>Total</b>	<b>\$ 124,000</b>	<b>\$ 150,000</b>	<b>\$ 14,000</b>	<b>\$ 260,000</b>

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, 2021:

Long-term obligation	Current portion	Long-term portion	Total
<b><u>Business-Type Activities (Public Utility Fund):</u></b>			
Utility Revenue Bonds, Series 2017	\$ 14,000	\$ 96,000	\$ 110,000
Utility Revenue Bonds, Series 2020	12,000	138,000	150,000
<b>Total</b>	<b>\$ 26,000</b>	<b>\$ 234,000</b>	<b>\$ 260,000</b>

Town of Chatham  
Chatham, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2021

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 August 01, 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>\$ 124,468</u>	<u>\$ 14,468</u>	<u>\$ 110,000</u>	<u>\$ -</u>	

The following schedule is a summary of the maturing principal and interest of the Utility Revenue Bonds, Series 2020.

Annual Payment Dates	Annual Payment Amount	Interest	Annual Principal Paid	Remaining Balance	Accumulated Interest
Balance at August 01, 2021	17,330	5,330	12,000	138,000	5,330
2022	17,840	4,840	13,000	125,000	10,170
2023	18,380	4,380	14,000	111,000	14,550
2024	17,880	3,880	14,000	97,000	18,430
2025	18,400	3,400	15,000	82,000	21,830
2026	17,880	2,880	15,000	67,000	24,710
2027	18,360	2,360	16,000	51,000	27,070
2027	17,800	1,800	16,000	35,000	28,870
2027	18,240	1,240	17,000	17,000	30,110
2027	18,640	640	18,000	-	30,750
Total	<u>\$ 180,750</u>	<u>\$ 30,750</u>	<u>\$ 150,000</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.

Town of Chatham  
Chatham, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended June 30, 2021

**10. Grants**

During the year ended June 30, 2021, the Town of Chatham received grant funds from the Community Water Enrichment Fund Grant of \$3,200 for repairs on the elevated water tank, Community Water Enrichment Fund Grant of \$19,800, Local Government Assistance Program of \$21,600, Delta Regional Grant of \$59,314, and Facilities Planning Grant of \$212,677 for water system improvements.

**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, 2021, 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, March 28, 2022, 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, 2021

	Budget - Original	Budget - Final	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>				
Taxes:				
Ad valorem tax	\$ 16,300	\$ 16,300	\$ 16,403	\$ 103
Franchise tax	8,800	8,800	9,293	493
Sales tax	42,000	42,000	60,454	18,454
Other tax	960	960	1,177	217
Licenses and permits	33,200	33,200	38,384	5,184
Intergovernmental	12,400	12,400	713	(11,687)
Fines, forfeitures, and court costs	21,000	21,000	16,487	(4,513)
Rent, royalty, and commission	24,000	24,000	24,000	-
Charges for services	(5,000)	(5,000)	3,735	8,735
Miscellaneous	1,035	1,035	6,331	5,296
<b>Total revenues</b>	<u>154,695</u>	<u>154,695</u>	<u>176,977</u>	<u>22,282</u>
<b>Expenditures</b>				
Current:				
General government	63,750	63,820	75,497	(11,677)
Public safety				
Police	53,556	37,386	25,803	11,583
Streets	45,710	46,150	23,779	22,371
Parks and recreation	500	500	272	228
Capital outlay	2,500	-	15,406	(15,406)
<b>Total expenditures</b>	<u>166,016</u>	<u>147,856</u>	<u>140,757</u>	<u>7,099</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(11,321)</u>	<u>6,839</u>	<u>36,220</u>	<u>29,381</u>
<b>Other financing sources (uses)</b>				
Interest earnings	-	-	4	4
Operating transfers in (out)	(33,000)	(33,000)	(27,701)	5,299
<b>Total other financing sources (uses)</b>	<u>(33,000)</u>	<u>(33,000)</u>	<u>(27,697)</u>	<u>5,303</u>
<b>Net changes in fund balances</b>	<u>(44,321)</u>	<u>(26,161)</u>	<u>8,523</u>	<u>34,684</u>
<b>Fund balances - June 30, 2020</b>	<u>58,714</u>	<u>58,714</u>	<u>58,714</u>	<u>-</u>
<b>Fund balances - June 30, 2021</b>	<u>\$ 14,393</u>	<u>\$ 32,553</u>	<u>\$ 67,237</u>	<u>\$ 34,684</u>

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



**KENNETH D. FOLDEN & CO.**

**Certified Public Accountants**

Kenneth D. Folden, CPA  
kfolden@foldencpa.com

302 Eighth Street, Jonesboro, LA 71251  
Phone: (318) 259-7316 • Fax: (318) 259-7315

Alayna C. Huckaby, CPA  
ahuckaby@foldencpa.com

**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, 2021, 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 March 28, 2022. 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  
March 28, 2022

# **SUPPLEMENTAL INFORMATION**

Town of Chatham  
Chatham, Louisiana

Schedule of Findings and Questioned Costs  
For the year ended June 30, 2021

We have audited the basic financial statements of the Town of Chatham as of and for the year ended June 30, 2021 and have issued our report thereon dated March 28, 2022. 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, 2021 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, 2021

	<b>2021</b>
Marvin Davis	\$ 600
Greg Harris	300
Toni Malone	600
Laverne Mixon	600
Sue Ann Proffer	600
Mike Wilson	300
	\$ 3,000

Town of Chatham  
Chatham, LouisianaSchedule of Compensation, Benefits and Other Payments to Agency Head  
For the year ended June 30, 2021

Dwight Cooper Mayor		
Salary	\$	3,000
Benefits - Insurance		103
Telephone		240
	\$	<u>3,343</u>

Gregory Harris Mayor		
Salary	\$	3,000
Benefits - Insurance		301
Telephone		240
	\$	<u>3,343</u>

Town of Chatham  
Chatham, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity  
For the year ended June 30, 2021

	First Six Month Period Ended 12/31/20	Second Six Month Period Ended 06/30/21
Beginning Balance of Amounts Collected (i.e. cash on hand)	\$ -	\$ 1
Add: Collections (Please enter zeros if no activity within a certain collection type)		
Civil Fees (including refundable amounts such as garnishments or advance deposits)	-	-
Bond Fees	-	-
Asset Forfeiture/Sale	-	-
Pre-Trial Diversion Program Fees	-	-
Criminal Court Costs/Fees	1290	3496
Criminal Fines - Contempt	-	-
Criminal Fines - Other	3696	9493
Restitution	-	-
Probation/Parole/Supervision Fees	-	-
Service/Collection Fees (e.g. credit card fees, report fees, 3rd party service fees)	398	489
Interest Earnings on Collected Balances	-	-
Other (do not include collections that fit into more specific categories above)	-	-
Subtotal Collections	5384	13478
Less: Disbursements To Governments & Nonprofits: (Must include one agency name and one collection type on each line and may require multiple lines for the same agency if more than one collection type is applicable. Additional rows may be added as necessary.)		
CMIS	14	44
LCLE	27	86
LDH-THSCI Trust Fund	70	185
Louisiana Supreme Court	7	22
North Louisiana Crime Lab	420	1310
Less: Amounts Retained by Collecting Agency		
Town of Chatham, Criminal Court Costs/Fees	750	1840
Town of Chatham, Criminal Fines - Other	3696	9493
Amounts "Self-Disbursed" to Collecting Agency (must include a separate line for each collection type, as applicable) - Example: Criminal Fines - Other (To be reported as a separate line per collection type under this heading, multiple rows may be needed)	-	-

Town of Chatham  
Chatham, Louisiana

Justice System Funding Schedule - Collecting/Disbursing Entity  
For the year ended June 30, 2021

Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies  
(Please enter zeros if no activity within a certain line item)

Civil Fee Refunds	-	-
Bond Fee Refunds	-	-
Restitution Payments to Individuals (additional detail is not required)	-	-
Other Disbursements to Individuals (additional detail is not required)	-	-
Payments to 3rd Party Collection/Processing Agencies	398	489

Subtotal Disbursements/Retainage

5383	13469
------	-------

Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)

1	10
---	----

Ending Balance of "Partial Payments" Collected but not Disbursed (only applies if collecting agency does not disburse partial payments until fully collected) - This balance is included in the Ending Balance of Amounts Collected but not Disbursed/Retained above.

-	-
---	---

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)

-	-
---	---

Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)

-	-
---	---